

Major Completed Investment Properties

		Residential	Shopping Centre	Office	Industrial/Office	Hotel
1	Dynasty Court	●				
2	Hillsborough Court	●				
3	63 Deep Water Bay Road	●				
4	51 & 55 Deep Water Bay Road	●				
5	Pacific View	●				
6	New Town Plaza/New Town Tower		●	●		
7	Grand Central Plaza		●	●		
8	Uptown Plaza		●			
9	Tai Po Mega Mall		●			
10	Landmark North		●	●		
11	Sun Yuen Long Centre		●			
12	Yuen Long Plaza		●			
13	Chelsea Heights		●			
14	Tsuen Wan Plaza		●			
15	Grand City Plaza		●	●		
16	Metroplaza		●	●		
17	New Kowloon Plaza		●			
18	Grand Century Place		●	●		
19	Hollywood Plaza		●	●		
20	The Sun Arcade		●			
21	East Point City		●			
22	World Trade Centre		●	●		
23	Sun Hung Kai Centre		●	●		
24	Harbour Centre		●	●		
25	One International Finance Centre		●	●		
26	Chi Fu Landmark		●			
27	New Jade Shopping Arcade		●			
28	Citygate		●	●		
29	Central Plaza			●		
30	Millennium City Phases 1 & 2		●	●		
31	APEC Plaza				●	
32	Infotech Centre				●	
33	Hing Wah Centre				●	
34	New Tech Plaza				●	
35	Advanced Technology Centre				●	
36	Peninsula Tower				●	
37	Kerry Hung Kai Godown				●	
38	Sunhing Hungkai Godown (Shatin)				●	
39	Royal Garden Hotel					●
40	Royal Plaza Hotel					●
41	Royal Park Hotel					●

Existing

Railways

Major Highways

Under Construction

Railways

Major Highways

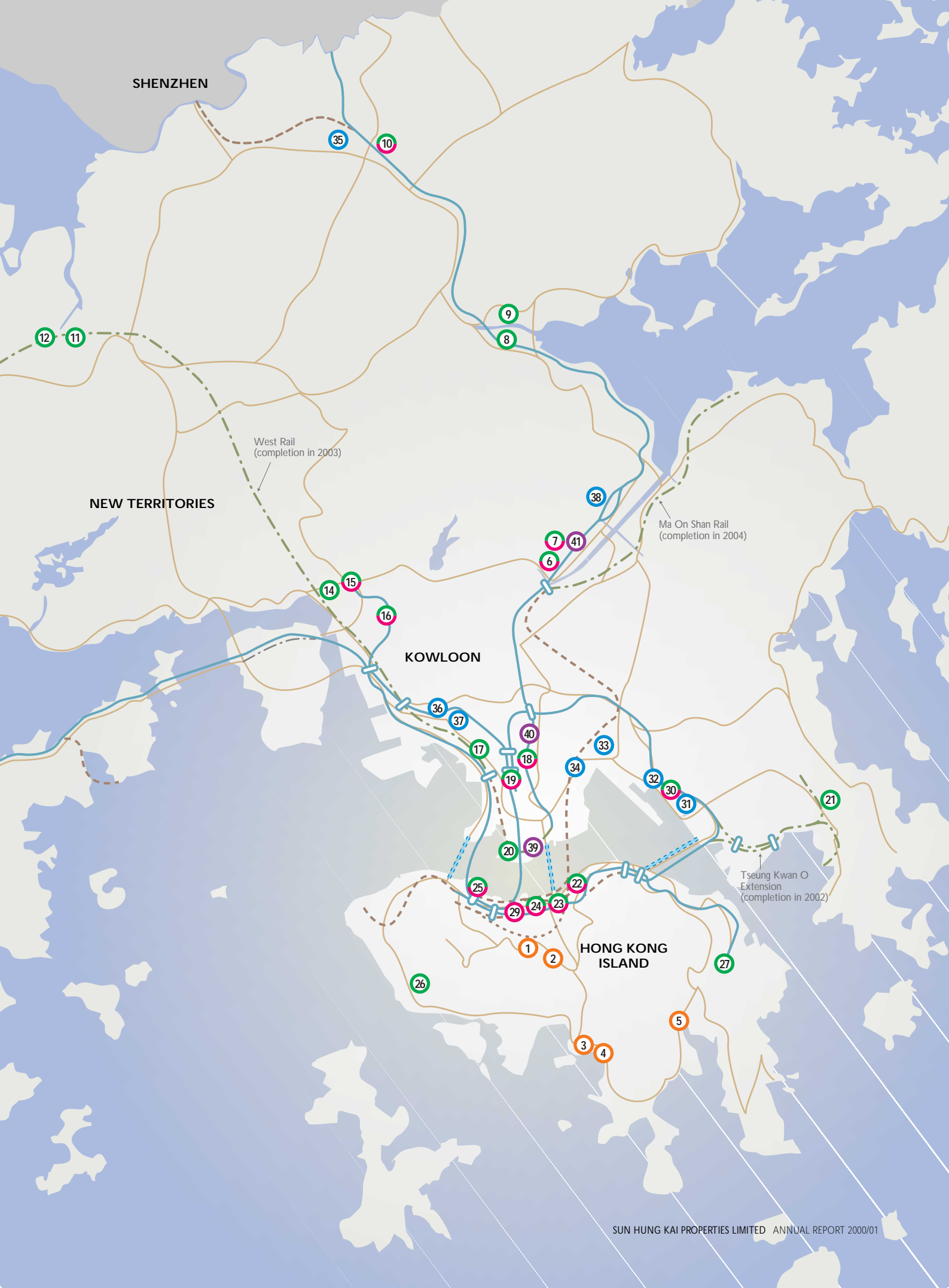
Planned (completion by 2008)

Railways

Major Highways

Railway Interchange

LANTAU ISLAND



SHENZHEN

NEW TERRITORIES

West Rail
(completion in 2003)

KOWLOON

Ma On Shan Rail
(completion in 2004)

Tseung Kwan O
Extension
(completion in 2002)

HONG KONG
ISLAND

HOTELS

For the year under review, the performance of the Group's three hotels was satisfactory. Occupancy of the hotels remained high and room rates increased satisfactorily.

Guest room renovations at the **Royal Garden Hotel** in Tsim Sha Tsui continued on schedule and within budget throughout 2000 and 2001, and a new lobby bar 'Martini' opened in June 2000 to wide acclaim. New banquet rooms also opened in the same month and have generated satisfactory business. The hotel finished the year with an average occupancy of 86 per cent; an increase of four percentage points over last year. The average room rate also rose 13 per cent during the year. The latest renovations scheduled for completion by the end of 2001 should further enhance the quality and image of the hotel.

During the year under review, the **Royal Park Hotel** in Shatin achieved an average occupancy of 84 per cent, with a slight growth in both average room rate and revenue. Situated along the railway, the hotel benefited from the rapid growth of China's economy last year. The continuous development of Shatin should continue to underpin the hotel's business.

The **Royal Plaza Hotel** in Mongkok recorded an eight per cent growth in average room rate and an average occupancy of 85 per cent for the period under review. To cope with travellers' demands, the hotel introduced several new amenities including a solarium and massage centre. The Royal Plaza Hotel will meet the challenging year ahead with a flexible strategy.



Renovations at the Royal Garden Hotel further enhanced its image.

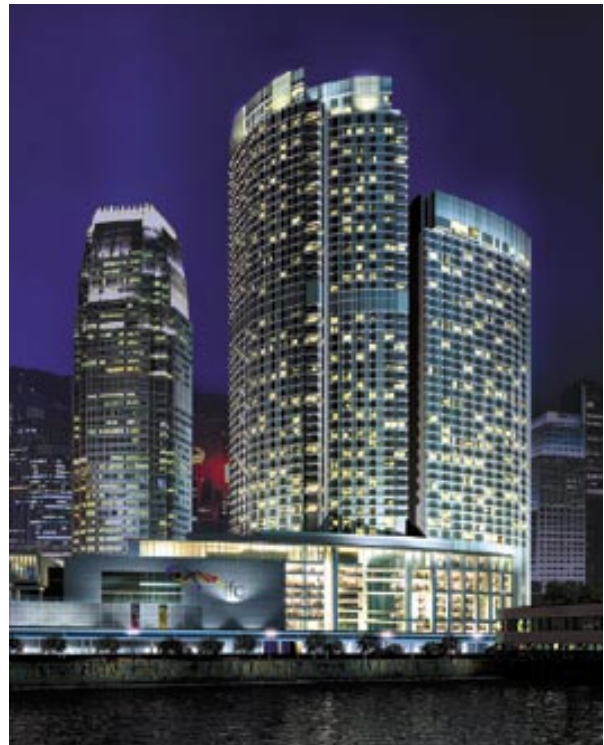
The Group is developing six-star hotel facilities above both the Hong Kong and Kowloon stations on the Airport Railway. The hotel complex in International Finance Centre over Hong Kong Station includes 400 first-class hotel rooms and 600 suites for long-term guests, to be managed by Four Seasons Hotels and Resorts. This will be the first Four Seasons-branded hotel in Hong Kong upon its completion in 2004. The Group's Kowloon Station development will include one million square feet of premium-quality hotel and suite spaces.

With China's impending entry to the WTO, Beijing's successful bid for the 2008 Olympic Games and recent Government initiatives to boost tourism, the Group is confident in the long-term prospects for its hotel operations.

CONSTRUCTION

The construction division completed a total of 6.5 million square feet of gross floor area in the year. Major projects include Le Sommet, Chelsea Heights Phase 2, Oscar by the Sea Phase 1 and two joint venture projects, namely Royal Peninsula and The Belcher's Phase 1. Construction turnover for the year doubled to HK\$6,500 million, of which HK\$1,600 million was derived from joint venture companies.

Major projects in progress, including those being constructed by joint venture companies, are Park Island, The Parcville, The Leighton Hill, Oscar by the Sea Phase 2, Park Central, Prima Villa, Villa by the Park, Ap Lei Chau Inland Lot 128, Ocean Shores Phases 2 and 3, Two International Finance Centre, The Belcher's Phase 2 and Tuen Mun Town Lot 374.



The hotel complex in International Finance Centre will be the first Four Seasons-branded hotel in Hong Kong.

The division continues to make improvements in quality, customer service, training, safety, methods of construction and the application of information technology, all of which contribute to higher efficiency and better products.

To further improve its competitive edge, the division has undertaken an organizational reform to streamline processes, encourage new ideas, enhance accountability and better control costs.

The following subsidiaries and associate companies provide complementary services in fire prevention systems, electrical installations, machinery leasing and concrete supply:

Everlight Engineering Company Limited and two other subsidiaries install and service electrical and fire prevention systems. Total turnover for the year was HK\$425 million.

Aegis Engineering Company Limited is in plant and machinery leasing. Turnover for the year amounted to HK\$75 million.

Glorious Concrete (HK) Limited is an associate company and one of the significant ready-mixed concrete suppliers in Hong Kong. Its results for the year were satisfactory.

PROPERTY MANAGEMENT

The Group's two property management subsidiaries, **Hong Yip Service Company Limited** and **Kai Shing Management Services Limited**, aim to provide the finest service to residents. With highly-trained professional staff and the latest technology, the companies are fully committed to excellence in all that they do. During the year, they won over 30 awards from a variety of organizations including the Hong Kong Housing Authority.

Together, Hong Yip and Kai Shing now manage 118 million square feet of residential premises, 17 million square feet of commercial space and 29 million square feet of industrial space. Their core businesses are property management, sales and leasing, cleaning and security service and club management.

Hong Yip showed substantial growth last year. The number of housing units under its management increased from 80,000 to 99,000, a rise of 24 per cent, and the total area managed increased from 70 to 83 million square feet, representing an 18 per cent growth. In addition to managing the Group's properties, Hong Yip is an agent for various outside owners' corporations, and it manages a number of Government developments.

To cope with this growth, Hong Yip has put great effort into training, particularly in customer service. The results have been significant, and Hong Yip won an Award for Excellence in Training 2001 with merit from the Hong Kong Management Association.



Top: Hong Yip has been named Best Property Management Agent by the Hong Kong Housing Authority for eight consecutive years.

Left: Super-eManagement enhances operational efficiency in property management.

With its management and technical professionals, Hong Yip has helped owners' corporations to carry out major renovations, enhancing the value of older buildings under management. The company also focuses on adding value for residents with initiatives like Privilege Home Services, providing hotel-style service.

This year, as in the last eight, Hong Yip won the Best Property Management Agent Award. It also got several Best HOS Estates awards and a number of environmentally-friendly management awards, all from the Hong Kong Housing Authority. Hong Yip also won a 2000 HKRMA Certificate of Merit in Customer Service from the Hong Kong Retail Management Association and several merit awards from the Environmental Protection Department. In December 2000, the company received ISO 9001: 2000 quality certification and OHSAS 18001 certification for occupational safety management.

Kai Shing is using information technology to improve property management. After initiating the use of Palm Pilots in building management, Kai Shing introduced the first web-enabled property management system – Super-eManagement – in May 2001. The system covers all aspects of property management service and greatly enhances operational efficiency and communications between the company and its customers.

Kai Shing pays close attention to monitoring and training staff. In November 2000, Kai Shing opened its Super-eManagement Centre in Landmark North. The centre provides 24-hour security surveillance of all properties managed by Kai Shing and also includes facilities for professional training.

Kai Shing continues to win industry awards. In the year under review it won the 2000 Hong Kong Eco-Business Grand Award (Green Property Management) presented by the Environmental Protection Department and awards from the Hong Kong Housing Authority and the Occupational Safety and Health Council.

FINANCIAL SERVICES

The financial services division is made up of **Hung Kai Finance Company Limited, Honour Securities Company Limited, Honour Futures Limited** and **Honour Finance Company Limited**. Principal services include home mortgages, share margin financing, stock and futures broking, consumer loans and deposit-taking.

A reduction in trading on the Hong Kong Stock Exchange has affected the stock and futures broking business while the mortgage market has also become increasingly competitive. Despite the challenging environment, the division maintained a profitable position during the year.

INSURANCE

Sun Hung Kai Properties Insurance Limited recorded a business turnover of HK\$198 million for the year. Despite a difficult operating environment and unfavourable results in the liability insurance business, pre-tax profit rose to HK\$45 million compared to HK\$15 million for the previous financial year. The company provides quality products and services to its clients. It also transacts insurance products through its web site. The company has a credit rating of 'A-minus' by both Standard & Poor's and A.M. Best reflecting its sound financial performance and management systems.