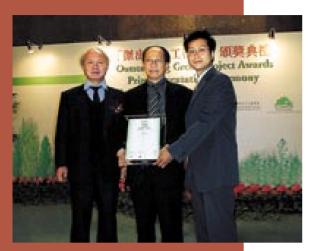
REVIEW OF OPERATIONS

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ENVIRONMENTAL PROTECTION AND PROMOTION



Kai Shing won first prize in the Outstanding Green Project Awards 2000.

The Group's dedication to environmental protection has won recognition and praise from various environmental organizations.

Green living space is an essential element of the Group's property designs. New properties make extensive use of environmentallyfriendly building materials and include energy-saving facilities. While construction is under way, workers follow strict environmental protection guidelines in order to minimize pollution.

During the year under review, both The Parcville and Villa by the Park in Yuen Long received Excellent ratings from the Business

Environment Council, under its Hong Kong Building Environmental Assessment Method. The Parcville was the first private residential estate in Hong Kong to have received this honour, while Villa by the Park received the highest rating.

Promoting community awareness of environmental protection, the Group's two property management companies, Kai Shing and Hong Yip, staged a number of green activities in their estates with good results. Hong Yip was named 'Most Environmentally-friendly Property Management Agent' this year by the Hong Kong Housing Authority, and Kai Shing took three prizes in the 2000 Hong Kong Eco-Business Awards. Kai Shing also won first prize in the 'Outstanding Green Project Awards 2000' in the Landscape Management category, for its achievements in Palm Springs and Royal Palms in Yuen Long with the 'Friendly Neighbour of Mai Po' environmental landscape management plan.

Always looking for new ways to safeguard the environment, the Group's wholly-owned subsidiary Nixon Cleaning was the first in Hong Kong to use patented technology from North America to produce Totally Degradable Plastics (TDP). TDP can be used to manufacture a full range of environmentally-friendly plastic products, making a major contribution to solving the problem of plastic waste. Many TDP products are now being used in the Group's developments.

The Group also promotes environmental awareness through community activities. The Group's Metroplaza in Kwai Chung staged an event in which 57 local Girl Guides tried to create the world's largest aluminum-can mosaic and the attempt has been submitted to the Guinness Book of World Records.

Knowing that staff training and career development are essential to sustaining a company's growth, the Group organized more than 350 classes for over 10,000 attendees during the period under review. The Group's 18,000 employees (not counting those employed by associated companies) had the opportunity to benefit from a variety of programmes. Training courses are designed to support diverse business needs, focusing on key areas such as customer service, management techniques, business and technology, language and communication, interpersonal and technical skills and personal as well as quality management.

To support the Group's core objective of providing premium products and service, an ongoing Service Excellence Programme began in 1999, producing visible results. In the year under review, 7,000 service staff went through this tailor-made programme followed up with comprehensive onthe-job coaching and measurement. To further improve the quality of new developments, a Performance Excellence Programme was also introduced in 1999 for all construction staff. The first batch of 100 staff completed the one-year course in stages during 2000, emerging with greater technical and management competence. The programme continues, with more staff taking part each year.

Staff at all levels can apply for sponsorship to take courses offered by external institutions. Programmes ranging from short seminars to full degree



The Group organized over 350 courses for more than 10,000 attendees during the year.

courses are eligible for substantial sponsorship.

Self-learning is also promoted within the Group. A training library with a full collection of self-learning materials has been in existence since 2000. Staff are also encouraged to use the Group's corporate intranet and the Internet to search for information and enhance their knowledge and skills. 64

As part of its commitment to being a good corporate citizen, the Group offers ongoing support for quality education and the less fortunate in society. During the year under review, the Group donated a total of HK\$47 million to charitable causes.

Promoting education is one of the Group's primary goals, and it gives money and assistance through various channels to boost education and encourage talent in both Hong Kong and Mainland China. The Group is also concerned about how young people cope with the changing society, and it donated HK\$2 million to the Boys' and Girls' Clubs Association of Hong Kong during the year, so they could set up hotlines for children and a counselling centre to help young people.

To support the development of quality education, the Group began the Northwest New Territories Elite Students Programme some years ago, giving 12 Yuen Long and Tuen Mun primary and secondary schools added funds to offer extra-curricular courses and raise standards. This year, for the first time, the Group sponsored two top students from the northwest New Territories to attend the US 'Presidential Classroom' in Washington DC. In addition, the Group continued its sponsorship of six MBA students at The Chinese University of Hong Kong.

Furthering higher education in Mainland China, the Group established a funding programme at Tsinghua University in Beijing to encourage distinguished professors. This is the fifth consecutive year that the Group has injected HK\$1 million to the fund, enabling more outstanding scholars to benefit. The Group also donated money to encourage excellence among management and administrative staff at Tsinghua University, as well as to a programme helping disadvantaged students with serious illnesses in Guangzhou complete their studies.

In addition to supporting educational institutions in Mainland China, the Group donated HK\$1 million to set up the 'Sun Hung Kai Properties Group Scholarships' at The Chinese University of Hong Kong, helping young people from the Mainland to do undergraduate studies there.

The Community Chest is one organization that the Group has supported for many years. During the year under review, the Group donated HK\$1 million to the Community Chest as sole sponsor of the annual Hong Kong Walk for Millions and an additional HK\$1 million in support of the Chest's Corporate Challenge Marathon. Many staff members took part in those events with the Group's encouragement.

The Group continues its support for the SHKP Fund for the Elderly, helping improve quality of life for needy seniors. The Group also supports charities in other ways. For many years, the Group has provided office space to Project ORBIS in Hong Kong for a token rent, and this year ORBIS presented the Group with its Crystal Award. The Group also supported a blood donation drive organized by the Hong Kong Red Cross this year. About 150 staff members joined in, and the Group's residential estates and shopping malls also held successful blood donation campaigns. In recognition of the Group's efforts, the Hong Kong Red Cross presented it with a Special Merit Award.





Above: The Northwest New Territories Elite Students Programme is part of the Group's support for quality education.

Top right: The Group was the sole sponsor of the annual Hong Kong Walk for Millions organized by the Community Chest.

Bottom right: The Group's support has helped train distinguished scholars at Tsinghua University in Beijing for a number of years.



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