

# Review of Operations



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## Hong Kong Property Business

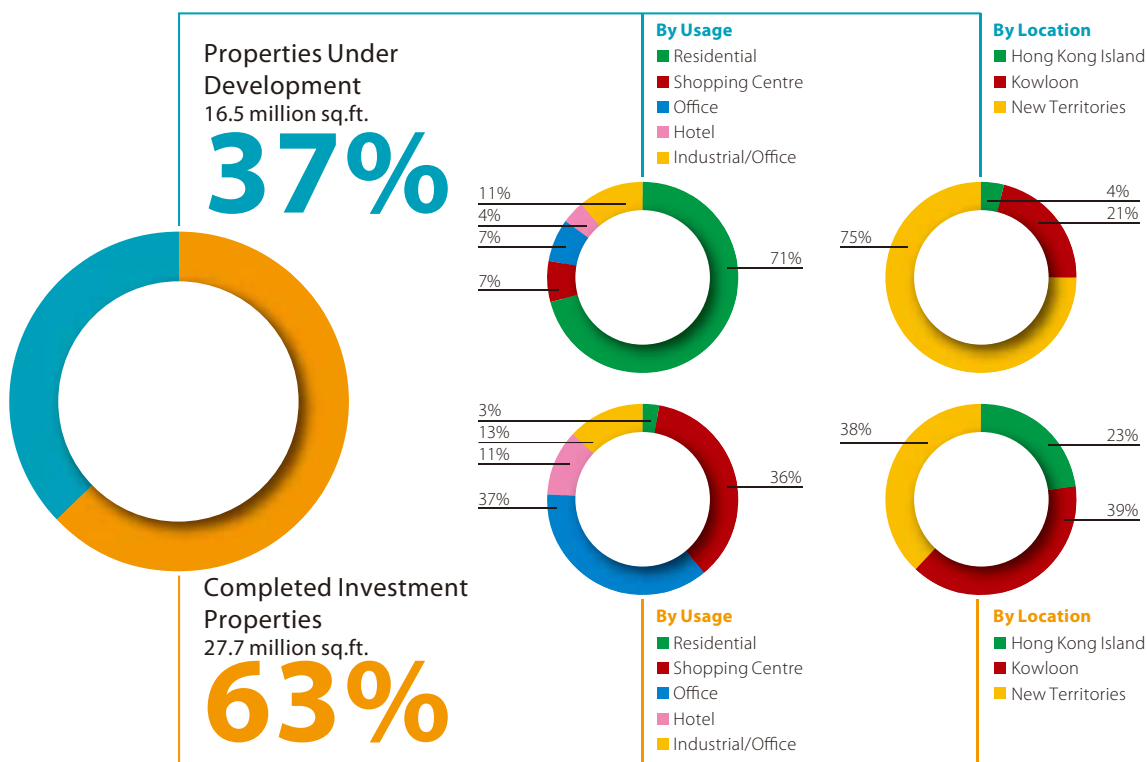
### Highlights

- Diverse land bank of 16.5 million square feet under development by attributable gross floor area as at 30 June 2011, with another two residential sites totalling 2.2 million square feet gross floor area bought after financial year end
- HK\$36,897 million worth of Hong Kong properties sold or pre-sold
- Largest premium investment property portfolio in Hong Kong at 27.7 million square feet with over 95 per cent leased
- Gross rental income from Hong Kong properties increased by around ten per cent to HK\$10,812 million

### Land Bank

#### Hong Kong Land Bank Composition

(44.2 million square feet in attributable gross floor area as at 30 June 2011)



The Group added four residential sites with an aggregate gross floor area of 2.7 million square feet to its development land bank in Hong Kong during the year, including a major site by land use conversion. The details are set out on page 9 of the Chairman's Statement. The Group's Hong Kong land bank amounted to 44.2 million square feet at the end of June 2011, comprising 16.5 million square feet of properties under development and 27.7 million square feet of completed investment properties.

The Group acquired two more residential sites subsequent to the end of the financial year. The sites will be developed into high-quality residential units, mainly small-to-medium sized. The 1.4-million-square-foot development on the waterfront of Tung Chung in the New Territories will enjoy marvellous sea views. The other one in Tseung Kwan O town centre is located next to an MTR station and has a gross floor area of nearly 800,000 square feet. This development will be connected to the Group's nearby residential and integrated projects under construction to enhance the synergy among the projects. The Group also owns over 26

million square feet of farmland in terms of site area in the New Territories. Most of this is along existing or planned rail lines and is being converted to residential use, with several pieces already in advanced stages.

It is currently planned that 12.9 million of the 16.5 million square feet of properties under development will be offered for sale and the other 3.6 million kept for long-term investment. The Group holds a diverse portfolio in terms of usage. Residential premises for sale account for 71 per cent of the development land bank and 73 per cent of the completed investment properties are shopping malls or prime offices.

The Group's development land bank is also geographically diverse. About 25 per cent of the sites are in urban areas and the remainder are spread across new towns in the New Territories; most supported by convenient rail and highway transport networks. Completed investment properties are divided 38 per cent in the New Territories and 62 per cent in Kowloon and on Hong Kong Island.

The Group's Hong Kong land bank as at 30 June 2011, by attributable gross floor area, was as follows:

Attributable Gross Floor Area (million square feet)				
	Development for Sale	Development for Investment	Completed Investment Properties	Total
<b>By Usage</b>				
Residential	11.7	–	0.9	12.6
Shopping Centre	–	1.1	10.1	11.2
Office	0.2	1.0	10.1	11.3
Hotel	–	0.6	2.9	3.5
Industrial/Office*	1.0	0.9	3.7	5.6
<b>Total</b>	<b>12.9</b>	<b>3.6</b>	<b>27.7</b>	<b>44.2</b>
<b>By Location</b>				
Hong Kong Island	0.4	0.2	6.3	6.9
Kowloon	2.2	1.4	10.7	14.3
New Territories	10.3	2.0	10.7	23.0
<b>Total</b>	<b>12.9</b>	<b>3.6</b>	<b>27.7</b>	<b>44.2</b>

\* Including godowns

# Hong Kong Property Business

## Property Development



The Group's wide range of quality properties tailored to customer needs see good sales and has earned it a solid reputation.



*Valais, Beas River*

## Property Development



*Valais at Beas River exudes a special style and luxury*



*Stylish entrance lobby at Lime Habitat in North Point*

Over 70 per cent of the Group's development land bank in Hong Kong is slated for development into premium residential premises for sale. The Group builds a wide-range of high-quality projects with diverse flat mixes to appeal to a range of buyers. There are deluxe residences with top-class finishes and facilities for those seeking the ultimate luxury, plus small-to-medium sized units in mass estates and modern boutique apartments providing practical, efficient layouts and full services. All are carefully-designed so that residents enjoy convenient, comfortable modern living environments.

Good sales of recent projects show buyers' confidence in the Group, and this reputation for premium products and service earned over the years enhances the marketability and development margins on new projects. The Group sold or pre-sold HK\$36,897 million worth of Hong Kong properties during the year, significantly up from last year's HK\$20,562 million. New projects like Valais at Beas River, Larvotto in Island South, One Regent Place in Yuen Long, Avignon on Castle Peak Road and i·UniQ Residence in Island East were all sold well. The Group also sold some non-core offices to a good market response. Sales from July to mid-September 2011 have remained encouraging at over HK\$12,000 million, mainly attributable to the luxury apartments at Imperial Cullinan on the West Kowloon waterfront and i·UniQ Grand in Island East.

The high standards of quality, distinctive themes and styles of the Group's projects appeal to buyers of all tastes. The low-density Avignon residential project was popular for its vast greenery and comfortable environment blending art and nature, and i·UniQ Residence was sold quickly with its metropolitan lifestyle. The luxury Imperial Cullinan waterfront residence in West Kowloon with a sweeping view of Victoria Harbour and first-class finishes was also highly appreciated.

The Group will continue 'Building Homes with Heart' and producing high-quality projects for different market segments with attentive service for homebuyers and innovative features including the use of green materials and technology.

## Major Projects Under Development

### Avignon

1 Kwun Chui Road, Tuen Mun  
(100% owned)

Site area	: 478,000 square feet
Gross floor area	: 616,000 square feet (residential); 5,000 square feet (retail)
Units	: 459
Completion	: August 2011

This low-density residence with vast green space has ten low-rise blocks containing 429 units ranging from one to four bedrooms and duplexes plus 30 villas, and an exclusive 380,000-square-foot theme garden offering residents a green and placid living environment. About 90 per cent of the units have already been sold.

### Tseung Kwan O Area 56

(Joint venture)

Site area	: 460,000 square feet
Gross floor area	: 1.8 million square feet (total); 1.5 million square feet (attributable)
Units	: 1,028
Expected completion	: second half of 2011

The Group has an attributable 1.5-million-square-foot interest in this integrated development atop the MTR Tseung Kwan O Station. It will consist of high-end residences, hotels and offices. The 861,000 square feet of premium residential units were named The Wings and construction was finished recently. Construction of the renowned Crowne Plaza and Holiday Inn Express hotels and a serviced suite hotel with a combined gross floor area of 626,000 square feet will be completed by end of this year. The hotels will be ready to open in 2012 by phases. The development will also include 54,000 square feet of quality office premises. The prime location, superior quality and full complement of amenities and facilities will make the development a new centre for living, shopping, entertainment and leisure in Tseung Kwan O.

### Imperial Cullinan

10 Hoi Fai Road, West Kowloon  
(100% owned)

Site area	: 122,000 square feet
Gross floor area	: 794,000 square feet (residential); 95,000 square feet (retail)
Units	: 650
Expected completion	: first half of 2012

This deluxe waterfront residence in West Kowloon will offer a panoramic view of Victoria Harbour. There will be six blocks containing 650 exceptional units in layouts from two to five bedrooms. The elegant designs, expansive curtain-wall windows permitting sweeping views and fine finishes will set a new standard for luxury in the district. Over 95 per cent of the units have already been sold. Construction is scheduled to be finished in the first half of 2012.



The clubhouse at Imperial Cullinan in West Kowloon will have luxury design



The Wings atop the MTR Tseung Kwan O Station will set new standards for premium residences in the area

## Property Development

### Tuen Mun Station Development

(Joint venture)

Site area	: 286,000 square feet
Gross floor area	: 1.3 million square feet (residential); 269,000 square feet (retail)
Approximate units	: 2,000
Expected completion	: phase one (second half of 2012); phase two (second half of 2013)

This project will have 1.3 million square feet of premium residential units and a modern, 269,000-square-foot shopping mall in front of Tuen Mun Park. There will be seven residential towers containing about 2,000 units in different layouts and sizes catering varying needs. The prime location by the MTR Tuen Mun Station and extensive transport connections will make it a new focal point of Tuen Mun. Construction of the first phase of 1,091 units is at the superstructure stage and is expected to be finished by the end of 2012. More information about the mall can be found on page 39.

### Lot 2099 in DD 109, Yuen Long

(100% owned)

Site area	: 674,000 square feet
Gross floor area	: 856,000 square feet (residential); 24,000 square feet (retail)
Approximate units	: 800
Expected completion	: first half of 2013

This is one of the Group's two large residential projects in the eastern part of Yuen Long that will gradually redefine the area as a prestigious low-density residential neighbourhood with houses and low-rise apartments in a peaceful, green environment. It will have convenient transportation to the urban areas via Route 3 and easy access to the MTR Yuen Long and Kam Sheung Road stations. Construction is at the superstructure stage and is expected to be finished in the first half of 2013.



The Tuen Mun Station Development will offer easy rail access

### Tseung Kwan O Area 66B

(100% owned)

Site area	: 132,000 square feet
Gross floor area	: 662,000 square feet (residential); 66,000 square feet (retail)
Approximate units	: 750
Expected completion	: first half of 2014

This site is in front of another development by the Group in Area 56 atop an MTR station and will be developed into four towers of premium residences, with some units enjoying fine sea views. Its design and layout are crafted to maximize its synergy with the Group's two nearby projects. Piling is under way and construction of the superstructure will begin soon.

### Yuen Long Town Lot 507, Yuen Long

(100% owned)

Site area	: 410,000 square feet
Gross floor area	: 1.8 million square feet (residential); 471,000 square feet (retail)
Approximate units	: 2,500
Expected completion	: second half of 2014

This will be the third and largest phase of the Group's YOHO Town in the heart of Yuen Long by an MTR station. Foundation work is under way. There will be 1.8 million square feet of gross floor area in nine residential towers containing about 2,500 units in various configurations, plus a large-scale retail mall linked to the Group's adjacent existing malls to form a mega regional shopping centre YOHO Mall. More details about the mall appear on page 39.

#### Lot 1927 in DD107, Yuen Long

(100% owned)

Site area	: 1.9 million square feet
Gross floor area	: 2.3 million square feet (residential); 75,000 square feet (retail)
Approximate units	: 3,000
Expected completion	: beyond 2014

The Group completed land use conversion of this site during the year under review. The site will be the second part of the Group's developments in eastern Yuen Long that will gradually transform it into a new low-density residential area. This site will have low- to medium-rise residential blocks in a relaxing, green environment but enjoying convenient transport links to the urban areas and the border via comprehensive rail and road networks.

#### Kowloon Inland Lot 11175, Ho Man Tin

(100% owned)

Site area	: 174,000 square feet
Gross floor area	: 869,000 square feet (residential)
Approximate units	: 500
Expected completion	: beyond 2014

The site is in one of the most prestigious residential districts of Kowloon and will be developed into a deluxe project with a mixture of houses and apartment towers; some with stunning sea views. The site is adjacent to the MTR Ho Man Tin Station now under construction that will be the interchange of the Sha Tin-Central Link and Kwun Tong Line extension. Its prime location, plus the Group's premium quality, splendid design and high specifications should make this a new ideal for luxury residences of next generation. Construction recently began.

#### Tung Chung Area 55A

(100% owned)

Site area	: 273,000 square feet
Gross floor area	: 1.4 million square feet (residential); 27,000 square feet (retail)
Approximate units	: Over 2,000
Expected completion	: beyond 2014

The Group acquired this residential site through a government tender in July this year. The site is on the coast of Tung Chung new town with marvellous sea views and within a few minutes' drive to Hong Kong International Airport. It will be developed into more than 2,000 high-quality units, mainly small-to-medium sized. Detailed planning is under way.

#### Tseung Kwan O Area 66A

(100% owned)

Site area	: 144,000 square feet
Gross floor area	: 721,000 square feet (residential); 72,000 square feet (retail)
Approximate units	: 1,000
Expected completion	: beyond 2014

The Group acquired this residential site in Tseung Kwan O town centre through a government land auction in September this year. It will provide about 1,000 high-quality small-to-medium sized units with efficient layout, well connected to the Group's integrated project at Area 56 atop the MTR station and another residential development at Area 66B. These three developments will form a new district hub in the centre of Tseung Kwan O, supported by a comprehensive transportation network and a full range of planned cultural and civic facilities nearby.

#### Kowloon Commerce Centre Phase 2

##### 51 Kwai Cheong Road

(100% owned)

Site area	: 89,000 square feet (entire project)
Gross floor area	: 518,000 million square feet (phase two under development)
Expected completion	: early 2013

Construction of the second tower of grade-A offices of Kowloon Commerce Centre is under way and expected to be finished in early 2013. Phase 2 will comprise 488,000 square feet of modern offices and 30,000 square feet of supporting retail space. More details about the project appear on page 39.

## Property Development

### Major Projects Under Development by Year of Completion

Location	Project Name	Group's Interest (%)	Residential
<b>Projects to be completed in financial year 2011/12</b>			
Tseung Kwan O Area 56		Joint Venture	861,000
10 Hoi Fai Road, West Kowloon	Imperial Cullinan	100	794,000
1 Kwun Chui Road, Tuen Mun	Avignon	100	616,000
Larch Street / Fir Street Development, Kowloon	Lime Stardom	Joint Venture	177,000
18 Po Yip Street, Yuen Long	One Regent Place	100	222,000
9 Shouson Hill Road	Shouson Peak	100	91,000
12 Mount Kellett Road, The Peak		100	43,000
48-50 Stanley Village Road		100	37,000
<b>Year Total</b>			<b>2,841,000</b>
<b>Projects to be completed in financial year 2012/13</b>			
Tuen Mun Station Development Phase 1		Joint Venture	728,000
Lot 2099 in DD 109, Yuen Long		100	856,000
Chatham Garden Redevelopment, Kowloon	Chatham Gate	29	88,000
Kwai Chung Town Lot 215 Development Phase 2	KCC Phase 2	100	–
20-24 Hung To Road, Kwun Tong	Elite Centre	100	–
49 King Yip Street, Kwun Tong		100	–
<b>Year Total</b>			<b>1,672,000</b>
<b>Projects to be completed in financial year 2013/14</b>			
Tuen Mun Station Development Phase 2		Joint Venture	558,000
Tseung Kwan O Area 66B		100	662,000
Fanling Sheung Shui Town Lot 202		100	136,000
305 Shau Kei Wan Road	i · UniQ Residence	92	47,000
157 Shau Kei Wan Road	i · UniQ Grand	92	39,000
Lot 5371 in DD 116, Ha Yau Tin, Yuen Long		100	233,000
Lot 495 in DD 399, Casam Beach, Ting Kau		100	78,000
Tsing Lung Tau Lot 67		100	11,000
Kwun Tong Inland Lot 173		64.3	–
<b>Year Total</b>			<b>1,764,000</b>
<b>Major projects to be completed in financial year 2014/15 and beyond</b>			
Lot 1927 in DD 107, Yuen Long		100	2,258,000
Yuen Long Town Lot 507		100	1,848,000
Tung Chung Area 55A		100	1,367,000
Tseung Kwan O Area 66A		100	721,000
Kowloon Inland Lot 11175, Ho Man Tin		100	869,000
Shek Wu Wai, Yuen Long		50	227,000
Inland Lot 8963, Stubbs Road		100	181,000
195 Prince Edward Road West		100	45,000
Kwun Tong Inland Lot 240		50	–
Kwun Tong Inland Lot 174		64.3	–
50 Wong Chuk Hang Road		100	–
<b>Total</b>			<b>7,516,000</b>

### Attributable Gross Floor Area (square feet)

Shopping Centre	Office	Hotel	Industrial	Total
—	54,000	626,000	—	1,541,000
95,000	—	—	—	889,000
5,000	—	—	—	621,000
24,000	—	—	—	201,000
—	—	—	—	222,000
—	—	—	—	91,000
—	—	—	—	43,000
—	—	—	—	37,000
<b>124,000</b>	<b>54,000</b>	<b>626,000</b>	<b>—</b>	<b>3,645,000</b>

269,000	—	—	—	997,000
24,000	—	—	—	880,000
18,000	—	—	—	106,000
30,000	488,000	—	—	518,000
—	207,000	—	—	207,000
—	120,000	—	—	120,000
<b>341,000</b>	<b>815,000</b>	<b>—</b>	<b>—</b>	<b>2,828,000</b>

—	—	—	—	558,000
66,000	—	—	—	728,000
4,000	—	—	—	140,000
9,000	—	—	—	56,000
14,000	—	—	—	53,000
—	—	—	—	233,000
—	—	—	—	78,000
—	—	—	—	11,000
—	199,000	—	—	199,000
<b>93,000</b>	<b>199,000</b>	<b>—</b>	<b>—</b>	<b>2,056,000</b>

75,000	—	—	—	2,333,000
471,000	—	—	—	2,319,000
27,000	—	—	—	1,394,000
72,000	—	—	—	793,000
—	—	—	—	869,000
—	—	—	—	227,000
—	—	—	—	181,000
—	—	—	—	45,000
—	—	—	575,000	575,000
—	—	—	303,000	303,000
—	120,000	—	—	120,000
<b>645,000</b>	<b>120,000</b>	<b>—</b>	<b>878,000</b>	<b>9,159,000</b>



Elegant i · UniQ Grand in Island East



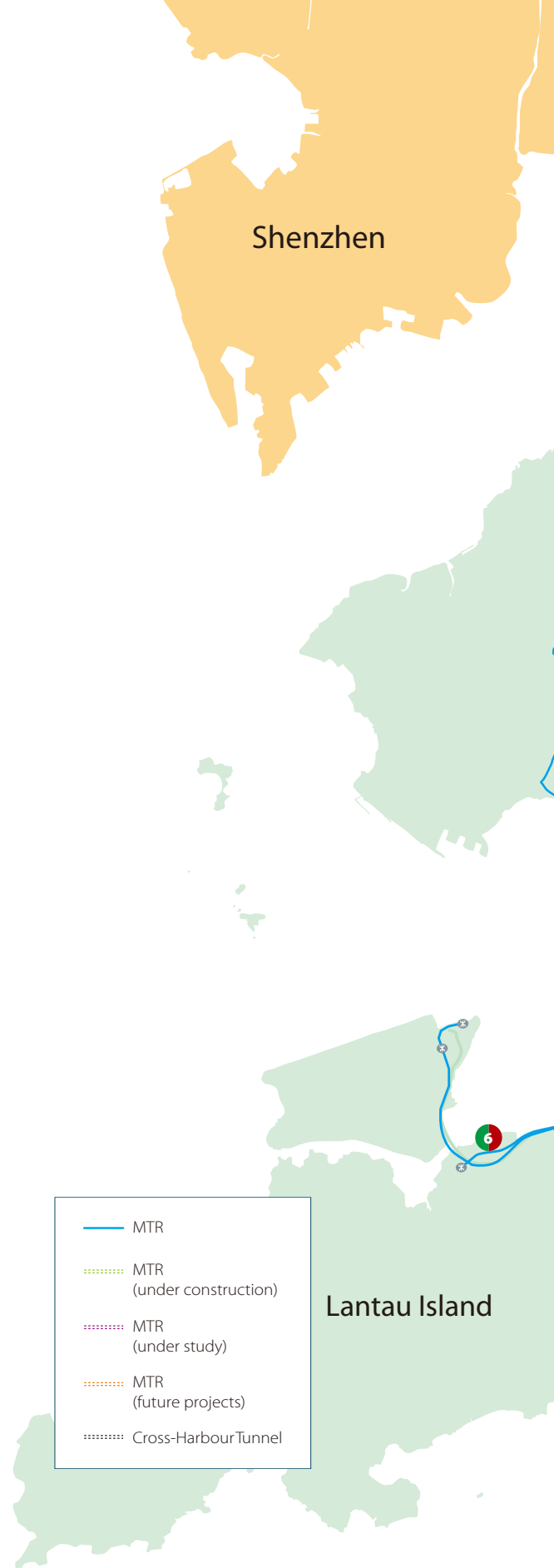
Modern design and prime location for Lime Stardom in Kowloon

## Property Development

### Major Properties Under Development

- Residential      ● Shopping Centre      ● Office  
● Industrial/Office      ● Hotel

- 1 ● ● Lot 1927 in DD 107, Yuen Long
- 2 ● ● Lot 2099 in DD 109, Yuen Long
- 3 ● ● Yuen Long Town Lot 507
- 4 ● ● Tuen Mun Station Development
- 5 ● ● Avignon
- 6 ● ● Tung Chung Area 55A
- 7 ● ● Fanling Sheung Shui Town Lot 202
- 8 ● ● Lime Stardom
- 9 ● ● Imperial Cullinan
- 10 ● ● Chatham Gate
- 11 ● ● Tseung Kwan O Area 66A
- 12 ● ● Tseung Kwan O Area 66B
- 13 ● ● ● Tseung Kwan O Area 56
- 14 ● ● i · UniQ Residence
- 15 ● ● i · UniQ Grand
- 16 ● Shek Wu Wai
- 17 ● One Regent Place
- 18 ● Lot 5371 in DD 116, Ha Yau Tin
- 19 ● Tsing Lung Tau Lot 67
- 20 ● Lot 495 in DD 399, Casam Beach
- 21 ● 195 Prince Edward Road West
- 22 ● Kowloon Inland Lot 11175
- 23 ● Inland Lot 8963, Stubbs Road
- 24 ● 12 Mount Kellett Road
- 25 ● Shouson Peak
- 26 ● 48-50 Stanley Village Road
- 27 ● ● KCC Phase 2
- 28 ● Elite Centre
- 29 ● Kwun Tong Inland Lot 173
- 30 ● 49 King Yip Street
- 31 ● 50 Wong Chuk Hang Road
- 32 ● Kwun Tong Inland Lot 174
- 33 ● Kwun Tong Inland Lot 240





# Hong Kong Property Business

## Property Investment



The Group's premium investment properties span a diverse mix of projects in prime locations with high occupancies that produce substantial and increasing recurrent income.



*International Commerce Centre, Kowloon Station (left)  
and International Finance Centre, Central (right)*

## Property Investment

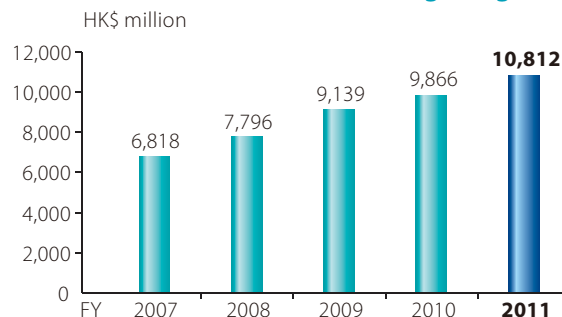


Multinationals and renowned firms are drawn to ICC at Kowloon Station for its prime location and world-class design

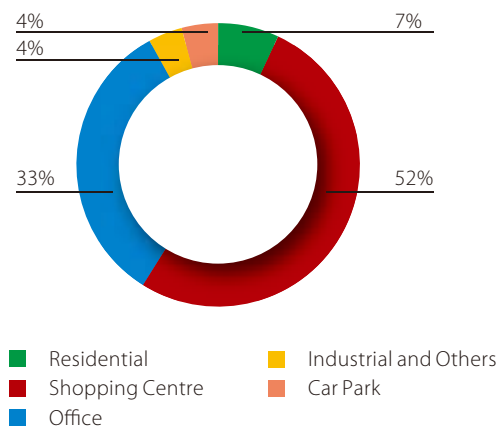
The Group's investment property portfolio is the largest in Hong Kong, comprising 27.7 million square feet of high-quality developments of different types. Most of the portfolio is grade-A office premises or prime shopping malls, while there are also premium hotels, high-end residences and some industrial buildings in different parts of the territory. The Group's investment property portfolio generates a substantial and stable recurrent income.

Leasing performance was impressive during the year. Overall occupancy rose to over 95 per cent and gross rental income set a new record. Investment properties in Hong Kong generated gross rental income of HK\$10,812 million during the year, including contributions from joint-venture properties. This was around ten per cent higher than last year. Net rental income also increased by around ten per cent to HK\$8,279 million.

### Gross Rental Income in Hong Kong\*



### Gross Rental Income in Hong Kong by Sector\*



\* Including contributions from jointly controlled entities and associates

## Completed Investment Properties

### Offices

Demand for quality office space remained strong during the year, driven by corporate expansion amid continuous economic growth. Market rents rose with the limited supply and low vacancies. The Group, with an office portfolio of 10.1 million square feet, is well positioned to capitalize on the good office leasing market. Occupancy was high at 95 per cent and rents were up during the year.

The Group's IFC and ICC are top-quality integrated projects with grade-A offices, up-market malls and luxury hotels, and they stand on the opposite shores of the harbour to form a gateway that is a distinctive Hong Kong landmark.

Leasing of IFC above Hong Kong Station in Central remained impressive. The Group's 50 per cent stake gives it close to a million square feet of first-rate offices in IFC in attributable terms. The project's superb quality and prestigious address make it a preferred choice for renowned financial institutions and multinationals, and occupancy was nearly 100 per cent.

ICC with nearly 2.5 million square feet of top-class offices atop Kowloon Station provides the foundation for a new business hub in West Kowloon with convenient transport connections to Central, the airport and the border. The high specifications and outstanding quality of the development have generated high demand for space from prestigious tenants including leading financial and professional firms. Virtually all the office space is let.

Millennium City is an outstanding example demonstrating the Group's ability to set new area benchmarks for decentralized offices. It anchors a new office node in Kowloon East that is becoming increasingly popular among the corporate sector. Occupancy of the 1.7 million square feet of offices attributable to the Group remained high during the year.

Other major premium office developments like Sun Hung Kai Centre and Central Plaza in Wan Chai and Grand Century Place in Mong Kok also recorded satisfactory rental increases and high occupancies for the year.



*IFC in Central remains near-fully leased*



*Modern facilities and international specifications at KCC in West Kowloon*

## Property Investment



*New Town Plaza in Sha Tin offers a new shopping experience for visitors through continuous renovation and tenant mix refinement*



*Promotions at APM in Kowloon East boost patronage*

### Shopping Centres

The retail market in Hong Kong was buoyant over the past year. Retail sales grew briskly due to much higher spending by mainland visitors and continued local consumption growth. Demand for retail space was highly stoked by tenants' business growth, while new supply remained limited.

The Group is one of the largest retail landlords in Hong Kong with around ten million square feet of shopping mall space. Its mall portfolio saw higher occupancy at increased rents during the year as a result of the favourable operating environment and the Group's continuous efforts to enhance competitiveness.

Many of the Group's malls are near MTR stations and their designs, shop mixes and promotions are tailored to appeal to different groups of shoppers. The Group also works to draw more shoppers to its malls and boost tenants' business through regular renovations and innovative promotions, including organizing shopping tours for mainlanders and increased adoption of multi-media promotion channels.

IFC Mall in Central, 50 per cent owned by the Group, is a first-class retail centre in the core business district with easy accessibility to the airport via the Airport Express. It offers a wide array of shops, ranging from trendy to sophisticated, that are popular among both locals and tourists. The mall remained virtually fully let and its tenant mix was further refined during the year to feature the finest international luxury goods.

New Town Plaza in Sha Tin has always been one of the most popular regional shopping centres in Hong Kong, drawing numerous local and mainland visitors with its comprehensive array of retail, entertainment and food outlets, including a number of international luxury brands. The mall continued to record rent increases and high traffic flow.

APM in Kowloon East pioneered the late night shopping concept and is a magnet for young and hip. APM began renovations during the year to enhance competitiveness by offering young customers the most modern facilities and shopping variety with a new tenant mix and more spacious feel. The renovation is scheduled for completion in 2012.

Mikiki is the latest addition to the Group's retail portfolio and was virtually fully leased before its opening in August this year. This new entertainment centre in southeast Kowloon has a selection of modern retailers aimed at young people. Its design with skylights and high ceilings offers additional spaciousness. The expected completion of the Kai Tak cruise terminal and rejuvenation of southeast Kowloon will further enhance the attractiveness of Mikiki.

Landmark North in Sheung Shui benefits from an advantageous location near the MTR Sheung Shui Station to attract mainland spending. Other major Group malls like WTC More in Causeway Bay, Grand Century Place in Mong Kok and Metroplaza in Kwai Chung also recorded high occupancies and higher visitor traffic.

### Residential, Serviced Suites and Others

Leasing performance of the Group's luxury residential units and serviced suites was encouraging during the year. The Group holds around a million square feet of residential properties for lease, comprising mainly luxury developments like Dynasty Court. It also owns serviced suites in Four Seasons Place and The HarbourView Place that provide attentive service to long-staying guests. Signature Homes oversees high-end leasing for the Group, and is dedicated to offering tenants comprehensive, personal one-stop service.

The Group owns over 34,000 car parking bays as well as a number of industrial buildings, godowns and data centres. They provided steady rental income during the year.

### Investment Properties Under Development

The Group will continue building new offices and shopping centres, reinforcing its status as a premium landlord. It will add new high-grade properties to its rental portfolio and replace certain non-core assets. Some non-core office properties were disposed of during the year in line with this policy.

The Group had an attributable 3.6 million square feet of new investment properties under development as at June 2011. Around one million square feet is slated to be premium office space with the latest technology and modern facilities. Retail space will account for 1.1 million square feet and the remaining 1.6 million square feet will be developed into quality hotels or are prime industrial sites being converted to office use.

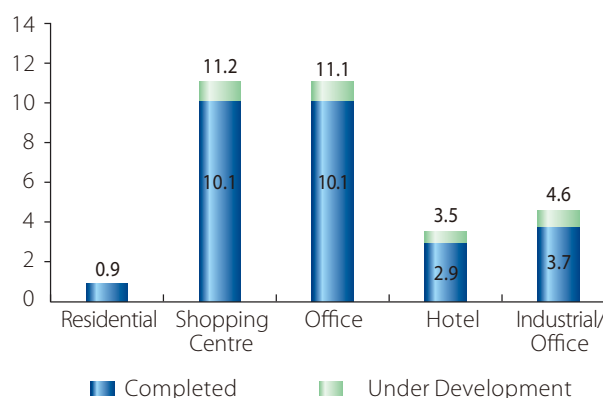
Ever since the completion of New Town Plaza in Sha Tin in the mid-1980s, the Group has built up its expertise in developing and operating large-scale regional malls. The Group is applying this expertise to establish a one-million-square-foot shopping and entertainment hub YOHO Mall in West New Territories, comprising an over 470,000-square-foot shopping centre under construction and two existing malls in the neighbourhood. The provision of modern facilities and an international selection of retailers will well serve the young and vibrant community at YOHO Town and youngsters in West New Territories, and its strategic location with direct linkage to the MTR Yuen Long Station will also entice local customers from other parts of the city as well as mainland customers from across the border.

Construction of another shopping mall of about 270,000 square feet by the MTR Tuen Mun Station is progressing on target for completion by late 2012. Interest in preliminary leasing has been high. The mall will house many trendy outlets new to Tuen Mun targeting young people. Its spacious layout and sufficient parking will add to customers' convenience and comfort.

KCC Phase 2 is a major decentralized office project under development by the Group, containing over 500,000 square feet of quality offices and supporting retail space scheduled for completion in early 2013. Like Phase 1, it is being built to international specifications with high technology, fine architecture and green elements that set new benchmark for premium offices in the area. The entire KCC will have a total gross floor area of over a million square feet and will be the most prominent modern grade-A office development in the district. Its proximity to the container terminals, convenient access to the airport and the border have helped attract international logistics and telecommunication enterprises as Phase 1 tenants.

### Investment Properties: Completed and Under Development\*

million square feet



\* As at June 2011

## Property Investment

### Major Completed Investment Properties

Project	Location	Lease Expiry	Group's Interest (%)
<b>Hong Kong Island</b>			
One IFC	1 Harbour View Street, Central	2047	50
Two IFC & IFC Mall	8 Finance Street, Central	2047	50
Four Seasons Hotel / Four Seasons Place	8 Finance Street, Central	2047	50
Sun Hung Kai Centre	30 Harbour Road, Wan Chai	2127	100
Central Plaza	18 Harbour Road, Wan Chai	2047	50
World Trade Centre / WTC More	280 Gloucester Road, Causeway Bay	2842	100
Dynasty Court (Blocks 2 & 3)	23 Old Peak Road	2886	100
MEGA iAdvantage	399 Chai Wan Road, Chai Wan	2112	73.8
Pacific View (Blocks 2 & 3)	38 Tai Tam Road	2047	100
Chi Fu Landmark	Chi Fu Road	2126	100
Hillsborough Court (Block 4)	18 Old Peak Road	2884	100
<b>Kowloon</b>			
International Commerce Centre	1 Austin Road West	2047	100
The Ritz-Carlton, Hong Kong / W Hong Kong / The HarbourView Place	1 Austin Road West	2047	100
Millennium City 1*	388 Kwun Tong Road	2047	100
Millennium City 2	378 Kwun Tong Road	2047	50
Millennium City 5 / APM	418 Kwun Tong Road	2047	100
Millennium City 6	392 Kwun Tong Road	2047	100
Grand Century Place	193 Prince Edward Road West, Mong Kok	2047	100
Royal Plaza Hotel	193 Prince Edward Road West, Mong Kok	2047	100
The Royal Garden	69 Mody Road, Tsim Sha Tsui	2127	100
Kerry Hung Kai Godown	3 Fat Tseung Street, Cheung Sha Wan	2047	50
APEC Plaza	49 Hoi Yuen Road, Kwun Tong	2047	100
Mikiki	638 Prince Edward Road East, San Po Kong	2054	100
The Sun Arcade	28 Canton Road, Tsim Sha Tsui	2047	100
Peninsula Tower	538 Castle Peak Road, Cheung Sha Wan	2047	100
New Tech Plaza	34 Tai Yau Street, San Po Kong	2047	100
Hing Wah Centre	82-84 To Kwa Wan Road	2099	100
26 Nathan Road	26 Nathan Road	2039	100
Infotech Centre	21 Hung To Road, Kwun Tong	2047	100
<b>New Territories</b>			
New Town Plaza I	18 Shatin Centre Street, Sha Tin	2047	100
New Town Plaza III	2-8 Shatin Centre Street, Sha Tin	2047	100
New Town Tower	10-18 Pak Hok Ting Street, Sha Tin	2047	100
Grand Central Plaza / HomeSquare	138 Shatin Rural Committee Road, Sha Tin	2047	100
Royal Park Hotel	8 Pak Hok Ting Street, Sha Tin	2047	100
Metropola Tower I & Shopping Centre	223 Hing Fong Road, Kwai Chung	2047	100
Tai Po Mega Mall	9 On Pong Road, Tai Po	2047	100
Tsuen Wan Plaza	5-21 Pak Tin Par Street, Tsuen Wan	2047	100
Kowloon Commerce Centre Phase 1	51 Kwai Cheong Road, Kwai Chung	2047	100
Landmark North	39 Lung Sum Avenue, Sheung Shui	2047	100
Sun Hung Kai Logistics Centre	8 Wong Chuk Yeung Street, Sha Tin	2047	100
East Point City Shopping Centre	8 Chung Wa Road, Tseung Kwan O	2047	100
Royal View Hotel	353 Castle Peak Road, Ting Kau	2047	100
Sun Yuen Long Centre Shopping Arcade	8 Long Yat Road, Yuen Long	2047	87.5
Park Central Shopping Centre	Tseung Kwan O Town Lots 57 & 66	2047	57.52/25
Citygate/Novotel Citygate Hong Kong Hotel	Tung Chung Town Lot 2	2047	20
Grand City Plaza	1-17 Sai Lau Kok Road, Tsuen Wan	2047	100
Yuen Long Plaza Shopping Arcade	249-251 Castle Peak Road, Yuen Long	2047	100
Advanced Technology Centre	2 Choi Fat Street, Sheung Shui	2047	100
Uptown Plaza Shopping Arcade	9 Nam Wan Road, Tai Po	2047	100
Chelsea Heights	1 Shek Pai Tau Path, Tuen Mun	2047	100
Jumbo iAdvantage	145-159 Yeung Uk Road, Tsuen Wan	2047	73.8

\* Including the attributable share in areas held by SUNeVision, in which the Group has a 73.8 per cent interest

Attributable Gross Floor Area (square feet)					
Residential	Shopping Centre	Office	Hotel	Industrial/ Office	Total
-	-	392,000	-	-	392,000
-	320,000	566,000	-	-	886,000
-	-	-	550,000	-	550,000
-	53,000	851,000	-	-	904,000
-	-	700,000	-	-	700,000
-	280,000	232,000	-	-	512,000
341,000	-	-	-	-	341,000
-	-	-	-	257,000	257,000
248,000	-	-	-	-	248,000
-	172,000	-	-	-	172,000
126,000	-	-	-	-	126,000
-	-	2,495,000	-	-	2,495,000
-	-	-	1,023,000	-	1,023,000
-	27,000	872,000	-	-	899,000
-	-	133,000	-	-	133,000
-	598,000	308,000	-	-	906,000
-	32,000	370,000	-	-	402,000
-	725,000	475,000	-	-	1,200,000
-	-	-	400,000	-	400,000
-	-	-	295,000	-	295,000
-	-	-	-	285,000	285,000
-	-	-	-	240,000	240,000
-	205,000	-	-	-	205,000
-	205,000	-	-	-	205,000
-	-	-	-	198,000	198,000
-	-	-	-	183,000	183,000
-	-	-	-	183,000	183,000
-	53,000	124,000	-	-	177,000
-	-	-	-	114,000	114,000
-	1,300,000	-	-	-	1,300,000
-	350,000	-	-	-	350,000
-	-	96,000	-	-	96,000
-	310,000	431,000	-	-	741,000
-	-	-	258,000	-	258,000
-	600,000	569,000	-	-	1,169,000
-	589,000	-	-	-	589,000
-	583,000	-	-	-	583,000
-	56,000	521,000	-	-	577,000
-	182,000	375,000	-	-	557,000
-	-	-	-	500,000	500,000
-	415,000	-	-	-	415,000
-	-	-	310,000	-	310,000
-	245,000	-	-	-	245,000
-	195,000	-	-	-	195,000
-	99,000	32,000	47,000	-	178,000
-	35,000	137,000	-	-	172,000
-	145,000	-	-	-	145,000
-	-	-	-	142,000	142,000
-	120,000	-	-	-	120,000
-	116,000	-	-	-	116,000
-	-	-	-	110,000	110,000



IFC Mall in Central has a wide selection of luxury retailers



Regular promotions at WTC More in Causeway Bay boost visitor flows



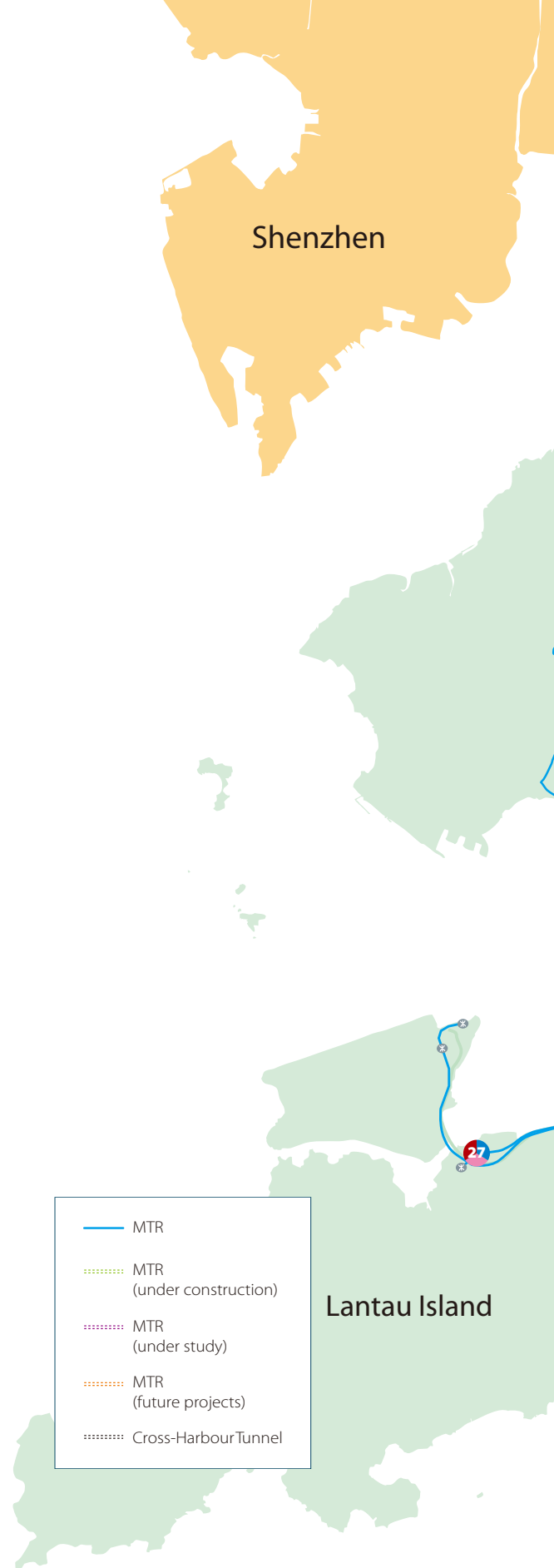
Mikiki is a new shopping attraction in southeast Kowloon

## Property Investment

### Major Completed Investment Properties

- Residential      ● Shopping Centre      ● Office  
● Industrial/Office      ● Hotel

- 1 ● Dynasty Court
- 2 ● Hillsborough Court
- 3 ● Pacific View
- 4 ● Uptown Plaza
- 5 ● Tai Po Mega Mall
- 6 ● Sun Yuen Long Centre
- 7 ● Yuen Long Plaza
- 8 ● Chelsea Heights
- 9 ● Tsuen Wan Plaza
- 10 ● The Sun Arcade
- 11 ● Mikiki
- 12 ● East Point City
- 13 ● Park Central
- 14 ● Chi Fu Landmark
- 15 ● ● New Town Plaza / New Town Tower
- 16 ● ● Grand Central Plaza / HomeSquare
- 17 ● ● Landmark North
- 18 ● ● Grand City Plaza
- 19 ● ● Metroplaza
- 20 ● ● KCC Phase 1
- 21 ● ● Grand Century Place
- 22 ● ● 26 Nathan Road
- 23 ● ● Millennium City Phases 1, 2, 5 & 6 / APM
- 24 ● ● IFC
- 25 ● ● Sun Hung Kai Centre
- 26 ● ● World Trade Centre / WTC More
- 27 ● ● ● Citygate / Novotel Citygate Hong Kong Hotel
- 28 ● Central Plaza
- 29 ● ● ICC / The Ritz-Carlton, Hong Kong / W Hong Kong / The HarbourView Place
- 30 ● Sun Hung Kai Logistics Centre
- 31 ● Advanced Technology Centre
- 32 ● Jumbo iAdvantage
- 33 ● Peninsula Tower
- 34 ● Kerry Hung Kai Godown
- 35 ● New Tech Plaza
- 36 ● Hing Wah Centre
- 37 ● APEC Plaza
- 38 ● Infotech Centre
- 39 ● MEGA iAdvantage
- 40 ● Four Seasons Hotel / Four Seasons Place
- 41 ● The Royal Garden
- 42 ● Royal Plaza Hotel
- 43 ● Royal Park Hotel
- 44 ● Royal View Hotel





## Mainland Property Business

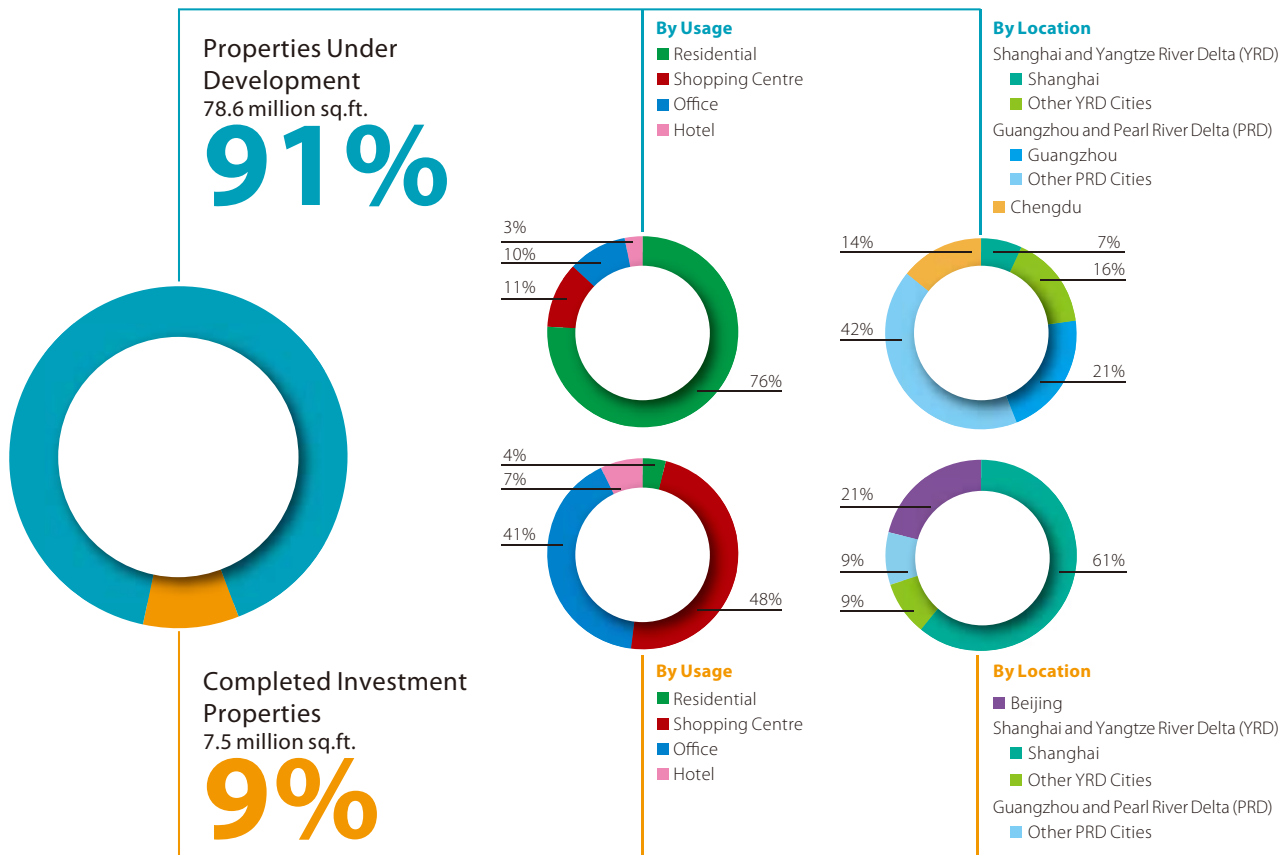
### Highlights

- 78.6 million square feet of properties for development on the mainland and 7.5 million square feet of completed properties for rent
- Sold or pre-sold over HK\$2,000 million worth of properties on the mainland
- HK\$1,158 million in gross rental income from mainland properties
- Rising position as a premium brand with gradual completions of Shanghai IFC and Shanghai ICC
- Selective, focused development strategy concentrating on prime cities

### Land Bank

#### Mainland China Land Bank Composition

(86.1 million square feet in attributable gross floor area as at 30 June 2011)



The Group added several prime sites with a combined gross floor area of 5.6 million square feet to its mainland land bank during the year under review. Details of the new acquisitions are on page 13 of the Chairman's Statement. The Group's mainland development land bank amounted to 78.6 million square feet of attributable gross floor area as at 30 June

2011. Over 75 per cent of this will be high-end residences for sale. The Group holds another 7.5 million square feet of completed investment properties in major cities, comprising high-quality offices, shopping centres and a hotel.

The Group's mainland land bank as at 30 June 2011 was as follows:

Attributable Gross Floor Area (million square feet)			
	Under Development	Completed Investment Properties	Total
<b>By Usage</b>			
Residential*	59.4	0.3	59.7
Shopping Centre	8.9	3.6	12.5
Office	8.2	3.1	11.3
Hotel	2.1	0.5	2.6
<b>Total</b>	<b>78.6</b>	<b>7.5</b>	<b>86.1</b>
<b>By Location</b>			
Beijing	–	1.6	1.6
Shanghai and Yangtze River Delta (YRD)	18.6	5.3	23.9
<i>Shanghai</i>	6.0	4.6	10.6
<i>Other YRD cities</i>	12.6	0.7	13.3
Guangzhou and Pearl River Delta (PRD)	49.2	0.6	49.8
<i>Guangzhou</i>	16.3	–	16.3
<i>Other PRD cities</i>	32.9	0.6	33.5
Chengdu	10.8	–	10.8
<b>Total</b>	<b>78.6</b>	<b>7.5</b>	<b>86.1</b>

\* Including serviced apartments

# Mainland Property Business

## Property Development



The Group is applying its Hong Kong expertise to develop high-end residences on the mainland and impressing buyers with outstanding quality and designs.



*Lake Dragon, Guangzhou*

## Property Development



*Multinationals and well-known retailers favour the Shanghai IFC offices and mall which have become a focus of the city*

More stringent restrictions on home purchases and tight financing for both developers and homebuyers slowed housing market activity in major cities and softened prices. The home purchase restrictions are gradually being extended to some second and third tier cities that have seen buoyant markets so far, and should help underpin healthier market development over the longer term. As the economy is anticipated to grow at a relatively fast pace and the process of urbanization continues, the long-term prospects for the mainland housing market remain positive.

The Group will adhere to its selective and focused strategy on the mainland, concentrating on major cities including Beijing, Shanghai, Guangzhou and Shenzhen. It is developing nearly 60 million square feet of quality residential premises and serviced apartments there. These projects are in Shanghai, Guangzhou and the prospering Yangtze and Pearl River deltas, or in fast-growing Chengdu in the west, and most are in prime city locations served by convenient transport.

The Group has built upon its experience and expertise in developing up-market residential premises and large integrated developments in Hong Kong to establish its brand name for quality in major mainland cities.

Developments put on sale over the past few years have been popular, and homebuyers praise their quality. Group projects were sold well during the year with over HK\$2,000 million of mainland properties sold despite a challenging market.

### Major Projects Under Development

#### SHANGHAI & YANGTZE RIVER DELTA IFC Residence & Shanghai IFC Mall Phase 2 8 Century Avenue, Shanghai (100% owned)

IFC Residence will have 413,000 square feet of serviced suites, offering premium living to long-staying guests. Shanghai IFC Mall Phase 2 will contain 180,000 square feet of retail space. Both are scheduled to be completed by 2012. This will be the final phase of the over four-million-square-foot Shanghai IFC, a major integrated development in the Lujiazui Finance and Trade Zone. Leasing results for the completed office towers and Shanghai IFC Mall Phase 1 are described under Property Investment on pages 62 to 63.

### Shanghai ICC

999 Huai Hai Zhong Road, Shanghai

(100% owned)

Shanghai ICC will consist of two premium office towers, a modern shopping mall and deluxe residences. The first tower offering over 600,000 square feet of world-class offices was finished during the year. There are over 200,000 square feet of deluxe units in ICC Residence currently under construction for completion in the first half of 2012 and the 1.3-million-square-foot International APM mall is scheduled for opening in late 2012. Construction works of the last phase of over 600,000-square-foot top-grade offices will commence soon. Leasing results for the first office tower are described on page 62 and more information about the mall under development can be found on page 65.

### Shanghai Arch

Pu Ming Road, Lujiazui, Shanghai

(100% owned)

Shanghai Arch is in one of the most prestigious residential areas in the city; on the bank of the Huangpu River with a panoramic view of the famous Bund. The Group is building 1.7 million square feet of luxury residential units and serviced apartments on this site. Its first-class finishes and fittings, splendid design and deluxe facilities will redefine luxury living in Shanghai. The first phase of over 500,000 square feet of luxury residences will be ready to go on the market upon receipt of the sales consent.



*International specifications and premium quality make Shanghai ICC a new heart of commerce, shopping and leisure in the city*



*Glamorous view of the Bund from Shanghai Arch by the Huangpu River*

## Property Development



*The integrated project in Minhang, Shanghai will include a regional shopping and entertainment complex*

### Minhang Project

*Minhang, Shanghai  
(35% owned)*

The Group is applying its experience in developing large integrated projects above key rail stations in this joint-venture project above Xinzhuang Station, a strategic transport node in Shanghai. The station is the interchange of two existing metro lines and a third now being built, and also serves the express rail. The development will have over four million square feet of gross floor area, comprising high-end apartments, a grand shopping centre, premium offices and a five-star hotel. The mall will have 1.8 million square feet of gross floor area forming a focal point for shopping and entertainment.

### Hangzhou MIXC

*Qianjiang New City, Hangzhou  
(40% owned)*

Hangzhou MIXC is an over six-million-square-foot project in the Qianjiang New City central business district being developed in two phases. It will be easily accessible with one of two metro stations that will connect directly with the project scheduled for completion in 2012. The first phase of 2.8 million square feet was completed in 2010. It includes the high-end MIXC Residence and a grand shopping mall. MIXC Residence has over a million square feet of gross floor area and went on sale in 2008. The project proved popular with all standard units sold. The mall is operating smoothly with increased traffic flow. Construction of the second phase recently began and completion is scheduled for 2015. This will include 1.9 million square feet of high-quality offices, a five-star Park Hyatt hotel, a million square feet of high-end serviced apartments and retail shops near the existing mall.



*Top design and materials for MIXC Residence in Hangzhou*

### **Nanjing ICC**

*Hexi CBD, Nanjing*

*(100% owned)*

Nanjing ICC will be a distinctive new commercial icon in the city's core business area. The latest plan provides for a total of three million square feet of floor area with quality offices, a high-class hotel and a shopping mall. It will also have a spacious landscaped plaza and be connected to two metro lines providing unrivalled transport convenience. Construction began during the year.

### **Suzhou Project**

*Suzhou*

*(90% owned)*

The Suzhou project encompasses three sites with a total gross floor area of 3.5 million square feet. The two lakefront sites will be developed into a five-star hotel and 900,000 square feet of deluxe residential premises in 240 town houses, while the third site will be an integrated development of about two million square feet featuring a luxury shopping mall, offices and high-end serviced apartments. The first Lake Genève phase of the development will have a total gross floor area of 500,000 square feet, comprising 130 luxurious town houses with marvellous lake views. Construction is progressing smoothly with expected completion in 2013.



*Nanjing ICC in the commercial core will include offices, a hotel and a shopping mall*



*Beautiful lake views from Lake Genève in Suzhou*

## Property Development



*The full facilities at Taihu International Community in Wuxi appeal to buyers*

### **Wuxi Taihu International Community**

*Taihu New City, Wuxi*

*(40% owned)*

Taihu International Community is a comprehensive development with 14 million square feet, consisting of mainly high-end residential units and serviced apartments, complemented by a hotel plus some office and retail space. The project has panoramic lake views, and is well supported by community facilities including a new art and culture centre and convenient transport. The first three phases of 3.6 million square feet residences have been completed and virtually all units have been sold. The fourth phase of another 1.9 million square feet of residences and 200,000 square feet of retail space is expected to be completed in the first half of 2012.



*Tranquil Lake Dragon in Guangzhou*

### **GUANGZHOU & PEARL RIVER DELTA**

#### **Lake Dragon**

*Huadu, Guangzhou*

*(60% owned)*

Lake Dragon is a low-density development with about eight million square feet of floor area. Top quality and being integrated with a golf course made the project popular with buyers and reinforced the Group's brand name. The first phase of 1.3 million square feet of luxurious town houses was virtually sold out before their completion in 2010. The second phase of over 700,000 square feet in nearly 80 luxury town houses and 120 apartments is now under construction and planned for completion in early 2013. Over 50 town houses in the initial batch have been sold since they went on the market in June this year despite the challenging environment, with units in the subsequent batches to be launched in coming months.

### Liede Project

*Zhujiang Xincheng, Guangzhou*

*(33.3% owned)*

The Group has a one-third of interest in this integrated complex in the Zhujiang Xincheng business area of Guangzhou. There will be two million square feet of high-end serviced apartments, 1.3 million square feet of first-rate offices, a top-class hotel and an up-market mall. The mall will have a million square feet of gross floor area and a prime location that take full advantage of the growing opportunities in this affluent business hub of Guangzhou. Construction of the first million square feet of serviced apartments is under way and scheduled for completion in 2013.

### Linhe Project

*Tianhe, Guangzhou*

*(70% owned)*

This site is in the north of Tianhe District, a traditional luxury residential area and the most prosperous part of Guangzhou. It is close to the Guangzhou East railway station that serves intercity rail service between Guangzhou and Hong Kong and is also an interchange on the Guangzhou metro. The Group has a 70 per cent stake in this project of 1.6 million square feet of top-end residences and 360,000 square feet of offices. Construction will soon proceed to the superstructure stage with expected completion from 2014 onwards.

### Shiling Project

*Huadu, Guangzhou*

*(100% owned)*

The Shiling residential project in Huadu will have over eight million square feet of floor area forming a community that is well served by a full range of supporting facilities. Construction of the first phase with a million square feet of gross floor area has proceeded to the superstructure stage and completion is planned for the first half of 2013.



*The Liede project in the business area of Guangzhou will offer accommodation for executives*



*Greenery surrounding at the Shiling project in Guangzhou*

## Property Development



*Cosy setting for The Woodland in Zhongshan*

### Chancheng Project

*Chancheng, Foshan*  
(80% owned)

This is a large-scale integrated development with 30 million square feet of gross floor area in central Foshan. The rail line connecting central Foshan to downtown Guangzhou will facilitate the merging of the two cities into a new conurbation in the Pearl River Delta, and the development's central position with a planned rail station nearby will make it a new focus of the district. Over 80 per cent of the total will be premium residences, complemented by comprehensive shopping facilities, quality offices and a premium hotel. Project planning is being finalized and construction will proceed in phases.

### The Woodland

*Zhongshan Wu Road, Zhongshan*  
(Joint venture)

The Woodland is a low-rise development of over five million square feet of premium residential units being built in phases. The first three phases totalling about two million square feet have been completed for some time, and the latest phase of over 130,000 square feet of gross floor area in Phase 4A, Woodland Lake, was finished recently. Another 780,000 square feet of residential premises in Phase 4B is planned for completion in 2013.

### Shilong Project

*Shilong, Dongguan*  
(100% owned)

The project is in central Shilong in the northern part of Dongguan. Including an adjacent site acquired during the year, the whole development will consist of about four million square feet of premium residential units; most with panoramic river views.

## OTHER CITIES

### Jovo Town

*Shuangliu County, Chengdu*  
(91% owned)

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The project is in a new district in southern Chengdu near the new embassy area and Exhibition and Convention Centre, next to the largest ocean park in Chengdu. The entire project will have over six million square feet of gross floor area to be completed in phases. Buyers took possession of the first six residential towers in Phase 1A encompassing over 1.1 million square feet in 2010. Another 850,000 square feet of premium residences in Phase 1B will be completed by mid-2012. Construction of about 2.5 million square feet of deluxe high-rise residential units in phase two started recently and will be finished in stages.

### Chengdu ICC

*Jinjiang, Chengdu*  
(40% owned)

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Chengdu ICC is in the city's new financial and business centre with convenient access. It will be linked directly to a metro station on the number two line that will go into service in 2012. The project will have over 13 million square feet of gross floor area with up-market shopping malls, grade-A offices, a five-star hotel and deluxe residences, along with comprehensive community facilities. Construction of the first ten residential towers with 1.6 million square feet of gross floor area began earlier this year.



*Different layouts will be offered at Jovo Town in Chengdu*



*Chengdu ICC will be a major landmark of the city*

## Property Development

### Major Mainland Properties Under Development by Year of Completion

Location	Project Name	City	Group's Interest (%)
<b>Projects to be completed in financial year 2011/12</b>			
Lujiazui Project Phase 3	IFC Residence /		
	Shanghai IFC Mall Phase 2	Shanghai	100
Huai Hai Zhong Road Lot 3 Phase 2	Shanghai ICC	Shanghai	100
Taihu New City Project Phase 4	Taihu International Community	Wuxi	40
Shuangliu County Project Phase 1B	Jovo Town	Chengdu	91
<b>Year Total</b>			
<b>Projects to be completed in financial year 2012/13</b>			
Pu Ming Road, Lujiazui Phase 1	Shanghai Arch	Shanghai	100
Taihu New City Project Phase 5	Taihu International Community	Wuxi	40
Suzhou Project Phase 1	Lake Genève	Suzhou	90
Dragon Lake Project Phases 2A & 2B	Lake Dragon	Guangzhou	60
Zhongshan Wu Road Project Phase 4B	The Woodland	Zhongshan	Joint Venture
Shuangliu County Project Phase 2A	Jovo Town	Chengdu	91
<b>Year Total</b>			
<b>Projects to be completed in financial year 2013/14</b>			
Liede Project Phase 1		Guangzhou	33.3
Taihu New City Project Phase 6	Taihu International Community	Wuxi	40
Suzhou Project Phase 2	Lake Genève / Four Seasons Hotel	Suzhou	90
Shiling Project Phases 1A & 1B		Guangzhou	100
Zhongshan Wu Road Project Phases 4C & 5	The Woodland	Zhongshan	Joint Venture
Shuangliu County Project Phase 2B	Jovo Town	Chengdu	91
<b>Year Total</b>			
<b>Projects to be completed in financial year 2014/15 and beyond</b>			
Pu Ming Road, Lujiazui remaining phases	Shanghai Arch	Shanghai	100
Huai Hai Zhong Road Lot 3 Phase 3	Shanghai ICC	Shanghai	100
Minhang Project		Shanghai	35
Qianjiang New City Project remaining phases	Hangzhou MIXC	Hangzhou	40
Zhijiang Project		Hangzhou	40
Taihu New City Project remaining phases	Taihu International Community	Wuxi	40
Suzhou Project remaining phases		Suzhou	90
Hexi CBD Project		Nanjing	100
Dragon Lake Project remaining phases	Lake Dragon	Guangzhou	60
Shiling Project remaining phases		Guangzhou	100
Liede Project remaining phases		Guangzhou	33.3
Linhe Project		Guangzhou	70
Chancheng Project		Foshan	80
Zhongshan Wu Road Project remaining phases	The Woodland	Zhongshan	Joint Venture
Shilong Project		Dongguan	100
Shuangliu County Project remaining phases	Jovo Town	Chengdu	91
Dongda Avenue Project	Chengdu ICC	Chengdu	40
<b>Total</b>			

\* Gross floor area including basement retail area; residential area including serviced apartments

**Attributable Gross Floor Area (square feet)\***

Residential	Shopping Centre	Office	Hotel	Total
–	180,000	–	413,000	593,000
216,000	1,307,000	–	–	1,523,000
769,000	82,000	–	–	851,000
773,000	–	–	–	773,000
<b>1,758,000</b>	<b>1,569,000</b>	<b>–</b>	<b>413,000</b>	<b>3,740,000</b>

557,000	–	–	–	557,000
645,000	–	–	–	645,000
450,000	15,000	–	–	465,000
454,000	–	–	–	454,000
781,000	–	–	–	781,000
1,151,500	1,000	–	–	1,152,500
<b>4,038,500</b>	<b>16,000</b>	<b>–</b>	<b>–</b>	<b>4,054,500</b>

378,000	3,000	–	–	381,000
831,000	678,000	50,000	108,000	1,667,000
394,000	2,000	–	290,000	686,000
2,028,000	65,000	–	–	2,093,000
890,000	–	–	–	890,000
1,151,500	–	–	–	1,151,500
<b>5,672,500</b>	<b>748,000</b>	<b>50,000</b>	<b>398,000</b>	<b>6,868,500</b>

1,115,000	24,000	–	–	1,139,000
–	–	615,000	–	615,000
659,000	634,000	177,000	68,000	1,538,000
407,000	80,000	755,000	155,000	1,397,000
781,000	–	–	–	781,000
1,004,000	1,000	–	–	1,005,000
516,000	356,000	946,000	181,000	1,999,000
–	510,000	2,178,000	460,000	3,148,000
3,446,000	162,000	–	–	3,608,000
6,642,000	43,000	–	–	6,685,000
323,000	356,000	431,000	144,000	1,254,000
1,096,000	23,000	254,000	–	1,373,000
20,518,000	2,232,000	861,000	172,000	23,783,000
1,655,000	162,000	–	–	1,817,000
4,520,000	92,000	–	–	4,612,000
2,121,000	1,000	–	–	2,122,000
3,120,000	667,000	1,615,000	159,000	5,561,000
<b>47,923,000</b>	<b>5,343,000</b>	<b>7,832,000</b>	<b>1,339,000</b>	<b>62,437,000</b>



*Vast green space at Lake Dragon in Guangzhou*



*Modern design and advanced facilities in Shanghai ICC*

## Property Development

### Major Projects

- Residential      ● Shopping Centre  
● Office            ● Hotel

District	Project Name	Usage
<b>Major Completed Investment Properties</b>		

**BEIJING** 1 Beijing APM ● ●

### SHANGHAI & YANGTZE RIVER DELTA

**Shanghai** 2 Arcadia Shanghai ● ●  
 3 Shanghai IFC / The Ritz-Carlton  
 Shanghai, Pudong / ● ● ●  
 Shanghai IFC Mall Phase 1  
 4 Shanghai Central Plaza ● ●  
 5 Shanghai ICC Phase 1 ●

**Hangzhou** 6 Hangzhou MIXC ●

### GUANGZHOU & PEARL RIVER DELTA

**Foshan** 7 Nanhai Plaza ●

District	Project Name	Usage
<b>Major Properties Under Development</b>		

### SHANGHAI & YANGTZE RIVER DELTA

**Shanghai** 8 Shanghai ICC Phases 2 & 3 ● ● ●  
 9 Shanghai Arch ● ●  
 10 Minhang Project ● ● ● ●  
 11 IFC Residence / ● ●  
 Shanghai IFC Mall Phase 2

**Hangzhou** 12 Hangzhou MIXC ● ● ● ●  
 13 Zhijiang Project ●

**Nanjing** 14 Hexi CBD Project ● ● ●

**Suzhou** 15 Suzhou Project ● ● ● ●

**Wuxi** 16 Taihu International Community ● ● ● ●

### GUANGZHOU & PEARL RIVER DELTA

**Guangzhou** 17 Lake Dragon ● ●  
 18 Shiling Project ● ●  
 19 Liede Project ● ● ● ●  
 20 Linhe Project ● ● ●

**Dongguan** 21 Shilong Project ● ●

**Zhongshan** 22 The Woodland ● ●

**Foshan** 23 Chancheng Project ● ● ● ●

### OTHER CITIES

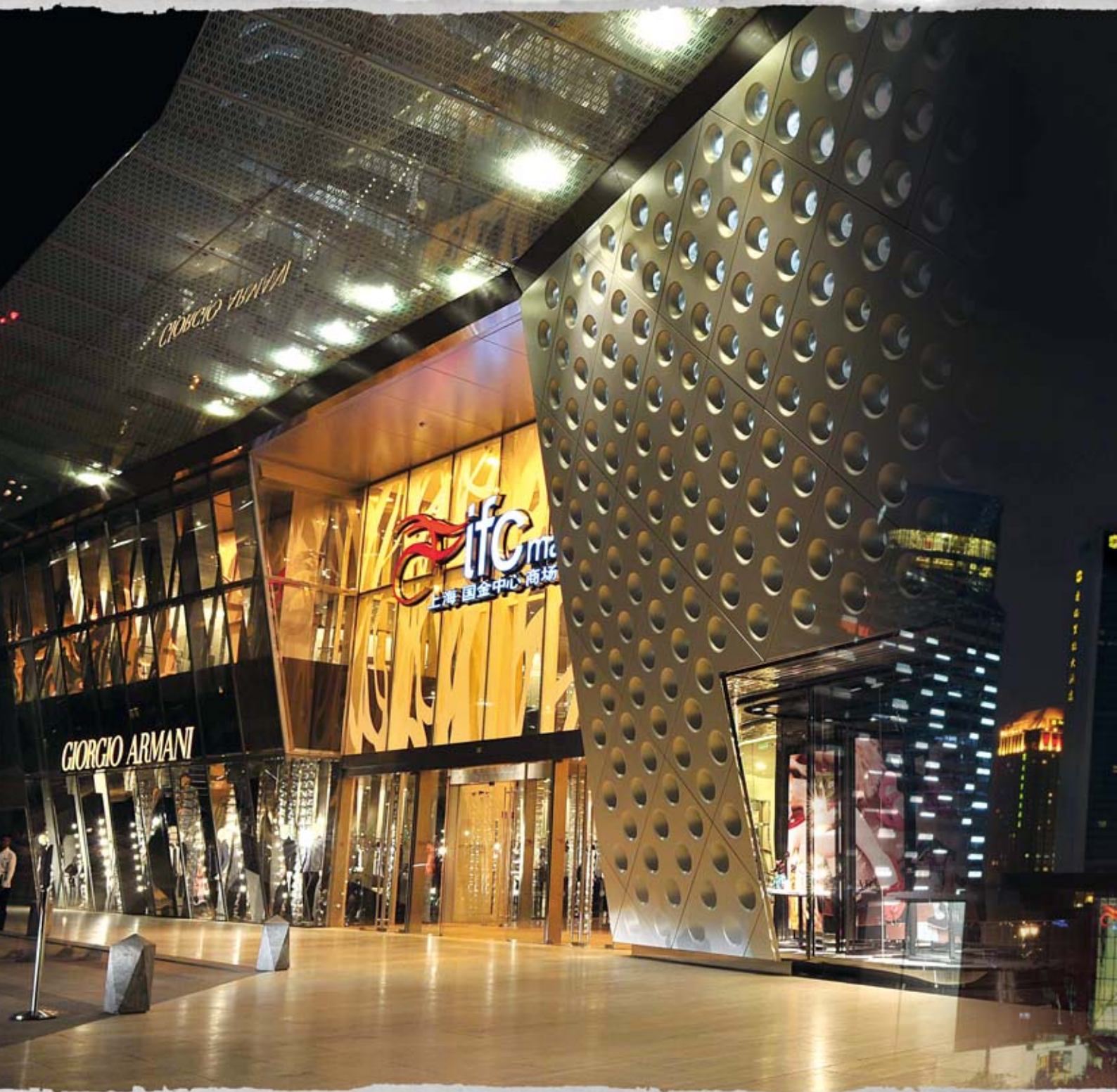
**Chengdu** 24 Jovo Town ● ●  
 25 Chengdu ICC ● ● ● ●





# Mainland Property Business

## Property Investment



Shanghai IFC and Shanghai ICC have attracted international office and shopping mall tenants, boosting the Group's premium brand recognition. The Group will follow its selective strategy of focusing on key mainland cities.



*Shanghai IFC*

## Property Investment



*New looks and tenants at Beijing APM lead market trends*

The Group is building a prime investment property portfolio on the mainland. The completion of Shanghai IFC phase two and Shanghai ICC phase one during the year added two million square feet to the holdings, bringing the total to 7.5 million square feet. The portfolio consists mostly of premium offices and shopping malls in advantageous locations in Beijing and Shanghai.

Gross rental income generated from mainland properties rose to HK\$1,158 million, while net rental income increased to HK\$797 million. Higher rents and increased contributions from new properties contributed to the growth.

### Completed Investment Properties Offices

The grade-A office markets in key mainland cities did well during the year, with greater demand amid continuing economic growth leading to higher rents and fewer vacancies. The Group holds 3.1 million square feet of premium offices on the mainland for long-term investment.

Shanghai IFC has two office towers built to the highest international specifications in Little Lujiazui – the new financial centre of Shanghai. The project also includes the Shanghai IFC Mall, the deluxe Ritz-Carlton Shanghai, Pudong and IFC Residence under construction. Offices in Tower One have attracted many major international and financial corporations and the recently-completed 1.3 million square feet of top-quality office space in Tower Two has also seen keen demand.

The first office tower in the Shanghai ICC integrated development in Puxi was finished in April this year. The development is linked to an interchange station of three metro lines and well connected to other parts of the city. Its modern design, up-to-date specifications, advanced facilities and innovative green features have attracted interest from leading global businesses, local enterprises and professional firms. Leasing is progressing well, and the whole building is expected to be fully leased in the next twelve months.

Occupancy of the offices in Shanghai Central Plaza remained high at 96 per cent and leasing of the office space at Beijing APM was satisfactory despite a highly-competitive market.

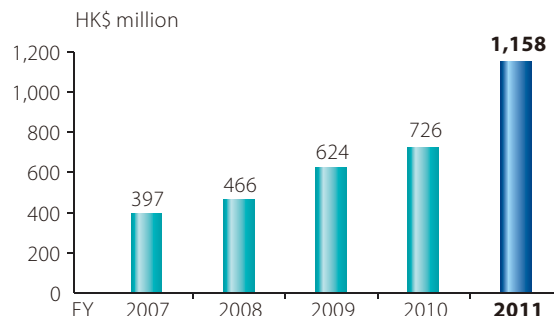
## Shopping Centres

Retail sales in key mainland cities remained brisk over the past year, supported by rapidly increasing per-capita incomes and an expanding middle class with rising affluence. Retail rents were buoyant with both international and local vendors continuing to seek space in quality shopping malls to tap the country's growing consumption. This favourable environment underpinned the leasing performance of the Group's 3.6-million-square-foot mainland shopping centre portfolio.

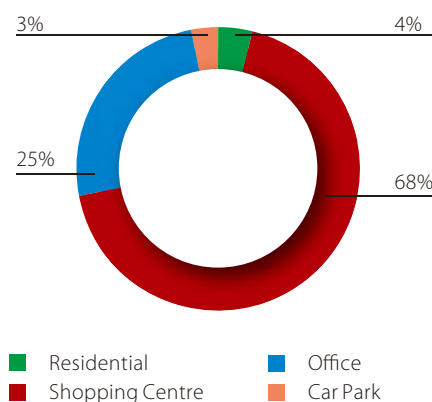
The first phase of Shanghai IFC Mall opened in 2010 and is nearly 100 per cent occupied with rising visitor traffic. It is a leading mall in Pudong with a large assortment of renowned luxury goods. The diverse choice of distinctive food and beverage outlets including international restaurants in China for the first time is a major attraction.

Beijing APM in Wangfujing is an established shopping and entertainment centre in Beijing with a wide selection of international retailers, food and entertainment. The mall is undergoing renovations to sustain its position as a favourite shopping centre for affluent local young people and professionals. The mall façade will have a more modern look and the tenant and trade mixes will be refined by bringing in new Hong Kong and international elements.

## Gross Rental Income on the Mainland\*



## Gross Rental Income on the Mainland by Sector\*



\* Including contributions from jointly controlled entities and associates

## Property Investment

### Major Completed Mainland Investment Properties

Attributable Gross Floor Area (square feet)								
Project	Location	Lease Expiry	Group's Interest (%)	Residential/ Serviced Apartments	Shopping Centre*	Office	Hotel	Total
Beijing								
Beijing APM	138 Wangfujing Dajie	2043	100	–	1,036,000	458,000	–	1,494,000
Shanghai & Yangtze River Delta								
Shanghai IFC & the Ritz-Carlton Shanghai, Pudong	8 Century Avenue, Lujiazui	2054	100	–	1,040,000	1,572,000	527,000	3,139,000
Shanghai Central Plaza	381 Huai Hai Zhong Road	2044	80	–	106,000	366,000	–	472,000
Shanghai ICC Phase 1	999 Huai Hai Zhong Road	2056	100	–	–	666,000	–	666,000
Arcadia Shanghai	88 Guang Yuan Xi Road	2064	100	304,000	27,000	–	–	331,000
Hangzhou MIXC	Qianjiang New City, Hangzhou	2046	40	–	656,000	–	–	656,000
Guangzhou & Pearl River Delta								
Nanhai Plaza	Nanhai Avenue, Foshan	2045	100	–	640,000	–	–	640,000

\* Including basement retail area

### Investment Properties Under Development

The Group is boosting its recurrent income base by developing premium offices, shopping malls and hotels on the mainland. Major investment projects under development include the remaining phases of Shanghai IFC and Shanghai ICC, which are important symbols establishing the Group's premium brand on the mainland. Their full completions are expected to significantly increase the Group's mainland rental income.

The expected completion of the deluxe IFC Residence serviced suite hotel and Shanghai IFC Mall Phase 2 by 2012 will cap off the Shanghai IFC integrated complex. The Group will use its experience in running deluxe suite accommodation in Hong Kong to offer the same attentive service and luxury living for long-staying guests in IFC Residence.



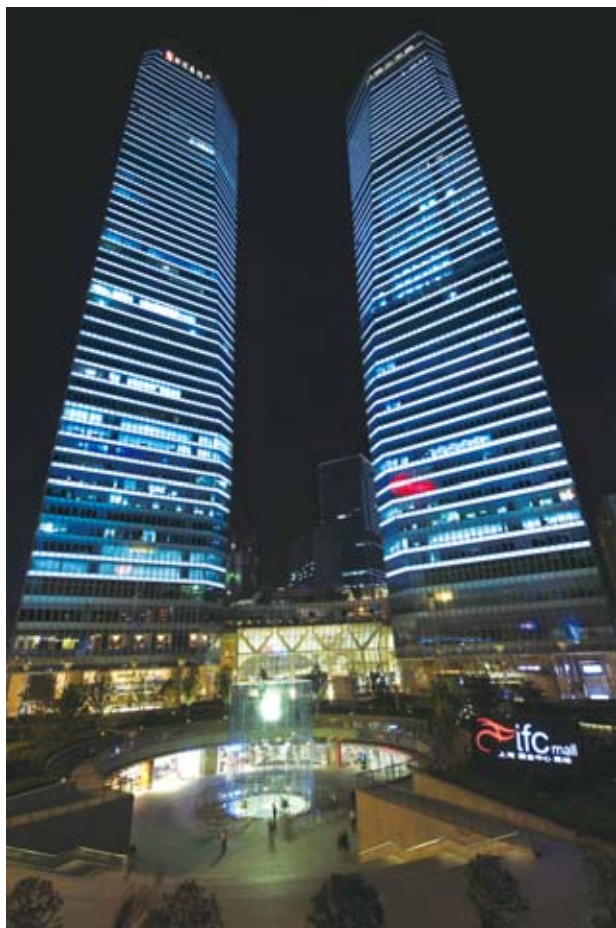
A prime location makes Central Plaza in Shanghai a favourite with multinationals and renowned retailers

Preliminary marketing of International APM in Shanghai ICC is under way and its prime location and avant-garde positioning have drawn enquiries from many noted and international retailers. The mall will offer patrons a new, stylish shopping environment and late-night retail concept when it opens in late 2012, adding a new dimension to Shanghai's retail scene.

The Group is developing a grand regional shopping centre at the integrated project in Minhang in Shanghai, in which the Group has 35 per cent of interest. The mall will not only be able to capture the spending power of the vast residential community in Minhang, its advantageous location above a rail interchange station will also make it a regional focus. Completions of this mall, Shanghai IFC Mall Phase 2 and International APM will help enhance the Group's network of shopping malls on the mainland.



*Shanghai IFC Mall boasts an array of international retailers*



*Shanghai IFC is popular with major international companies and financial firms*

The Group is also applying its expertise in developing first-class integrated complexes to other major mainland cities such as Suzhou, Chengdu, Guangzhou and Nanjing. Nearly all these projects are in prime locations with convenient transport connections. The Group has a total of 8.2 million square feet of premium offices, 8.9 million square feet of shopping centres and 2.1 million square feet of high-end hotels under development on the mainland. It will keep most of these as long-term investments, particularly those that provide the best synergy and branding.

## Property Related Businesses

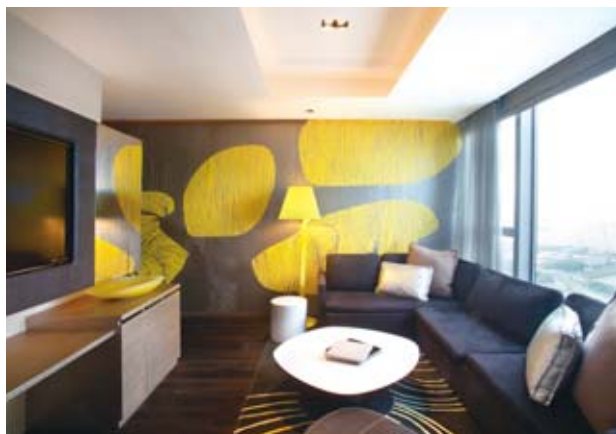


The Group's hotels showed good results spurred by the rapid growth of tourists and business travellers in the region. New hotels to be added in the next few years in conjunction with integrated projects will expand the hotel portfolios in Hong Kong and on the mainland.



*The Ritz-Carlton, Hong Kong, Kowloon Station*

## Property Related Businesses



*Stylish, modern design of the W Hong Kong hotel at Kowloon Station*



*The Four Seasons in Central leads Hong Kong's hospitality industry*

### Hotel

The Group's portfolio of superior hotels posted impressive results during the year, with high average room rates and occupancies spurred on by growth in the local economy and the continual influx of business and leisure travellers from the mainland and elsewhere.

The Four Seasons Hotel Hong Kong has consolidated its position as the city's market leader and continues to strengthen its international reputation as one of the world's great hotels. Maintaining rates through the 2009 global financial crisis positioned the hotel well to recover quickly from the downturn, and it finished 2010 with occupancy and average rates higher than its competitors. The hotel's banquet facilities remain the preferred choice for social events. The Four Seasons maintained its three Michelin stars for signature restaurants Caprice and Lung King Heen, making it the only hotel in the world with such a distinction. The Group has a 50 per cent interest in the hotel.

The Ritz-Carlton, Hong Kong became the tallest hotel in the world with its grand opening in May 2011, and its food and beverage establishments quickly became popular with locals and visitors. The hotel won a number of honours within a few months of opening, including Best Presidential Suite and Top Executive Lounge awards from China's *Hurun Report*.

W Hong Kong saw significant growth in 2010/2011 and a growing clientele of loyal patrons. It won a *TripAdvisor Travelers' Choice* award for the second consecutive year and was named one of the top ten Trendiest Hotels in Asia this year. W Hong Kong opened its new Wet Deck poolside bar this summer for parties that placed it in the media spotlight again.

The Royal Garden performed exceptionally well during the year. The hotel boosted average room rates and achieved significant revenue growth after its renovation programme finished in August 2011. The hotel's food and beverage outlets performed well, with revenue up over the previous year. Four of its restaurants were recommended in the latest Michelin Guide. The hotel is confident of better results in the year ahead with all its guest rooms and suites back on stream.

The Royal Plaza Hotel saw steady growth in room rates with a change in business mix that focuses more on high-spending guests. Package promotions on the hotel's web site and through online travel agents made a noticeable impact on business, and food and beverage outlets achieved good results. The hotel has been mentioned in the Michelin Guide for three consecutive years and its La Scala and Di King Heen have earned many accolades.

The Royal Park Hotel posted very satisfactory results and participated in a number of extraterritorial promotions to secure business from Asia and Europe, which made a significant contribution to profit. New Wi-Fi connectivity within the hotel and a wider selection of fitness equipment in the health club improved the hotel's competitive position. The hotel's Chinese Restaurant won a Best of the Best Culinary award from the Hong Kong Tourism Board.

The Royal View Hotel recorded a significant improvement in all aspects of business during the year amid the favourable economic environment. It made use of online promotions to produce positive results, and took part in wedding expos to bring in more banquet business. The hotel will be adding more recreational facilities in the coming year to offer guests a greater range of workout and leisure options.

The Ritz-Carlton Shanghai, Pudong opened in time for the Expo in June 2010 and has flourished since then. The hotel maximizes its share of the growing corporate market as more multinationals set up operations in mainland China, and growing affluence in Shanghai and other mainland cities has made banquets and conference service key contributors to profit. Domestic travel for both business and leisure remains robust and the sales and marketing department has strategies to tap revenues from these sectors in the coming year. The hotel was included in the *Travel + Leisure* list of the world's best 50 hotels and the *Conde Nast Traveler* hot list of spas.

Business opportunities for the hotel sector will continue to arise from Hong Kong's continued status as a major financial and business hub and primary tourist destination in the region. The further economic development of mainland China will also boost demand for quality hotel space in major cities. The Group is developing new hotels in Hong Kong and on the mainland to take advantage of these growing opportunities. The Crowne Plaza and Holiday Inn Express under construction atop the MTR Tseung Kwan O Station in Hong Kong will open in 2012. The Group has 33.3 per cent in a five-star hotel in the new Zhujiang Xincheng commercial centre of Guangzhou and a 40 per cent interest in a Park Hyatt hotel in Hangzhou, both of which will be finished within the next three to four years. The Group is also planning to build high-class hotels in other key mainland cities including Suzhou, Nanjing and Chengdu.



*Revenue was up significantly at The Royal Garden in Tsim Sha Tsui, Hong Kong after renovations during the year*



*Online promotions for the Royal Plaza in Mong Kok, Hong Kong produced good results*



*Upgraded facilities at the Royal Park Hotel in Sha Tin, Hong Kong appeal to guests*



*Sea view rooms at the Royal View Hotel in Ting Kau, Hong Kong*

## Property Related Businesses

### Property Management

The Group's property management subsidiaries, Hong Yip Service Company Limited and Kai Shing Management Services Limited, manage a combined portfolio of nearly 260 million square feet of residential, office, retail and other developments in Hong Kong and on the mainland. Both companies are dedicated to offering the finest service to residents and tenants and they follow environmentally-friendly principles in their operations, supported by professional training and development for employees at all levels.

The companies have started using mobile phone applications in some new projects to bring service into the digital age, and they have expanded their popular home convenience service and the wide variety of goods it offers for sale to a new online platform.

Kai Shing expanded its management portfolios in Hong Kong and on the mainland during the year under review with the additions of YOHO Midtown in Yuen Long of Hong Kong, Tower Two of Shanghai IFC and Tower One of Shanghai ICC in mainland China. It will also take on the property management of Shanghai Arch in Shanghai and Lake Genève in Suzhou under construction when they are completed. New additions to Hong Yip's residential management portfolio included the up-market Aria development on Kowloon Peak, The Latitude in southeast Kowloon of Hong Kong and the tranquil, green Valais by Beas River in the New Territories of Hong Kong. Hong Yip also secured 16 outside management contracts involving 1,300 units.



*The Group provides attentive, caring service to residents*



*Quality concierge service for office tenants*



*Residents have high praise for Comprehensive Home Convenience Service*

The two companies recognize that well-trained staff are the key to providing courteous, high-quality service. Frontline staff participate in professional training programmes on customer care, concierge service, landscaping and more. Hong Yip provides classroom and practical training in horticulture and compiled its first landscaping handbook as an additional learning tool. It also has a tailored training programme for executives and gardening staff that won an Excellence in Practice award from the American Society for Training and Development. Hong Yip was named a Hong Kong Top Service Brand by the Hong Kong Brand Development Council.

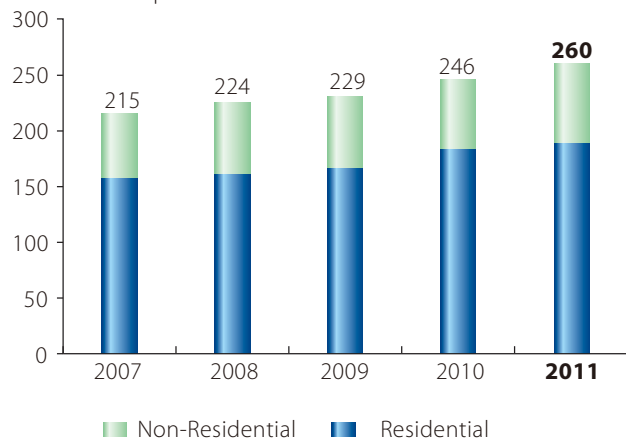
Hong Yip and Kai Shing place great emphasis on green property management. The estates they administer have energy efficiency, waste management and recycling programmes, as well as innovative landscaping, and many are undergoing carbon audits. These efforts and more earned the companies numerous green accolades during the year.



*Guards and sniffer dogs patrol office buildings for better security*

### Premises Managed by the Group

million square feet



## Property Related Businesses



*(Left and right) Group developments incorporate the finest materials and exceptional design*

### Construction

The construction division completed projects in Hong Kong totalling 5.6 million square feet of floor area during the year, including residential developments The Latitude, Aria, Larvotto, Lime Habitat and Park Nara, and commercial developments Excel Centre and CEO Tower. Turnover for the division was HK\$8.2 billion (on a progressive completion basis). Another HK\$137 million (on a progressive completion basis) was recorded by joint-venture companies.

Major residential developments in progress include Imperial Cullinan, Avignon, One Regent Place, Lime Stardom, i·UniQ Residence, i·UniQ Grand, Chatham Gate and The Wings. There are also projects at the MTR Tuen Mun Station, 48-50 Stanley Village Road and Yuen Long DD109. Luxury house developments in progress include Shouson Peak and 12 Mount Kellet Road. The Elite Centre commercial development and a number of additions and alteration projects are also in progress.

The construction division has several wholly-owned subsidiaries operating related businesses. The Everlight Engineering Company Limited, Everfield Engineering Company Limited, Eversun Engineering Company Limited, Aegis Engineering Company Limited and Sanfield Landscape Company Limited complement its activities. These

subsidiaries provide construction-related services to the Group as well as third party clients, including electrical and fire prevention systems, construction plant and machinery and landscaping. The division also supplies concrete to the Group and external contractors through associate Glorious Concrete (HK) Limited.

### Insurance and Mortgage Services

Despite a number of natural disasters around the world that resulted in significant insurance payouts in the global market, the Hong Kong insurance market remained relatively stable, so Sun Hung Kai Properties Insurance Limited was able to remain profitable during the year despite slight drops in premium turnover compared with the previous year. The company has been striving to acquire new business in Hong Kong through different channels and its exercises prudent underwriting discipline to enhance its business quality and development.

The financial services division is made up of the Hung Kai Finance Company Limited and Honour Finance Company Limited. The division offers mortgages, deposit-taking and other services to support the Group's property development business, and it remained profitable despite increasing competition.

## Telecommunications and Information Technology



*SmarTone continues enhancing service and gaining market share*

### Telecommunications

SmarTone made a significant improvement in its financial results during the year under review with substantial growth in service revenue, driven by increases in customer numbers and average revenue per user. The company's consistent focus on delivering superior network performance, innovating in proprietary services and providing unrivalled customer care have been increasingly recognized by customers and the wider market. This factor is accentuated by the continuing spread of data-centric smart devices that play to the company's strengths.

The company acquired additional spectrum at the low frequency band to enhance in-building coverage and capacity. It will continue to invest in network upgrading and expansion in anticipation of future customer demand, and it will develop services for targeted customer segments. The company is well positioned to capture the growth as smart device penetration continues and gain revenue market share.

SmarTone's balance sheet remains solid and the company has ample resources to meet all challenges and capture new opportunities, bringing value to both customers and shareholders. The Group is confident in SmarTone's prospects and will continue to hold its stake in the company as a long-term investment.



*SUNeVision's iAdvantage remains a leader in the data centre industry in Hong Kong*

### Information Technology

SUNeVision achieved a further year of profitability with increased contributions from its data centre and last-mile connectivity businesses.

Its iAdvantage remained a major carrier-neutral data centre operator in Hong Kong with a stable, high-quality client base. It excels in providing quality, professional service to meet the increasingly stringent requirements of customers from the global finance, telecommunications, information technology, international corporate and public service sectors.

iAdvantage opened a new operation in Sha Tin to offer a more diversified supply of data centre capacity, and it also increased its investments in quality data centre infrastructure to continue its pursuit of growth. Overall data centre occupancy was approximately 87 per cent.

The company's last-mile connectivity business also provided quality service to corporate and residential customers during the year.

## Infrastructure and Other Businesses

### Transport Infrastructure Operations and Management

The Group is a major operator of Hong Kong's transport infrastructure like parking, tunnels, bridges and toll roads through its 100 per cent ownership of the Wilson Group. Wilson Parking won a significant number of new public and private parking contracts and renewed major contracts with the Hong Kong International Airport and Transport Department during the year. Wilson's outstanding performance and reputation make it a leader in the local parking industry, with 305 car parks and some 100,000 bays.

Wilson is continually expanding its business and raising quality standards. A Wilson subsidiary manages 40 km of roads including four bridges and six tunnels, and manages and maintains the Tsing Ma and Tsing Sha control areas and the Route 3 (Country Park Section). The Wilson Group's technology division offers a full range of innovative equipment and supplied an initial consignment of mobile speed enforcement cameras to the Hong Kong Police and a people access system to a leading hotel operator in Marina Bay in Singapore during the year.



*Wilson is one of the largest car park operators in Hong Kong*

Autotoll Limited is 50 per cent owned by the Wilson Group and is the leader in automatic toll collection in Hong Kong with more than 250,000 vehicle users. Autotoll introduced a new AutoTAXI 24-hour intelligent taxi calling service and added to its telematics service by integrating its on-board truck information system with the Customs and Excise Department's road cargo system during the year.

Wilson built on its reputation for quality to secure new business in Macau and the mainland. It won a prestigious car park management contract with one of the main hotel operators and renewed its car park management contract with another operator in Macau. It also continued the expansion of its car park portfolio and provided parking consultant service to a number of large commercial complexes on the mainland.

The Group has a 70 per cent interest in the Route 3 (CPS) Company Limited, which built and operates the key expressway linking the Tsing Ma and Ting Kau bridges to Hong Kong's border crossings in the north and west. The operating franchise runs to 2025.

The dual, three-lane expressway consists of the 3.8-kilometre Tai Lam Tunnel and the 6.3-kilometre Tsing Long Highway, and was designed to alleviate traffic congestion on the Tuen Mun and Tolo highways by connecting the northwest New Territories and mainland China to the container terminals in Kwai Chung. It provides a direct, faster and safer journey for local commuters and is increasingly popular with business and leisure travellers seeking the quickest and most convenient route to and from the mainland. Traffic and revenue maintained at a steady level during the year.

The Group owns 33.3 per cent of publicly-listed Transport International Holdings Limited. The company's franchised bus operations faced a challenging operating environment because of high fuel prices, rising inflation and a significant competition.



*Wilson's tollway management business includes Stonecutters Bridge*



*Stable traffic and healthy revenue for Route 3 (CPS)*

## Port Business

Hoi Kong Container Services Company Limited is a wholly-owned subsidiary of the Group and a leading provider of comprehensive midstream container handling service to intra-Asia shipping lines. The company operates four berths and 3.3 hectares of container yard space in a prime location in Kwai Tsing. The recovery in trade through 2010 enabled the company to achieve a 15 per cent increase in container throughput.

The River Trade Terminal at Tuen Mun is an important centre for trade between Hong Kong and the Pearl River Delta region. The terminal site occupies 65 hectares and has 49 berths along 3,000 metres of quayside. It handles and consolidates containers and breakbulk cargo, and offers container storage and repair and other port-related services. It recorded 13 per cent year-on-year growth in throughput in 2010 as a result of the steady increase in trade amid the global economic recovery. The Group has a 50 per cent joint-venture interest.

## Infrastructure and Other Businesses



*Business travellers appreciate the Hong Kong Business Aviation Centre*



*International logistics and transportation companies favour the Airport Freight Forwarding Centre in Hong Kong*

### Air Transport and Logistics Business

The Airport Freight Forwarding Centre Company Limited at Hong Kong International Airport covers 1.5 million square feet of gross floor area with premium warehouse and office premises that have attracted a wide range of international logistics and transportation companies. The company's business rebounded quickly in 2010, and this improvement is expected to be sustained throughout the coming year despite the slightly slower pace of growth and the impact on regional trade of the earthquake and tsunami in Japan. Synergy with Group subsidiary Expresslink Logistics Limited gives tenants a competitive advantage with integrated cargo support and value-added service.

The Hong Kong Business Aviation Centre Limited holds the franchise to serve private aircraft flying in and out of Hong Kong. The rapid economic growth on the mainland and the steady expansion of the global economy in 2010 produced a marked pick-up in flight movements. Construction of a third hangar has begun and is due for completion by mid-2012. The Group owns 35 per cent of the company.

### Waste Management

The Group cares about the environment, and its efforts to create a cleaner, greener Hong Kong include 20 per cent stakes in Green Valley Landfill Limited and South China Transfer Limited. Business remained stable for both during the year.

Green Valley Landfill operates and is responsible for the long-term aftercare of the South East New Territories Landfill in Tseung Kwan O. The site covers 100 hectares and has the capacity to handle 43 million cubic metres of waste. South China Transfer operates Hong Kong's largest refuse transfer station, on Stonecutters Island, and currently processes 2,200 tonnes of municipal solid waste per day. Its grease-trap waste treatment facility currently handles 485 tonnes of waste a day and produces a byproduct that can be converted into biofuel for industrial use.

## Corporate Finance



Group Vice Chairman and Managing Director Raymond Kwok (front, third right) and SHKP (Financial Services) Executive Director Amy Kwok (front, second left) with bank representatives at a loan-signing ceremony

The Group follows prudent financial-management policies and maintains low leverage. Its net debt to shareholder funds stood at 17.1 per cent as a result of healthy cash flows from rental income and property sales.

The Group issued ten-year bonds of HK\$2,260 million and US\$300 million respectively under its Euro Medium Term Notes Programme, and for the first time issued HK\$450 million in 15-year bonds during the year. It also arranged a HK\$16,750 million, five-year term loan/revolving credit syndicated facility at favourable rates in April 2011. These moves were in keeping with the Group's policy of securing sufficient committed facilities for expansion. The Group will continue to look for opportunities to extend its debt maturity profile and to diversify its sources of funds in the bond markets.

The Group did not enter into any speculative positions in relation to derivatives or structured products, and its foreign exchange exposure was small, given that most of its assets and financing are denominated in Hong Kong dollars. The Group's solid financial foundations and market leadership have earned it an A1 rating from Moody's and an A+ rating from Standard & Poor's with stable outlooks for both. The Group has consistently attained the highest credit rating among Hong Kong developers.

Credit Ratings	Foreign Currency	Local Currency	Outlook
Moody's	A1	A1	Stable
Standard & Poor's	A+	A+	Stable



The Group puts the customer first by providing the finest service in different areas and constantly innovating to cater for their needs.



APM, Kowloon East, Hong Kong

## Customer Service



*A professional handover team offers comprehensive, caring service for owners*



*Group Vice Chairman and Managing Director Thomas Kwok (first right) listens to residents during home visits*



*Residents can check clubhouse reservations online*

The Group places great emphasis on building long-term relationships with customers and fosters two-way communication with them through different channels to understand their needs. Group management regularly visit residents in their homes and listen to their opinions to make sure that the Group's products and services fulfill market expectations.

The Group provides premium service in its residential and commercial developments. Its property management subsidiaries Hong Yip and Kai Shing are continually upgrading to offer new and improved extras, like the popular Home Convenience Service that has been expanded to keep pace with ever-changing trends in modern living. YOHO Midtown began a new service during the year under review that lets residents get updates on property information and check clubhouse facilities with a mobile phone application. The Group will expand this innovation to other new projects. The Valais development has a 24-hour concierge on call to offer conveniences including a valet, food ordering, car care and limousine service for residents. Kai Shing and Hong Yip received many awards for their excellent property management service and high standards.

The Group's Tenant Care Programme boosts cooperation between shopping malls and tenants, and it included a number of seminars during the year to help tenants enhance their efficiency and service. The Group also has training and incentive programmes to refine the quality of customer care ambassadors and raise the market positions and images of shopping malls. The malls use technology for better customer service, such as the electronic system at New Town Plaza that allows patrons to make restaurant reservations.

The SHKP Club was set up to promote two-way communication with the market and now has over 300,000 members. It offers numerous benefits to members including previews of the Group's new developments and property-related offers. The Club ran a Cherish Your Family campaign during the year encouraging social and family harmony through a series of popular seminars and workshops, backed by a channel on YouTube and a Facebook page. These are just part of the Club's initiatives to communicate more effectively with members and collect their feedback through various channels to enhance service quality.

The Group revamped its website with a new look and enriched content and functions to be a more effective platform for relaying corporate news to stakeholders, customers, investors and the media with greater transparency. The new site has enhanced search and sharing capabilities as well as increased accessibility.



*The e-table booking system at New Town Plaza offers great convenience*



*The Group collects views from customers as part of two-way communication*



*The SHKP Club holds a party to celebrate its 15th anniversary and passing 300,000 members*