

HARBOUR CITY

一個海港，只有一個 **海港城**





Harbour City

BUSINESS REVIEW

Harbour City

Total Business Assets

81,040

HK\$ MILLION

Revenue

5,812

HK\$ MILLION

Operating Profit

4,433

HK\$ MILLION

Statement of Financial Position (Extract)

As at 31 December 2010

	HK\$ Million
Properties	80,312
Hotel and Club (cost less depreciation)	234
Other assets	494
Total business assets	81,040

Gross Revenue

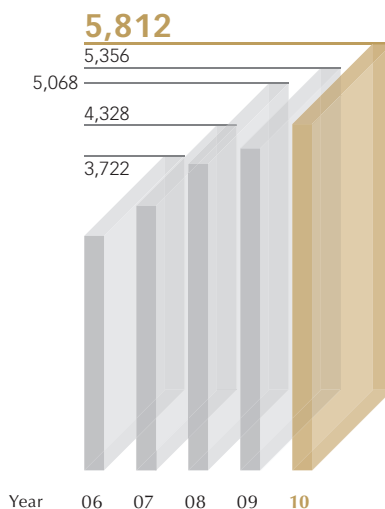
	2010 HK\$ Million	2009 HK\$ Million	Change (%)
Retail	2,928	2,550	+15
Office	1,553	1,662	-7
Serviced Apartments	275	255	+8
Hotel and Club	1,056	889	+19
Total	5,812	5,356	+9

Operating Profit

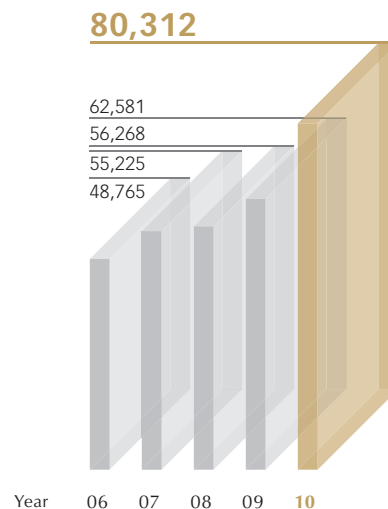
	2010 HK\$ Million	2009 HK\$ Million	Change (%)
Retail	2,565	2,199	+17
Office	1,342	1,461	-8
Serviced Apartments	197	180	+9
Hotel and Club	329	231	+42
Total	4,433	4,071	+9

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Revenue (HK\$ Million)



Property Value (HK\$ Million)
(Hotel and Club excluded)



The signature Canton Road street party @ Harbour City



Harbour City (excluding hotels) turned over HK\$4,756 million in 2010, for an increase of 6% over 2009. Operating profit grew by 7% to HK\$4,104 million. Excluding the three hotels which are stated at cost less accumulated depreciation, Harbour City was valued at HK\$80 billion at the end of 2010 and represented 37% of the business assets of the Group.

Retail

Hong Kong retail market continued its recovery in 2010 in the aftermath of the global financial crisis. Local consumption revived and tourism rebounded, with a record of over 36 million arrivals to Hong Kong in 2010. Total retail sales throughout Hong Kong grew by over 18% in value as a result.

Performance at Harbour City continued to outpace the market, with over 30% growth in total retail sales in 2010 to reach HK\$20.3 billion, 12 percentage points higher than the market. Average sales per square foot in December surged to a record high of nearly HK\$3,000. Harbour City represented an exceptional 6.3% of total Hong Kong retail sales in 2010, up from 5.6% a year ago, demonstrating its continued leadership in the marketplace.

Turnover of Harbour City's retail sector grew by 15% to HK\$2,928 million in 2010. Occupancy was maintained at virtually 100%.

Harbour City is the largest retail complex in Hong Kong with its two million square feet of retail space that represents 75% of the retail area of Canton Road. The premier location, diversified trade-mix, captivating "shoppertainment" ambience and powerful marketing campaigns have contributed to its success.

Harbour City offers a comprehensive mix of stores across a finely-calibrated price point matrix of luxury, middle market and high street brands. Retail clusters such as KidX (the best of class selection for kids), Cosmetics (over 200 brands), SportX, Audio-visual Centre and Shoes (more than 100 brands) provide distinct and unique shopping experience for its patrons.

During 2010, new and celebrated labels including Baby Dior, Balenciaga, Christian Louboutin, J. Linderberg, Tory Burch were attracted to open their debut stores in Hong Kong at Harbour City. The world-renowned chef, Michael White, will open its first Hong Kong restaurant at Ocean Terminal in the first half of 2011 to strengthen the food and beverage offering.

On marketing, in addition to the annual iconic Christmas Eve's Canton Road street party, Harbour City has rolled out a series of fun and engaging events to boost foot traffic and retail sales. The popular mega "Chocolate Trail" proved to indulge shoppers with chocolate treats during the period of Valentine's Day and Chinese New Year Lantern Festival.

Harbour City has actively engaged in social media and built up a strong and vibrant community in online social networks through the launch of Harbour City Apps in various electronic gadgets. Other marketing initiatives included the rewarding campaigns with strategic partners such as Citibank and China Union Pay (CUP) for shopping privileges and excitement to locals and tourists. In 2010, total sales transacted using CUP at Harbour City reached HK\$8.2 billion, 55% higher than in 2009.

Harbour City will continue to enhance its unrivalled position and fortify its competitive edge in the marketplace.



Louis Vuitton's store at Harbour City, the second largest flagship store in the world

Retail Tenant Mix (by Rental and Area)

	% by Rental	% by Area
Fashion	34.2	29.9
Leather Goods - Shoes Bags & Related Trades	24.6	11.3
Department Stores, Confectionery Products	12.0	17.6
Jewellery, Beauty and Accessories	15.1	7.8
Restaurant, Fast Food, F&B	4.5	14.0
Children's Wear & Related Trades, Toys	3.2	6.7
Sports Wear	2.3	3.5
Electrical & Audio-visual Equipments	2.1	2.4
Others	2.0	6.8
Total	100.0	100.0

Portfolio Information

	Gross Floor Area (sq ft)	Revenue (HK\$ Million)	Average Occupancy (%)	Year-end Valuation (HK\$ Million)
Retail	1,948,000	2,928	96	34,504
Office	4,435,000	1,553	91	38,368
Serviced Apartments	670,000	275	86	7,440
Hotel and Club (stated at amortised cost)	1,364,000	1,056	85	6,130

Above: Harbour City houses over 200 cosmetic brands

Below: Gucci is one of the most coveted luxury brands at Harbour City



BUSINESS REVIEW

Harbour City

Office

The global economic recovery boosted the Hong Kong office market in 2010. Occupancy and rental rates for Grade A offices trended up on the back of a revival of business activities.

Occupancy at Harbour City climbed to 94% at the end of 2010 and spot rents saw an upward trend throughout the year. Turnover, however, registered a decrease of 7% to HK\$1,553 million, reflecting the earlier market softness since the second half of 2008.

Office demand was driven by business expansion, corporate upgrades and decentralisation. Major new lettings included Huawei Tech, Toray Industries and West Kowloon Cultural District Authority, each of which has taken a whole floor at The Gateway, along with in-house expansions from AIA, AXA, City Super, Fancl and GlaxoSmithKline etc. Lease renewal retention held up well at 68%, including renewal from anchor tenants such as AIA, Bank of China, Cathay Pacific, Citibank, Marks and Spencer, Newell Rubbermaid and United Airlines.

Harbour City continues to be a natural choice for multinationals, mainland and local enterprises. The convenient location, well-reputed property management services, together with features including the mega shopping mall, three Marco Polo hotels, fitness centre and private recreational club, have given Harbour City an unrivalled edge compared with other office locations. The property management team will continue to improve the premises and be flexible to market changes in the increasingly competitive marketplace.

Serviced Apartments

With increased occupancy, turnover for the serviced apartments sector grew by 8% to HK\$275 million. Occupancy at Gateway Apartments stood at 92% at the end of 2010.





Top and below left: Office lobby at Harbour City and the Gallery by the Harbour offer free art appreciation to the public

Below middle: Terrace dining with stunning seaview at Harbour City

Below right: The new Deluxe Studio at Gateway Apartments

