





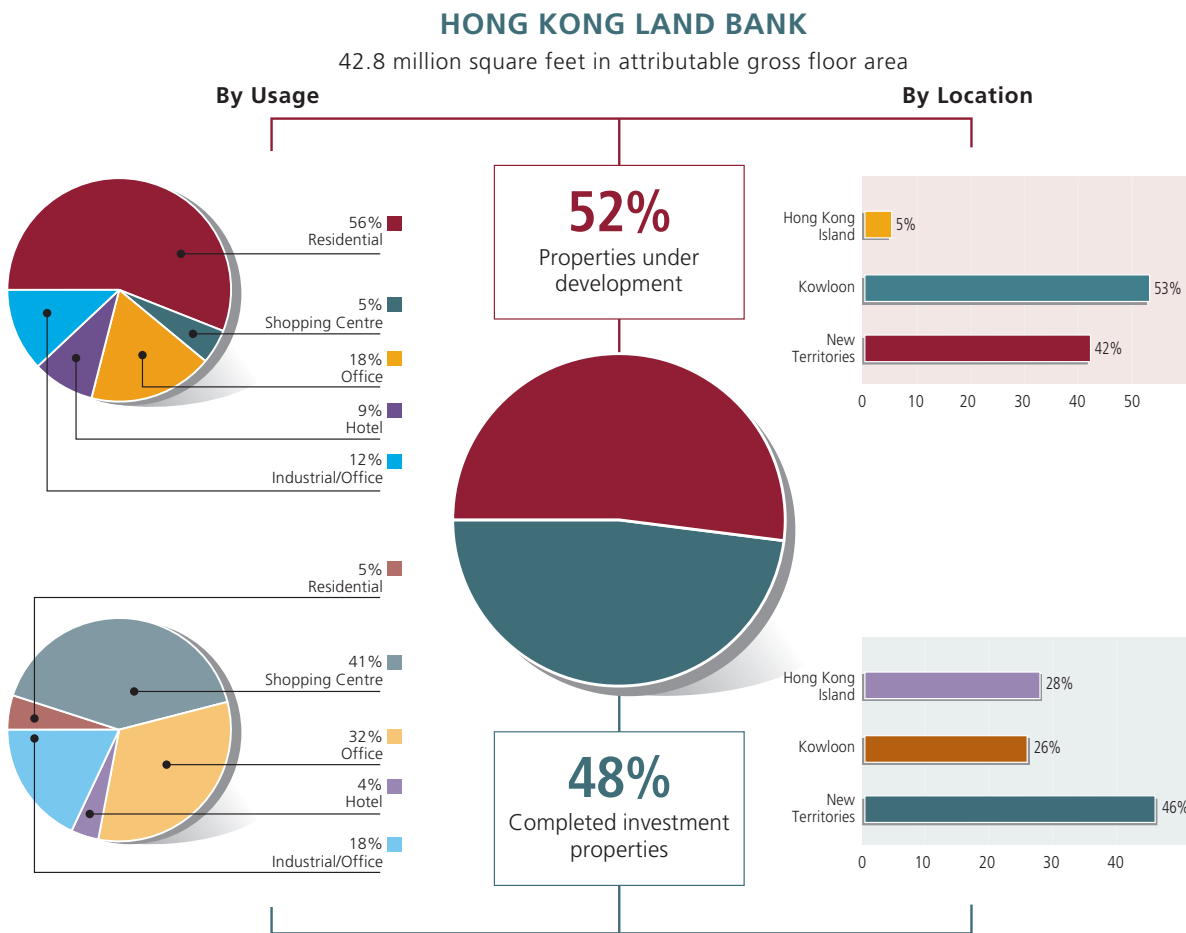
*Clockwise from top left:
APM, Kowloon East
IFC, Central
The Victory Arch, Kowloon Station
Four Seasons Hotel & Four Seasons Place, Central*

REVIEW OF OPERATIONS

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Year's Highlights

- Hong Kong land bank of 42.8 million square feet in terms of gross floor area
- Over 21 million square feet of agricultural land reserves in terms of site area
- Completed the conversion of a hotel development at Ting Kau and acquired a 50% stake in Kowloon Inland Lot 11076
- Settled land premiums for Tin Ping Shan, Yuen Long Town Lot 504 and To Fung Shan sites



The Group's Hong Kong land bank contained 42.8 million square feet as at 30 June 2004, compared to 45.3 million square feet the year before. It maintained a sizeable investment property portfolio of 20.5 million square feet and held another 22.3 million square feet of properties under development. The Group also

owns over 21 million square feet of agricultural land in terms of site area. These sites are located principally along major railway lines and are being converted mainly to residential use, with the majority already in advanced stages of conversion.

Major additions to the Group's development land bank during the year included a hotel site at Ting Kau and a 50 per cent stake in Kowloon Inland Lot 11076. The Group also reached agreements with the government on land premiums for projects in Tin Ping Shan in Sheung Shui, Yuen Long Town Lot 504 and To Fung Shan in Shatin. The Group aims to maintain a high production volume of residential units for sale and will continue to replenish its land bank as appropriate through various means, with an emphasis on land use conversion.

A total of 15.3 million square feet of the 22.3 million square feet of properties under development will go on sale, while the other 7.0 million square feet will be retained as long-term investment properties.

The Group holds a diverse property portfolio in terms of usage. A full 56 per cent of the development land bank is slated for residential premises for sale. About 73 per cent of the completed investment portfolio are commercial properties comprising mainly regional shopping malls and prime offices.

The land bank also spans a wide geographical area. About 58 per cent of the development land bank is in urban Kowloon and Hong Kong Island, with 42 per cent in the New Territories. Nearly 46 per cent of the completed investment properties are spread over various new towns in the New Territories, while 54 per cent are in Kowloon and Hong Kong Island.

The Group's Hong Kong land bank by attributable gross floor area is as follows:

Status and Usage

Attributable Gross Floor Area (million square feet)

	RESIDENTIAL	SHOPPING CENTRE	OFFICE	HOTEL	INDUSTRIAL/OFFICE*	TOTAL
Development for sale	12.6	-	-	-	2.7	15.3
Development for investment	-	1.2	3.9	1.9	-	7.0
Completed investment properties	1.0	8.4	6.5	0.9	3.7	20.5
Total	13.6	9.6	10.4	2.8	6.4	42.8

Status and Location

Attributable Gross Floor Area (million square feet)

	HONG KONG ISLAND	KOWLOON	NEW TERRITORIES	TOTAL
Development for sale	0.5	5.9	8.9	15.3
Development for investment	0.5	5.9	0.6	7.0
Completed investment properties	5.8	5.3	9.4	20.5
Total	6.8	17.1	18.9	42.8

* Industrial/office properties include godowns.

The Group's Mainland land bank is described under Mainland Business section on page 58.