

Year 2004 in Review

HIGHLIGHTS

- Net profit up 13.7%
- Office rental reversion should turn positive in latter part of 2005
- Full year dividend per share increased by 9.6%
- Strong balance sheet with debt maturity profile further lengthened

KEY FINANCIAL & OPERATING DATA	2004	2003	Change %
Consolidated income statement (HK\$ million)			
Turnover	1,154	1,139	1.3
Finance costs	(162)	(168)	3.9
Net profit for the year	609	536*	13.7
Consolidated balance sheet (HK\$ million)			
Total assets	30,241	26,333*	14.8
Shareholders' funds	22,493	18,616*	20.8
Consolidated cash flow statement (HK\$ million)			
Net cash from operating activities	744	664	12.0
Net cash from (used in) investing activities	62	(389)	-
Net cash used in financing activities	(799)	(283)	182.3
Net increase (decrease) in cash and cash equivalents	7	(8)	-
Key ratios			
Net gearing	20.8%	27.0%	23.0
Net interest coverage (times)	7.3x	6.5x	12.3
Weighted average cost of financing	2.54%	2.69%	5.6
Per share data			
Earnings per share (HK cents) - basic	58.22	51.59*	12.8
Earnings per share (HK cents) - diluted	58.20	51.59*	12.8
Dividend per share (HK cents)	40.00	36.50	9.6
Net assets value per share (HK\$)	21.42	17.84*	20.1
Net debts per share (HK\$)	5.32	5.66	6.0
Share information			
Number of shares in issue at year end (million)	1,050	1,044	0.6
Weighted average number of shares (million)	1,046	1,039	0.7
Highest share price (HK\$)	16.70	12.50	33.6
Lowest share price (HK\$)	10.40	5.10	103.9
Closing price at year end (HK\$)	16.35	12.00	36.3
Operating data			
Investment property value (HK\$ million)	28,147	24,367	15.5
Occupancy at year end			
- office	97%	93%	4.3
- retail	99%	95%	4.2
- residential	84%	60%	40.0

* restated

STRATEGIC OBJECTIVES & ACHIEVEMENTS

2004 objectives

We set the following objectives for year 2004, reflecting ongoing efforts in implementing our strategic directions:

- optimise rental income and occupancy
- further refine and enhance our distinctive retail centres in the prime Causeway Bay retail hub
- continue to review the performance of our assets and maximise their value
- continue to maximise operating efficiency
- continue to achieve a strong balance sheet position geared to complement strategic directions
- to build and retain our first rate team
- further strengthen relations with our stakeholders:
 - our tenants
 - the investment community and analysts
 - the media
 - the community

2004 achievements

- Achieved high occupancy levels in the office and retail sectors: office: 97%; retail: 99%
- Achieved revenue growth in the retail and residential sectors, outweighing negative rental reversion in the office sector
- Enhanced our assets including through:
 - the successful re-positioning of Lee Gardens Two retail centre
 - the planning for re-tenanting of Lee Theatre Plazato realise our vision of establishing a horizontally integrated shopping district in our retail hub to cater to different consumer groups
- Continued our customer focus orientation through:
 - conducting a comprehensive tenant satisfaction survey of commercial/residential tenants
 - continuing tenant relationship management initiatives to foster good tenant relations
- Maintained a strong balance sheet with debt maturity profile further lengthened and funding sources diversified
- Enhanced corporate governance and transparency with industry recognition achieved