

An aerial photograph of a modern urban development featuring several tall, glass-clad skyscrapers. The buildings are situated on a coastal area with a view of the sea and a seagull flying in the sky. The architecture is contemporary, with a mix of heights and setbacks. The foreground shows landscaped greenery and pedestrian walkways.

# Property Investment

The Group is bolstering its premium office portfolio with projects incorporating the latest technology and contemporary designs that modern companies and multinationals demand. It is also constantly working to make its shopping centres more attractive by adjusting tenant mixes to appeal to shoppers' changing tastes.



# Property Investment

## Year's Highlights

- 22 million square feet of completed investment property held as long-term investment
- Portfolio occupancy of 96 per cent
- HK\$5,649 million in gross rental income, including contributions from joint ventures
- HK\$4,063 million in net rental income

The Group's gross rental income, including contributions from joint venture properties, increased by 3.4 per cent during the year to HK\$5,649 million. Net rental income increased from last year's HK\$3,998 million to HK\$4,063 million. Occupancy stayed high at 96 per cent, and contributions from new projects, positive lease renewals and higher rent for new tenants led to this respectable performance.

Higher tourist spending and greater local consumption continued to bolster the retail sector in 2004. Expansion by existing tenants and other operators coming to Hong

Kong for the first time generated more demand for retail space during the year, resulting in rent increases. The Group continued its efforts to lift the appeal of its shopping centres by constantly adjusting the mix of retailers to satisfy changing customer tastes and renovating malls and facilities to create more attractive shopping environments.

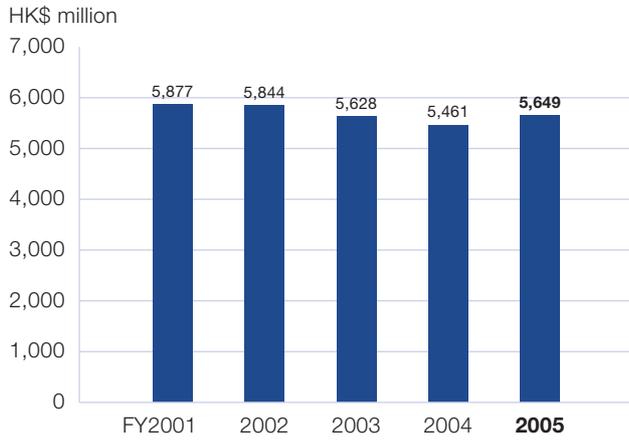
A tilt between supply and demand led to a rebound in office rents over the past year, particularly in Central, fuelled by greater demand from various sectors.



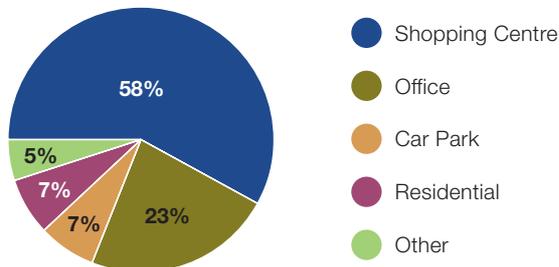
The popular Dynasty Court in Mid-Levels is a jewel in the Group's luxury residential leasing portfolio.



### Gross Rental Income\*



### Gross Rental Income by Sector\*



\* Including contributions from jointly-controlled entities and associates

The Group enhances rental values by upgrading and renovating its investment properties regularly. The HK\$300-million renovation project underway in New Town Plaza will be completed in 2006. Other shopping centres to be refurbished include Tai Po Mega Mall and Grand Century Place in Mong Kok. A commitment to customer care also helps build loyalty and keep occupancy rates high. The Group maintains two-way communications with its tenants through surveys and day-to-day interaction, ensuring that their needs are understood and taken care of.



APM has attracted hundreds of thousands of shoppers since it was opened, adding a new dimension to the Group's mall portfolio.

# Property Investment

## Completed Investment Properties

### Shopping Centres

The Group's network of Hong Kong shopping centres grew to 9.2 million square feet with the opening of the 600,000-square-foot APM mall in Kowloon East in March this year. APM's brand new late-night operational concept and trade mix soon made it one of the most popular shopping and entertainment destinations in Kowloon East, and the mall is fully let. IFC Mall, which is now almost fully let, remained a major attraction in Central, with more restaurants and high-end retailers opening during the year. The Group's other major malls also performed well, with World Trade Centre in Causeway Bay, Grand Century Place in Mong Kok, Tai Po Mega Mall, Metroplaza in Kwai Chung and East Point City in Tseung Kwan O close to full occupancy.

The Seiyu department store in New Town Plaza was acquired by the Group during the year, in order to maintain a well-balanced tenant mix in the mall and benefit from the thriving retail market. The Group intends to hold the outlet as a long-term investment.

### Offices

The Group currently holds 6.8-million square feet of offices for rent. The new office space in Millennium City Phase 5 was completed in August 2004 and is already fully leased, so the Group's Kowloon East office portfolio is now almost fully occupied, while the offices at IFC in Central are over 95 per cent let. The Group's other premium offices in key locations like Sun Hung Kai Centre and Central Plaza in Wan Chai, Grand Century Place in Mong Kok and Metroplaza in Kwai Chung continued to record occupancies of 95 per cent or more.

### Residential

The Group has a million square feet of residential properties for lease, including luxury developments like Dynasty Court and Hillsborough Court in Mid-Levels. Signature Homes oversees leasing of the Group's luxury accommodation, and it is dedicated to providing personalized one-stop service, offering tenants six-star living.

### Other Properties

The Group owns almost 30,000 car parking bays, which generate steady rental income. It also owns a number of industrial buildings, godowns and data centres. Conversion of some of the industrial premises into other uses like offices and hotels is being considered.



Vice Chairman & Managing Director Thomas Kwok (left) and Bank of East Asia Chairman & Chief Executive David Li at the opening of BEA Tower at Millennium City Phase 5 in Kowloon East.



Regular facelifts keep the Group's shopping centres fresh and competitive. The renovation of New Town Plaza Phase 1 will be completed in mid 2006.



### Investment Properties: Completed and Under Development



### Investment Properties Under Development

Constant upgrading serves to optimize the Group's investment property portfolio. It has been steadily increasing the proportion of high-grade investment properties in prime locations over the years, replacing selected non-core properties with new landmark projects. Since the completion of IFC in Central and

Millennium City Phase 5 in Kowloon East, the Group is now following up with Kowloon Station Development Packages 5, 6 & 7 and Millennium City Phase 6. Kowloon Station will be next to a commercial, cultural and transportation hub for the territory, while Millennium City is creating a new commercial centre in Kowloon East.

The Group has an attributable 6.3 million square feet of new investment properties under development. The majority of this, amounting to 4.2 million square feet, will be premium office space equipped with the latest technology and modern facilities. Retail space will account for another 700,000 million square feet, while the remaining 1.4 million square feet will house high-end hotels and serviced suites.

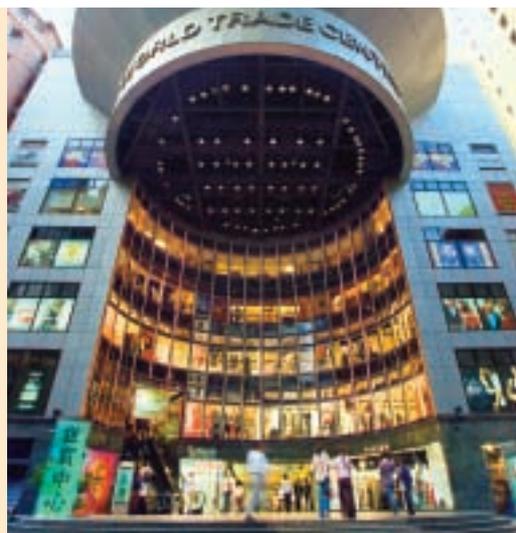
### Major Investment Properties Under Development

#### Shopping centres

- YOHO Town Phase 2
- New Kowloon Inland Lot 6308 in San Po Kong

#### Offices

- Millennium City Phase 6
- Airport Kowloon Station Development Packages 5, 6 & 7
- Kwai Chung Town Lot 215



World Trade Centre in Causeway Bay will undergo renovations to make it more attractive.



Kowloon Station Development Packages 5, 6 & 7 will offer grade-A office space with the latest technology and modern facilities.

# Property Investment

## Major Completed Investment Properties

| Name                                      | Location                                 | Lease Expiry | Group's Interest (%) | Residential |
|---|--|--------------|----------------------|-------------|
| <b>Hong Kong Island</b>                   |  |              |                      |             |
| One IFC                                   | 1 Harbour View Street, Central           | 2047         | 47.5                 | -           |
| Two IFC & IFC Mall                        | 8 Finance Street, Central                | 2047         | 47.5                 | -           |
| Four Seasons Hotel and Four Seasons Place | 8 Finance Street, Central                | 2047         | 47.5                 | -           |
| Sun Hung Kai Centre                       | 30 Harbour Road, Wan Chai                | 2127         | 100                  | -           |
| Central Plaza                             | 18 Harbour Road, Wan Chai                | 2047         | 50                   | -           |
| World Trade Centre                        | 280 Gloucester Road, Causeway Bay        | 2842         | 100                  | -           |
| Harbour Centre                            | 25 Harbour Road, Wanchai                 | 2128         | 33.3                 | -           |
| Dynasty Court (Blocks 2 & 3)              | 23 Old Peak Road                         | 2886         | 100                  | 341,000     |
| Pacific View (Blocks 2 & 3)               | 38 Tai Tam Road                          | 2047         | 100                  | 276,000     |
| Hillsborough Court (Block 4)              | 18 Old Peak Road                         | 2884         | 100                  | 159,500     |
| <b>Kowloon</b>                            |  |              |                      |             |
| Millennium City Phase 1*                  | 388 Kwun Tong Road                       | 2047         | 100                  | -           |
| Millennium City Phase 2                   | 378 Kwun Tong Road                       | 2047         | 50                   | -           |
| Millennium City Phase 3                   | 370 Kwun Tong Road                       | 2047         | 70                   | -           |
| Millennium City Phase 5                   | 418 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 Sun Arcade                            | 28 Canton Road, Tsim Sha Tsui            | 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                  | -           |
| 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                  | -           |
| <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                       | 138 Shatin Rural Committee Road, Sha Tin | 2047         | 100                  | -           |
| Royal Park Hotel                          | 8 Pak Hok Ting Street, Sha Tin           | 2047         | 100                  | -           |
| Metroplaza Tower I & Shopping Centre      | 223 Hing Fong Road, Kwai Chung           | 2047         | 100                  | -           |
| Landmark North                            | 39 Lung Sum Avenue, Sheung Shui          | 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                  | -           |
| East Point City Shopping Centre           | 8 Chung Wa Road, Tseung Kwan O           | 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             | -           |
| Yuen Long Plaza Shopping Arcade           | 249-251 Castle Peak Road, Yuen Long      | 2047         | 100                  | -           |
| Uptown Plaza Shopping Arcade              | 9 Nam Wan Road, Tai Po                   | 2047         | 100                  | -           |
| Grand City Plaza                          | 1-17 Sai Lau Kok Road, Tsuen Wan         | 2047         | 100                  | -           |
| Citygate                                  | Tung Chung Town Lot 2                    | 2047         | 20                   | -           |
| Sunhing Hungkai Godown                    | 8 Wong Chuk Yeung Street, Sha Tin        | 2047         | 100                  | -           |
| Advanced Technology Centre                | 2 Choi Fat Street, Sheung Shui           | 2047         | 100                  | -           |

\* Including the attributable share in areas held by SUNeVision, in which the Group has an 84.8 per cent interest.



| Attributable Gross Floor Area (square feet) |         |         |                   |       |         |
|---|---------|---------|-------------------|-------|---------|
| Shopping Centre                             | Office  | Hotel   | Industrial/Office | Total |         |
| -   | 373,000 | -       | -                 | -     | 373,000 |
| 304,000                                     | 537,000 | -       | -                 | -     | 841,000 |
| -   | -       | 523,000 | -                 | -     | 523,000 |
| 53,400                                      | 850,600 | -       | -                 | -     | 904,000 |
| -   | 700,000 | -       | -                 | -     | 700,000 |
| 162,000                                     | 350,000 | -       | -                 | -     | 512,000 |
| 20,500                                      | 80,000  | -       | -                 | -     | 100,500 |
| -   | -       | -       | -                 | -     | 341,000 |
| -   | -       | -       | -                 | -     | 276,000 |
| -   | -       | -       | -                 | -     | 159,500 |

|         |         |         |         |   |           |
|---------|---------|---------|---------|---|-----------|
| 27,000  | 890,000 | -       | -       | - | 917,000   |
| -       | 133,000 | -       | -       | - | 133,000   |
| -       | 108,000 | -       | -       | - | 108,000   |
| 598,000 | 308,000 | -       | -       | - | 906,000   |
| 725,000 | 475,000 | -       | -       | - | 1,200,000 |
| -       | -       | 400,000 | -       | - | 400,000   |
| 204,800 | -       | -       | -       | - | 204,800   |
| -       | -       | 295,000 | -       | - | 295,000   |
| -       | -       | -       | 285,000 | - | 285,000   |
| -       | -       | -       | 240,000 | - | 240,000   |
| -       | -       | -       | 202,000 | - | 202,000   |
| -       | -       | -       | 184,000 | - | 184,000   |
| -       | -       | -       | 182,700 | - | 182,700   |

|           |         |         |         |   |           |
|-----------|---------|---------|---------|---|-----------|
| 1,300,000 | -       | -       | -       | - | 1,300,000 |
| 350,000   | -       | -       | -       | - | 350,000   |
| -         | 96,000  | -       | -       | - | 96,000    |
| 236,000   | 505,000 | -       | -       | - | 741,000   |
| -         | -       | 258,000 | -       | - | 258,000   |
| 600,000   | 569,000 | -       | -       | - | 1,169,000 |
| 181,500   | 375,500 | -       | -       | - | 557,000   |
| 588,800   | -       | -       | -       | - | 588,800   |
| 583,000   | -       | -       | -       | - | 583,000   |
| 415,000   | -       | -       | -       | - | 415,000   |
| 245,000   | -       | -       | -       | - | 245,000   |
| 195,000   | -       | -       | -       | - | 195,000   |
| 145,000   | -       | -       | -       | - | 145,000   |
| 120,000   | -       | -       | -       | - | 120,000   |
| 35,100    | 137,200 | -       | -       | - | 172,300   |
| 99,000    | 32,000  | -       | -       | - | 131,000   |
| -         | -       | -       | 500,000 | - | 500,000   |
| -         | -       | -       | 142,000 | - | 142,000   |



IFC Mall is a major shopping focus in Hong Kong, replete with international brand name retailers.



Millennium City Phase 5 has state-of-the-art office facilities and a prime location in Kowloon East, and is fully let.

# Property Investment

## Major Completed Investment Properties

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

|    |   |                                      |                                       |                                       |
|----|---|--------------------------------------|---------------------------------------|---------------------------------------|
| 01 | Dynasty Court                           | <span style="color: green;">■</span> |                                       |                                       |
| 02 | Hillsborough Court                      | <span style="color: green;">■</span> |                                       |                                       |
| 03 | 63 Deep Water Bay Road                  | <span style="color: green;">■</span> |                                       |                                       |
| 04 | 51 & 55 Deep Water Bay Road             | <span style="color: green;">■</span> |                                       |                                       |
| 05 | Pacific View                            | <span style="color: green;">■</span> |                                       |                                       |
| 06 | Uptown Plaza                            | <span style="color: red;">■</span>   |                                       |                                       |
| 07 | Tai Po Mega Mall                        | <span style="color: red;">■</span>   |                                       |                                       |
| 08 | Sun Yuen Long Centre                    | <span style="color: red;">■</span>   |                                       |                                       |
| 09 | Yuen Long Plaza                         | <span style="color: red;">■</span>   |                                       |                                       |
| 10 | Chelsea Heights                         | <span style="color: red;">■</span>   |                                       |                                       |
| 11 | Tsuen Wan Plaza                         | <span style="color: red;">■</span>   |                                       |                                       |
| 12 | New Kowloon Plaza                       | <span style="color: red;">■</span>   |                                       |                                       |
| 13 | The Sun Arcade                          | <span style="color: red;">■</span>   |                                       |                                       |
| 14 | East Point City                         | <span style="color: red;">■</span>   |                                       |                                       |
| 15 | Park Central                            | <span style="color: red;">■</span>   |                                       |                                       |
| 16 | Chi Fu Landmark                         | <span style="color: red;">■</span>   |                                       |                                       |
| 17 | New Jade Shopping Arcade                | <span style="color: red;">■</span>   |                                       |                                       |
| 18 | New Town Plaza / New Town Tower         | <span style="color: red;">■</span>   | <span style="color: orange;">■</span> |                                       |
| 19 | Grand Central Plaza                     | <span style="color: red;">■</span>   | <span style="color: orange;">■</span> |                                       |
| 20 | Landmark North                          | <span style="color: red;">■</span>   | <span style="color: orange;">■</span> |                                       |
| 21 | Grand City Plaza                        | <span style="color: red;">■</span>   | <span style="color: orange;">■</span> |                                       |
| 22 | Metroplaza                              | <span style="color: red;">■</span>   | <span style="color: orange;">■</span> |                                       |
| 23 | Grand Century Place                     | <span style="color: red;">■</span>   | <span style="color: orange;">■</span> |                                       |
| 24 | Hollywood Plaza                         | <span style="color: red;">■</span>   | <span style="color: orange;">■</span> |                                       |
| 25 | World Trade Centre                      | <span style="color: red;">■</span>   | <span style="color: orange;">■</span> |                                       |
| 26 | Sun Hung Kai Centre                     | <span style="color: red;">■</span>   | <span style="color: orange;">■</span> |                                       |
| 27 | Harbour Centre                          | <span style="color: red;">■</span>   | <span style="color: orange;">■</span> |                                       |
| 28 | IFC                                     | <span style="color: red;">■</span>   | <span style="color: orange;">■</span> |                                       |
| 29 | Citygate                                | <span style="color: red;">■</span>   | <span style="color: orange;">■</span> |                                       |
| 30 | Millennium City Phases 1, 2, 3 & 5      | <span style="color: red;">■</span>   | <span style="color: orange;">■</span> |                                       |
| 31 | Central Plaza                           |                                      | <span style="color: orange;">■</span> |                                       |
| 32 | APEC Plaza                              |                                      |                                       | <span style="color: brown;">■</span>  |
| 33 | Infotech Centre                         |                                      |                                       | <span style="color: brown;">■</span>  |
| 34 | Hing Wah Centre                         |                                      |                                       | <span style="color: brown;">■</span>  |
| 35 | New Tech Plaza                          |                                      |                                       | <span style="color: brown;">■</span>  |
| 36 | Advanced Technology Centre              |                                      |                                       | <span style="color: brown;">■</span>  |
| 37 | Peninsula Tower                         |                                      |                                       | <span style="color: brown;">■</span>  |
| 38 | Kerry Hung Kai Godown                   |                                      |                                       | <span style="color: brown;">■</span>  |
| 39 | Sunhing Hungkai Godown                  |                                      |                                       | <span style="color: brown;">■</span>  |
| 40 | The Royal Garden                        |                                      |                                       | <span style="color: purple;">■</span> |
| 41 | Four Seasons Hotel & Four Seasons Place |                                      |                                       | <span style="color: purple;">■</span> |
| 42 | Royal Plaza Hotel                       |                                      |                                       | <span style="color: purple;">■</span> |
| 43 | Royal Park Hotel                        |                                      |                                       | <span style="color: purple;">■</span> |

- KCR
- - - KCR (under construction/planning)
- Major Highway
- - - Major Highway (under construction)
- MTR
- - - MTR (under planning)
- - - Cross Harbour Tunnel
- Railway Interchange



