



Property Investment

The local retail sector has flourished and the Group's shopping centres keep attracting more visitors, benefiting retail tenants with higher traffic and turnover. The Group will keep its malls fresh with renovations and refinements to tenants mix. Its office portfolio also produced good returns as growing demand from new and existing tenants generated high occupancy and increased rents.



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1. Two IFC, Central
2. International Commerce Centre, Kowloon Station
3. East Point City, Tseung Kwan O
4. Tai Po Mega Mall

Property Investment



After the renovations of New Town Plaza in Sha Tin are over, its position as a major shopping centre in Hong Kong will be further reinforced.

Highlights

- **22.4 million square feet of completed property held as long-term investment**
- **Portfolio about 95 per cent occupied**
- **HK\$6,466 million in gross rental income including contributions from joint-venture properties**
- **HK\$4,615 million in net rental income**

Gross rental income including contributions from joint-venture properties increased 14.5 per cent during the year to HK\$6,466 million, while net rental income increased 13.5 per cent to HK\$4,615 million. Occupancy remained high at 95 per cent. Higher contributions from new completions and higher rents for renewals and new leases contributed to this respectable performance.

Retail rents rose modestly during the year as growth in retail sales and tourist arrivals remained solid. Expansion from existing operators and new comers setting up their outlets in Hong Kong are principal drivers for demand.

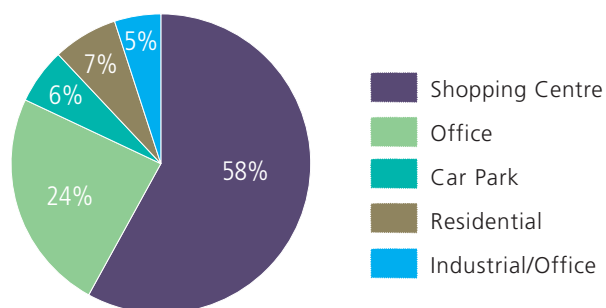
Strong demand and limited supply together contributed to a very favourable performance in office rents over the year. Limited new office space in the core business districts had led to a spill-over effect that benefited offices in non-core areas. Demand remained keen as various business sectors such as financial firms, wealth management houses and trading entities continued with their expansion.

Gross Rental Income*

HK\$ million



Gross Rental Income by Sector*



* Including contributions from jointly-controlled entities and associates

The Group believes that to maintain its leading market position, proactive effort to enhance the value of its investment property portfolio is a must. Grand Century Place in Mong Kok and Tsuen Wan Plaza underwent renovations and upgrades on different scales during the year to offer customers a fresh shopping experience. Renovations are progressing at New Town Plaza in Shatin and Tai Po Mega Mall, and the initial phases should be completed in early 2007. A major upgrade will start at World Trade Centre in Causeway Bay at the end of this year, with nine floors being converted from offices to retail space.

Regular reviews of tenant composition and large-scale promotions helped boosting traffic flow. The Group puts a premium on customer satisfaction, which helps engender loyalty and keep occupancies high. Two-way communication with tenants through surveys and day-to-day interaction enables the Group to serve them better by ensuring that their needs are understood and met.



Conversion process for the nine office floors of the World Trade Centre in Causeway Bay into retail space will begin by the end of this year.



The Grand Century Place in Mong Kok has been renovated and its tenants mix refined to offer fresh shopping experience to shoppers.

Property Investment



Four Seasons Place offers prime accommodation with wide range of facilities for city dwellers.



The quality of Dynasty Court on the Peak is highly appreciated by the sophisticated and high expectation clients.

Completed Investment Properties

Shopping Centres

Rents rose modestly in the Group's 9.2-million-square-foot Hong Kong shopping centre portfolio during the year amid high occupancy. APM in Kowloon East has been very popular since its opening in the second quarter of 2005, due to its unique market positioning for late-night shopping that appeals to young people. IFC Mall remained a major attraction in Central, and both IFC Mall and APM are virtually fully let. The Group's other major malls also performed well, with Tai Po Mega Mall, Grand Century Place in Mong Kok and East Point City in Tseung Kwan O almost fully occupied.

Offices

The Group owns a network of 6.8 million square feet of premium office space spreading over various strategic locations in Hong Kong. Overall occupancy remained high over the year and increased rentals were recorded for both renewals and new leases. Offices in IFC in Central are 99 per cent let. The various phases of Millennium City in Kowloon East are over 95 per cent occupied. The Group's other premium offices in prime locations, such as Central Plaza and Sun Hung Kai Centre in Wan Chai and Grand Century Place in Mong Kok, all recorded an occupancy of 95 per cent or more.

Residential

The Group holds more than one million square feet of residential property for lease, including luxury developments like Dynasty Court and Hillsborough Court in Mid-Levels. SignatureHomes oversees high-end leasing for the Group, and is dedicated to offering tenants comprehensive personal one-stop service.

Other Properties

The Group owns about 30,000 car parking bays, generating steady rental income. The Group also owns a number of industrial buildings, godowns and data centres. Some of the industrial premises are being evaluated for conversion into other uses such as office or hotel.

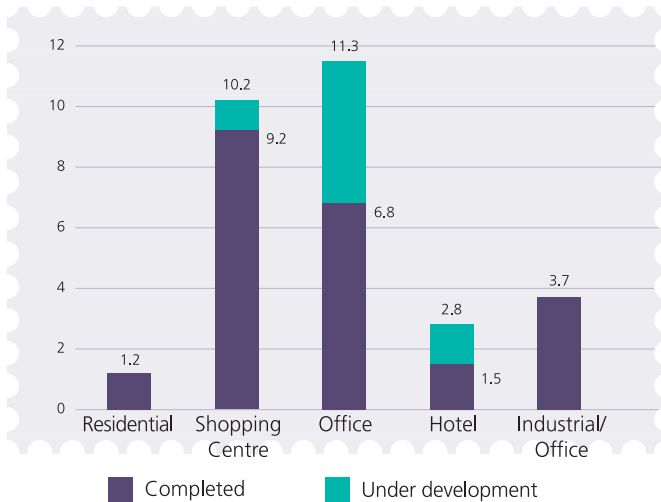
Investment Properties Under Development

The Group has been optimizing its investment property mix over the years, gradually increasing the proportion of high-grade investment properties in prime locations by building new landmark projects and replacing selective non-core properties.

Major investment properties under development include International Commerce Centre (ICC) at Kowloon Station and Millennium City Phase 6. Construction of ICC began during the year and is scheduled for completion in phases from late 2007. Pre-leasing of the first 450,000 square feet of offices will commence once the marketing office is opened.

Investment Properties: Completed and Under Development

million square feet



Millennium City Phase 6 in Kowloon East is expected to be completed in mid 2007. It will contain around 400,000 square feet of premium office space. The Group is also developing a premium decentralized office development at Kwai Chung Town Lot 215. Construction of the first phase of 600,000 square feet has commenced. All these developments will feature state-of-the-art facilities and modern designs to meet the evolving needs of business tenants.

The Group has an attributable 6.8 million square feet of new investment properties under development. The majority is slated to be grade-A office space with the latest technology and modern facilities. The remaining will be shopping malls, up-market hotels and suites.

Major Investment Properties Under Development

Shopping Centres

- YOHO Town Phase 2 on Yuen Long Town Lot 504
- New Kowloon Inland Lot 6308, Prince Edward Road East
- West Rail Tuen Mun Station Development

Offices

- Millennium City Phase 6
- International Commerce Centre at Kowloon Station
- Kwai Chung Town Lot 215



Focus on worldwide brands and regular promotion campaigns keeps IFC mall attracting thousands of visitors.



Millennium City 6 in Kowloon East will contain around 400,000 square feet of premium office space, and is expected to be completed in mid 2007.

Property Investment

Major Completed Investment Properties

Project	Location	Lease Expiry	Group's Interest (%)	Residential
Hong Kong Island				
One IFC	1 Harbour View Street, Central	2047	50	–
Two IFC & IFC Mall	8 Finance Street, Central	2047	50	–
Four Seasons Hotel and 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	280 Gloucester Road, Causeway Bay	2842	100	–
Harbour Centre	25 Harbour Road, Wan Chai	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	274,000
Hillsborough Court (Block 4)	18 Old Peak Road	2884	100	159,500
Kowloon				
Millennium City 1*	388 Kwun Tong Road	2047	100	–
Millennium City 2	378 Kwun Tong Road	2047	50	–
Millennium City 3	370 Kwun Tong Road	2047	70	–
Millennium City 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	–
New Territories				
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.

Review of Operations Property Investment

Attributable Gross Floor Area (square feet)

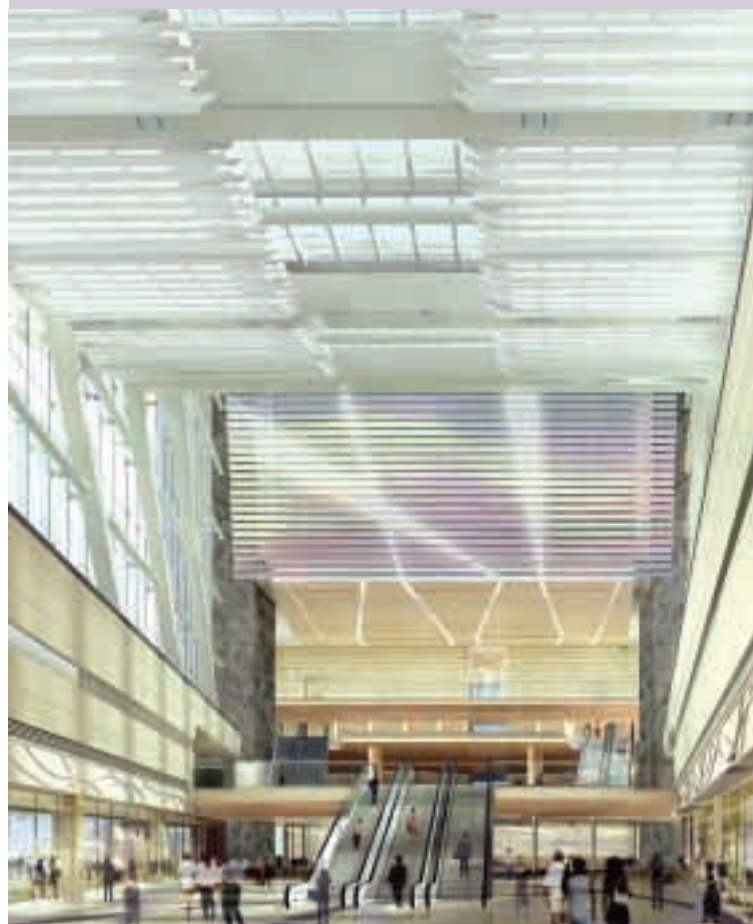
Shopping Centre	Office	Hotel	Industrial/ Office	Total
–	392,000	–	–	392,000
320,000	566,000	–	–	886,000
–	–	550,000	–	550,000
53,400	850,600	–	–	904,000
–	700,000	–	–	700,000
162,000	350,000	–	–	512,000
20,500	80,000	–	–	100,500
–	–	–	–	341,000
–	–	–	–	274,000
–	–	–	–	159,500

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



Millennium City 5 premium-quality offices maintain high occupancy.



The top-quality office in Kowloon Station Packages 5, 6 & 7 will become the focal point of the area upon completion.

Property Investment

Major Completed Investment Properties

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

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

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

