





*Park Island
Ma Wan*

PROPERTY DEVELOPMENT

The Group is poised to benefit from improved sentiment in the property market, while its brand name for quality and reputation for 'Building Homes with Heart' allow it to adopt a premium pricing strategy.



Year's Highlights

- *Hong Kong development land bank of 22.3 million square feet by gross floor area*
- *Completed 3.5 million square feet of residential properties for sale*
- *Sold and pre-sold an attributable HK\$15,592 million of Hong Kong properties*
- *YOHO Town Phase 1 in Yuen Long, Park Island Phase 3 on Ma Wan, 8 Waterloo Road in Kowloon, Sham Wan Towers in Island South, BeneVille in Tuen Mun and The Pacifica in Cheung Sha Wan went on sale*



YOHO Town is the latest development in the western New Territories with full clubhouse facilities and a lush landscaped environment.

Most of the Group's 22.3 million square-foot development land bank is earmarked as residential properties for sale. The majority of these will be large-scale estates with mainly small and medium units, but the Group will also develop more large luxury units in selected future developments.

Years of dedication to offering the finest products and service have built the Group a strong brand name for quality. Customers recognize this, which helps enhance margins and the marketability of the Group's projects, as demonstrated by the encouraging sales of YOHO Town Phase 1 and Park Island Phase 3 during the year.

PROPERTY SALES

For the year ended 30 June 2004, the Group sold and pre-sold an attributable HK\$15,592 million worth of properties in Hong Kong. This was a 28 per cent increase from the previous year. Major projects sold during the year under review included YOHO Town Phase 1 in Yuen Long, Park Island Phase 3 on Ma Wan, 8 Waterloo Road in Kowloon and Sham Wan Towers in Island South, BeneVille in Tuen Mun and The Pacifica in Cheung Sha Wan.

The Group will continue to launch new projects as planned. Major developments to be marketed over the next nine months include Chelsea Court in Tsuen Wan, The Victory Arch at Kowloon Station, the Tin Ping Shan project in Sheung Shui and Severn 8 on the Peak.

PROJECT COMPLETION SCHEDULE

A total of seven projects with an aggregate attributable gross floor area of 3.5 million square feet were completed by the Group during the year. These are listed in the Chairman's Statement on page 7.

The Group expects to complete 3.1 million square feet of residential properties in 2004/05 and 3.6 million square feet in 2005/06. Higher margins resulting from the Group's recognized brand name and favourable market conditions are likely to enhance profitability.



BeneVille is the Group's latest low-density residential development in Tuen Mun.



Sham Wan Towers is conveniently located in Island South overlooking the marina.



Elegant interiors at 8 Waterloo Road offer quality living in Kowloon.

REVIEW OF OPERATIONS - PROPERTY DEVELOPMENT

MAJOR PROJECTS UNDER DEVELOPMENT BY YEAR OF COMPLETION

Projects to be completed in 2004/05

LOCATION	PROJECT NAME	GROUP'S INTEREST (%)	RESIDENTIAL
Airport Railway Kowloon Station Development Package 3	The Victory Arch	Joint venture	1,076,000
Ma Wan Development	Park Island Phase 3	Joint venture	1,019,000
8 Severn Road, The Peak	Severn 8	100	59,000
New Kowloon Inland Lot 6275, Cheung Sha Wan	The Pacifica	50	648,000
18 Farm Road, Ho Man Tin	18 Farm Road	100	223,000
Tseung Kwan O Town Lot 74	-	25	70,000
418 Kwun Tong Road	Millennium City Phase 5	100	-
Airport Railway Hong Kong Station Development	Four Seasons Hotel & Four Seasons Place	47.5	-
Year Total			3,095,000

Projects to be completed in 2005/06

LOCATION	PROJECT NAME	GROUP'S INTEREST (%)	RESIDENTIAL
Tsuen Wan Town Lot 373	Chelsea Court	100	1,113,000
Airport Railway Olympic Station Development Package 3	Canary West	Joint venture	1,110,000
Ma Wan Development	Park Island Phase 5	Joint venture	880,000
Tin Ping Shan, Sheung Shui	-	100	532,000
Tung Chung Town Lot 2 (North site)	-	20	-
Year Total			3,635,000

Major projects to be completed in 2006/07 and beyond

LOCATION	PROJECT NAME	GROUP'S INTEREST (%)	RESIDENTIAL
Yuen Long Town Lot 504	YOHO Town Phase 2	100	1,454,000
New Kowloon Marine Lot 3, Cheung Sha Wan	-	33.3	358,000
To Fung Shan, Shatin	-	100	691,000
Kwu Tung, Sheung Shui	-	100	603,500
Ngau Tam Mei, Yuen Long	-	100	383,000
Ap Lei Chau Inland Lot 129	-	35	316,000
Shek Wu Wai, Yuen Long	-	50	227,000
392 Kwun Tong Road	-	100	-
Airport Railway Kowloon Station Development Packages 5, 6 & 7	-	Joint venture	1,009,000
Tsuen Wan Inland Lot 5 & Lot 429 in DD 399, Ting Kau	-	100	-
Total			5,041,500

Attributable Gross Floor Area (square feet)

SHOPPING CENTRE	OFFICE	HOTEL	TOTAL
-	-	-	1,076,000
-	-	-	1,019,000
-	-	-	59,000
70,000	-	-	718,000
45,000	-	-	268,000
10,000	-	-	80,000
595,000	688,000	-	1,283,000
-	-	523,000	523,000
720,000	688,000	523,000	5,026,000

Attributable Gross Floor Area (square feet)

SHOPPING CENTRE	OFFICE	HOTEL	TOTAL
-	-	-	1,113,000
-	-	-	1,110,000
-	-	-	880,000
-	-	-	532,000
-	-	47,500	47,500
-	-	47,500	3,682,500

Attributable Gross Floor Area (square feet)

SHOPPING CENTRE	OFFICE	HOTEL	TOTAL
249,000	-	-	1,703,000
18,000	-	-	376,000
-	-	-	691,000
-	-	-	603,500
-	-	-	383,000
-	-	-	316,000
-	-	-	227,000
-	360,000	-	360,000
171,000	2,495,000	1,023,000	4,698,000
-	-	310,000	310,000
438,000	2,855,000	1,333,000	9,667,500



18 Farm Road in Ho Man Tin exudes grandeur and elegance.

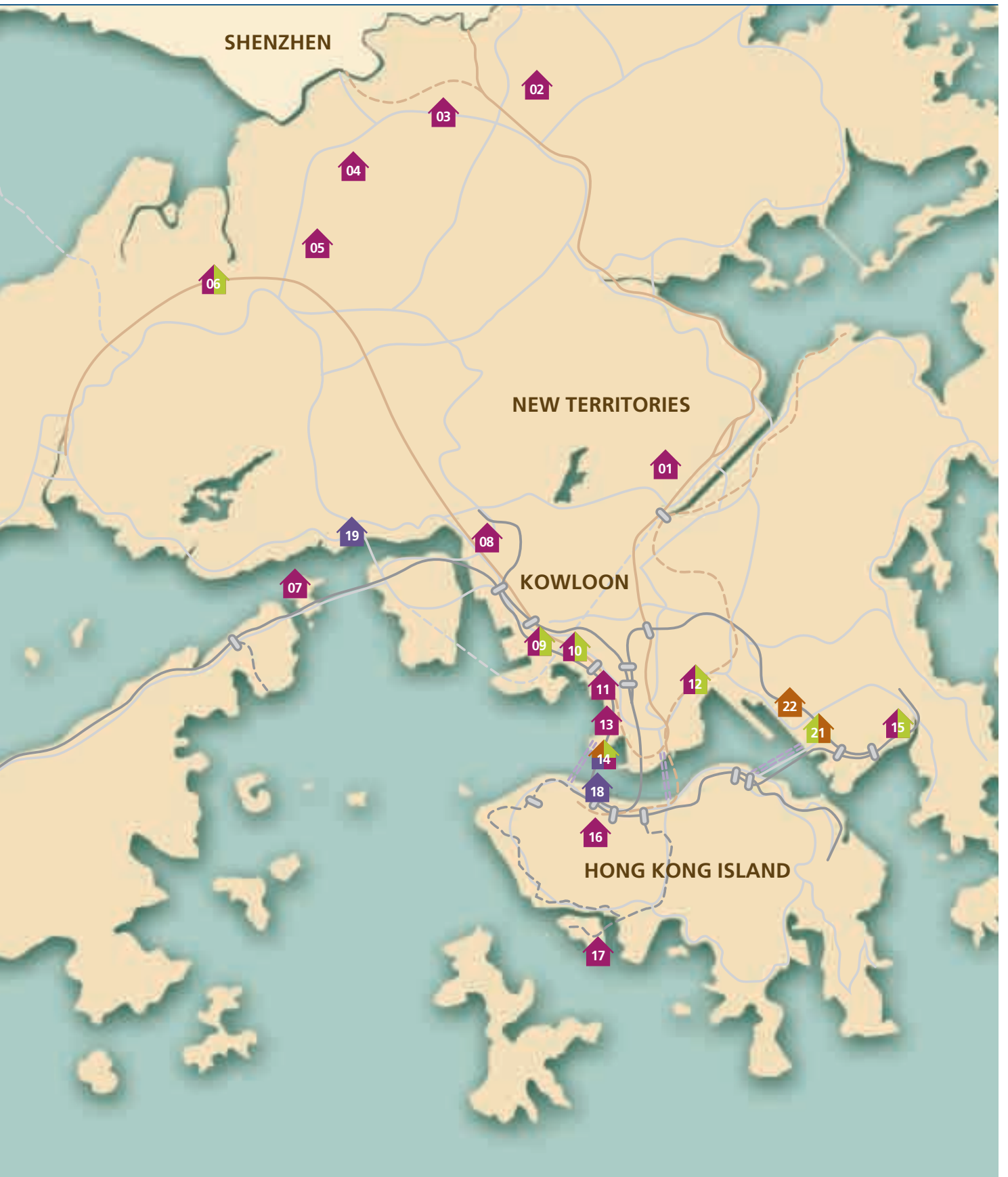


Severn 8 on the Peak: the address speaks for itself.

REVIEW OF OPERATIONS - PROPERTY DEVELOPMENT

	Residential	Shopping Centre	Office	Hotel	Major Projects Under Development
01	🏠				To Fung Shan
02	🏠				Tin Ping Shan
03	🏠				Kwu Tung
04	🏠				Shek Wu Wai
05	🏠				Ngau Tam Mei
06	🏠	🏬			YOHO Town Phase 2
07	🏠				Park Island Phases 3 & 5
08	🏠				Chelsea Court
09	🏠	🏬			New Kowloon Marine Lot 3
10	🏠	🏬			The Pacifica
11	🏠				Canary West
12	🏠	🏬			18 Farm Road
13	🏠				The Victory Arch
14	🏠	🏬	🏢	🏨	Airport Railway Kowloon Station Development Packages 5, 6 & 7
15	🏠	🏬			Tseung Kwan O Town Lot 74
16	🏠				Severn 8
17	🏠				Ap Lei Chau Inland Lot 129
18				🏨	Four Seasons Hotel & Four Seasons Place
19				🏨	Tsuen Wan Inland Lot 5 & Lot 429 in DD399, Ting Kau
20				🏨	Tung Chung Town Lot 2
21		🏬	🏢		Millennium City Phase 5
22			🏢		392 Kwun Tong Road







Park Island is an idyllic development on scenic Ma Wan.



The Victory Arch at Kowloon Station will have the territory's first Sky Club and set new standards of luxury.

STATUS OF MAJOR DEVELOPMENTS

Park Island Phases 3 & 5

Ma Wan Development (joint venture)

Site area	:	1.4 million square feet (Entire Ma Wan Development including completed Phases 1 and 2)
Gross floor area	:	1.9 million square feet
Number of units	:	about 2,700
Expected completion	:	Phase 3 (second half of 2004), Phase 5 (first half of 2006)

Park Island Phase 3 went on sale in June this year and generated a highly-encouraging response. Phase 3 has a gross floor area of one million square feet with 1,446 units in a natural setting that provides an appealing living environment. The final Phase 5 will contain another 900,000 square feet of residential properties when it is finished in the first half of 2006.

The Victory Arch

Airport Railway Kowloon Station Development Package 3 (joint venture)

Site area	:	172,000 square feet
Gross floor area	:	1.1 million square feet
Number of units	:	1,054
Expected completion	:	first half of 2005

The Victory Arch will offer luxury apartments in a wide range of sizes at Kowloon Station on the Airport Express. The development will stand out with its unique architectural design and facilities, including the territory's first Sky Club. Construction of the superstructure is under way.

Chelsea Court

Tsuen Wan Town Lot 373 (100% owned)

Site area	: 112,000 square feet
Gross floor area	: 1.1 million square feet
Number of units	: 1,624
Expected completion	: second half of 2005

This serviced apartment development in the western part of Tsuen Wan is in the midst of a comprehensive transportation network, being close to the airport and future Disneyland, and conveniently linked to the rest of Hong Kong by the West Rail and MTR. The full range of facilities and services will set new standards for a six-star hotel residence in Tsuen Wan.

Canary West

Airport Railway Olympic Station Development Package 3 (Joint venture)

Site area	: 185,000 square feet
Gross floor area	: 1.1 million square feet
Number of units	: about 1,500
Expected completion	: second half of 2005

Canary West next to Olympic Station in Kowloon West will have about 1,500 high-quality units in a wide range of sizes. A range of distinctive features will ensure that Canary West plays a vital part in the rapidly developing Kowloon West. Construction of the superstructure is under way.

Tin Ping Shan

Sheung Shui (100% owned)

Site area	: 177,000 square feet
Gross floor area	: 532,000 square feet
Number of units	: about 700
Expected completion	: first half of 2006

This project in the northern New Territories will offer residents easy transport connections north to the Mainland and south to urban Kowloon. This is the finest development planned for the district over the next few years. Construction of the superstructure began recently.



Chelsea Court in Tsuen Wan is a six-star hotel residence with over 1,600 units.



The Tin Ping Shan development in Sheung Shui will be the finest residence in the district with unrivalled transport convenience.



Yuen Long Town Lot 504 is an extension of YOHO Town, the Group's vibrant young community in Yuen Long.

YOHO Town Phase 2

Yuen Long Town Lot 504 (100% owned)

Site area	:	318,000 square feet
Gross floor area	:	1.4 million square feet (residential) 249,000 square feet (retail)
Number of units	:	about 2,000
Expected completion	:	first half of 2007

Construction began right after the land use conversion was finalized in early 2004. This is the second stage of the Group's planned young and vibrant community next to Yuen Long Station on the new West Rail line.

To Fung Shan

Shatin (100% owned)

Site area	:	371,000 square feet
Gross floor area	:	691,000 square feet
Number of units	:	about 500
Expected completion	:	first half of 2007

The Group finalized land use conversion for this cluster of three sites in early 2004. The project will offer 691,000 square feet of low-rise luxury residential premises.

Millennium City Phase 5

418 Kwun Tong Road (100% owned)

Site area	:	107,000 square feet
Gross floor area	:	1.3 million square feet
Completion	:	August 2004

Millennium City Phase 5 contains the 600,000 square-foot APM shopping mall, one of the largest in Kowloon East, and about 700,000 square feet of grade-A office space. The offices were originally intended as a long-term investment, but the Group sold 407,000 square feet to a local bank for its own use and will retain the remainder for rent. Pre-leasing is progressing well. Opening of the mall is planned for early 2005 and it is already over 85 per cent let.



The 600,000 square-foot APM shopping mall at Millennium City Phase 5 will redefine shopping in Kowloon East.

Four Seasons Hotel & Four Seasons Place

Airport Railway Hong Kong Station Development (47.5% owned)

Site area	:	615,000 square feet (Entire Hong Kong Station Development)
Gross floor area	:	1.1 million square feet
Expected completion	:	first half of 2005

This six-star hotel complex is the last leg of the massive development above Hong Kong Station, made up of the first Four Seasons Hotel in Hong Kong and the Four Seasons Place serviced suites. Completion is expected by early next year and the hotel complex should open for business in mid 2005.



Four Seasons Hotel and Four Seasons Place at Hong Kong Station will set new standards of excellence.

Airport Railway Kowloon Station Development Packages 5, 6 & 7

(joint venture)

Site area	:	790,000 square feet
Gross floor area	:	5.4 million square feet (total) 4.7 million square feet (attributable)
Expected completion	:	in phases from 2007

The development will have 2.5 million square feet of top-quality offices, one million square feet of residential units and serviced apartments, another million square feet of hotel space and 0.9 million square feet of retail space. It will include the tallest building in Hong Kong, with ultra-modern facilities to meet the needs of modern business tenants. Work has started on the first phase of over 700,000 square feet of residential units and serviced apartments. W Hotels will manage one of the hotels in the development.



Airport Railway Kowloon Station Development Packages 5, 6 & 7 will offer 5.4 million square feet of top-quality offices, residential units, serviced apartments, hotel and retail spaces.