





China

The Lakeside, Phase 2 of Laguna Verona, is a luxury residential development in Dongguan, which is embraced by a scenic lake offering breathtaking views. The property incorporates over 30 deluxe North American home designs with extensive front and back gardens. In addition to clubhouse facilities, the development is further graced with the 27-hole Harbour Plaza Golf Club nearby.

Footbridge Wins Design, Construction Award

The Cheung Kong Center Footbridge has won the Structural Division Special Award 2001/2002 in Hong Kong. This C-shaped, 130m sculpted steel structure is partially clad with glass, stainless steel and aluminium and was conceived to be visually integrated with the Cheung Kong Center tower in terms of its quality, appearance and materials.

The bridge was nominated for its unique structural form and the use of advanced dynamic analysis in its design.

The construction was also judged on how it addressed the site constraints in terms of its in-situ fabrication and erection. Structural and geotechnical engineer Arup Hong Kong had to overcome various constraints. These included an extremely narrow available support width, bridge supports could not be located within the public pavements below, and only vertical and horizontal elements were permitted.

The attention to structural detailing set a new standard for the

collaboration between engineers and architects on bridge design in Hong Kong.



Harbour Plaza Chain's Restaurants Rated "Hong Kong's Finest"

Restaurants at the Harbour Plaza chain of hotels have been judged to be among the finest in Hong Kong. The Robotayaki and Harbour Grill at Harbour Plaza Hong Kong and Hoi Yat Heen of Harbour Plaza North Point have been recommended in "Hong Kong's Best Restaurants 2002/2003" a gourmet guide published annually by *Hong Kong Tatler*. A good range of cuisine is available at the hotels — Western, Japanese, Chinese and more. These are spiced up

with special promotions arranged during the year for visiting chefs from all over the world who show off their best national dishes.

Not to be outdone, Harbour Plaza Chongqing in China has been named "2002 Good Food Hotel" by Saga Holidays Limited based on the results of questionnaires returned by about 2,000 visitors who travelled with Saga Tourism groups. Harbour Plaza Chongqing is the only hotel in the city of Chongqing to have received the award.

Horizon Cove Named "Best Resort in Zhuhai"

Horizon Cove has been honoured with The Best Resort award in Zhuhai by the Zhuhai Tourism Bureau. Conveniently close to Hong Kong and located close to exciting tourist spots, a golf course and shopping and dining venues, the resort is ideally situated for residents to get around. Horizon Cove has a tranquillity of its own with landscaped gardens, waterfalls, and an artificial beach and lake. Its low-density, stylish townhouse style residential environment gives residents a resort-type of feel and offers a welcome break from the hustle and bustle. Guests can also enjoy the fabulous facilities provided by the residents club.

The Group's property activities comprise an investment portfolio of approximately 15.7 million sq ft of office, commercial, industrial and residential premises that provide steady recurrent rental income. This division also includes interests in joint ventures for the development of high quality residential, commercial, office, hotel and recreational projects mainly in Hong Kong and the Mainland, and selectively overseas. In addition, the Group operates a portfolio of premium quality hotels.

Turnover of the property and hotels division for 2002 totalled HK\$11,709 million, an increase of HK\$6,193 million, or 112%, compared to 2001, mainly due to the completion and sale of more development projects in 2002. Gross rental income from the investment properties, including the Group's share of associated companies, grew 9% in 2002 to HK\$2,438 million. EBIT from the property and hotels division amounted to HK\$2,570 million, an increase of 50%, mainly due to the profit realised from the sale of three hotels in the Mainland, increased rental income from completed properties and increased profits from the completion and sale of more development projects.





Cheung Kong Center houses the headquarters of Cheung Kong (Holdings) Limited and some of the world's most renowned banks, financial institutions, accounting and law firms.

Rental Properties

Hong Kong

The Group's portfolio of rental properties in Hong Kong, comprising approximately 12.7 million sq ft (2001 - 12.4 million sq ft) of office (24%), commercial (25%), industrial (50%) and residential (1%) properties, continue to provide a strong recurrent earnings base. Gross rental income, including the Group's share of associated companies, of HK\$2,017 million, was 3% below last year, mainly due to lower rental from office buildings. All of the Group's premises remain substantially fully let at satisfactory rental levels. During the year, the Group

increased its interest to 50% in the newly completed complex, the Metropolis, comprising an office tower, retail podium and hotel tower. Leasing has commenced for the office tower and retail podium with satisfactory rentals achieved to date and the hotel commenced operation in June 2002.

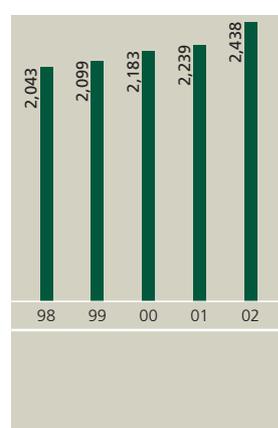
Major rental properties in Hong Kong

Name	Property Type	Total Gross Floor Area for Rent ('000 sq ft)	Group's Interest	% Leased
Cheung Kong Center	Office	1,254	100%	97%
Hutchison House	Office	504	100%	98%
Harbourfront Office Towers I and II	Office	863	100%	95%
Aon China Building	Office	259	100%	98%
Whampoa Garden	Commercial	1,714	100%	98%
Aberdeen Centre	Commercial	345	100%	97%
Hongkong International Distribution Centre	Industrial	4,705	88%	99%



Chongqing Metropolitan Plaza consists of three main operations: a large scale shopping mall, a grade A office tower and a five-star hotel.

Gross Rental Income
HK\$ Millions



The Mainland and Japan

The Group's various joint ventures in the Mainland and Japan own a portfolio of investment properties totalling 9.6 million sq ft, of which the Group's share is 3.0 million sq ft (2001 - 2.6 million sq ft). Gross rental income of HK\$346 million was 127% above last year due to the completion and leasing of new investment properties, including two office towers and one tower of serviced apartments in the Beijing Oriental Plaza, and an office tower, Pacific Century Place, in Marunouchi, Tokyo. The portfolio of investment properties in the Mainland are expected to increase in 2003 with the phased completion of the Seasons Villas and Regency Park residential projects in Shanghai and the remaining tower of serviced apartments in the Beijing Oriental Plaza.

Major rental properties in the Mainland and Japan

Name	Location	Property Type	Total Gross Floor Area for Rent ('000 sq ft)	Group's Interest	% Leased
The Mainland					
Westgate Mall & Tower	Shanghai	Office & commercial	1,099	30%	99%
Oriental Plaza	Beijing	Office, serviced apartments & commercial	4,984	18%	60%
Seasons Villas	Shanghai	Residential	1,034	50%	91%
Metropolitan Plaza	Chongqing	Office & commercial	1,512	50%	89%
Japan					
Pacific Century Place, Marunouchi	Tokyo	Office	786	38%	100%

Property Sales and Properties Under Development

In Hong Kong, despite deflationary pressure, profits were recorded from the sales of 865 residential units in The Victoria Towers and 131 residential units in Harbourfront Landmark in the year. In the Mainland, Phase II of the residential development, Le Parc in Shenzhen was completed during the year and 525 units were sold and a profit recorded.

During the first half of the year, the Group increased its landbank in the Mainland by entering into a joint venture to develop a 1.2 million sq ft residential project in the Baoan district, Shenzhen (50% interest). Currently the Group's joint venture share of landbank being developed totals approximately 16.0 million sq ft of developed area, of which 21% is in Hong Kong, 72% is in the Mainland and 7% is overseas. These projects are scheduled for completion in phases from 2003 to 2009 and are expected to provide satisfactory returns and development profits to the Group.



An artist's impression of the medium rise blocks and landscape of The Summit. Providing a gross floor area of 675,000 sq ft, The Summit is Shanghai's premier living space for the elite.

Hong Kong

Monterey Cove, Phase I of the Caribbean Coast residential development in Tung Chung, and The Victoria Towers in Kowloon were completed in the second half of the year. Both developments are substantially all sold. The two towers of serviced apartments in The Metropolis are currently being marketed for sale. A complex of three towers of hotel and five towers of serviced suites on Tsing Yi Island, is scheduled for completion in 2003 and pre-sale activity will commence later this year.

Major Hong Kong properties for sale or under development

Name	Location	Property Type	Total Gross Floor Area ('000 sq ft)	Group's Interest	Completion Date
The Metropolis	Hung Hom	Serviced apartments	377	25%	2002
Tsing Yi Resort	Tsing Yi Island	Hotel & serviced suites	1,671	70%	2003
Caribbean Coast – Phase II to IV	Tung Chung	Residential	3,131	40 – 50%	2004 – 05
Harbourfront Extension	Hung Hom	Office & serviced suites	270	100%	2005
Tsing Yi Office	Tsing Yi Island	Office	355	89%	2005



Harbour Plaza Metropolis, the Group's newest hotel property, provides convenient respite at the doorstep of Hong Kong's Hung Hom railway station.



Conveniently located in Shenzhen Central District, Le Parc Phase II is a residential paradise offering an array of contemporary and spacious apartments.

The Mainland

In the Mainland, Phase III and IV of Le Parc in Shenzhen are scheduled to be completed and sold in 2003. Pre-sale activity for Phase III commenced during the year and over 60% of the units have been pre-sold. Construction of the second and third phases of Walton Plaza, Shanghai are in progress. The residential portion of this complex, The Summit, is scheduled for completion in 2003 and pre-sale activity has already commenced.

Major properties in the Mainland under development

Name	Location	Property Type	Total Gross Floor Area ('000 sq ft)	Group's Interest	Completion Date
Le Parc – Phases III & IV	Shenzhen	Residential	2,064	50%	2003
Seasons Villas	Shanghai	Residential	244	50%	2003
Oriental Plaza – one tower of serviced apartment	Beijing	Serviced apartments	506	18%	2003
Walton Plaza – Phases II and III	Shanghai	Residential & commercial	1,600	50%	2003
Regency Park	Shanghai	Residential	1,728	31%	2003 – 04
Dynasty Garden, Baoan	Shenzhen	Residential	1,232	50%	2003 – 04
Chongqing Jiangbei	Chongqing	Residential	765	50%	2003 – 04
Guangzhou Panyu Dashi	Guangzhou	Residential & commercial	4,860	50%	2003 – 06
Dongguan Laguna Verona	Dongguan	Residential	3,302	47%	2003 – 07
Huangsha underground railway development	Guangzhou	Residential & commercial	3,444	50%	2004 – 05
Horizon Cove – Phases III & IV	Zhuhai	Residential	2,893	50%	2004 – 06
Shanghai Gubei	Shanghai	Residential & commercial	1,685	50%	2005

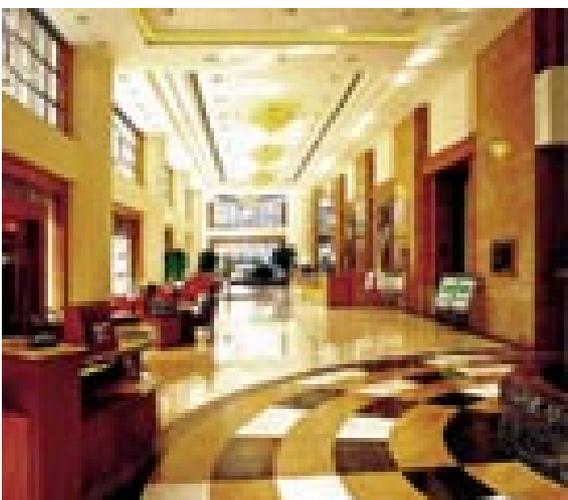
Overseas

In the UK, a pre-sale programme of Albion Riverside in London is progressing well and over 80% of the units have been pre-sold. In Singapore, pre-sale activity of the Costa del Sol project continued during the year and over 30% of the development has been pre-sold.

Major overseas properties under development

Name	Location	Property Type	Total Gross Floor Area ('000 sq ft)	Group's Interest	Completion Date
United Kingdom					
Albion Riverside	London	Residential & commercial	395*	45%	2003
Chelsea Harbour Phase II	London	Residential	161*	23%	2005
Lots Road Power Station	London	Residential & commercial	691*	23%	2009
Singapore					
Costa del Sol	Singapore	Residential	1,496	24%	2003
Cairnhill Crest	Singapore	Residential	440	50%	2004

* Total net floor area for UK projects



Opened in June 1998, the 391-room deluxe Harbour Plaza Chongqing stands as the original five-star hotel in the city.

Hotels

The Group currently has interests in nine operating hotels in Hong Kong, the Mainland and the Bahamas. The Group currently manages four of these hotels.

In Hong Kong, the hotels reported an overall EBIT 3% better than last year, generally reflecting improved operating results partially offset by the start-up losses at the Harbour Plaza Metropolis and the Horizon Suite Hotel. The Harbour Plaza Metropolis in Hung Hom (50% interest), a 690 room hotel and serviced suites complex, commenced operation at the end of June, and the Horizon Suite Hotel in Ma On Shan (49% interest) with 831 serviced suites, commenced operation in mid-October.

The Group's hotels in the Mainland reported an overall positive EBIT compared to a loss last year, mainly as a result of improved operations. Three hotels were sold during the year, namely, the Time Plaza Shenyang (87.4% interest), the Harbour Plaza Beijing (95% interest) and the Harbour Plaza Kunming (95% interest).

Our Lucaya, the 1,271 room hotel and golf resort on Grand Bahama Island, continued to be affected by the low volume of tourist arrivals, particularly from the USA. Earlier this year, Starwood Hotels & Resorts, a USA based, world leading hotel and leisure company, commenced management of this hotel and resort.



Our Lucaya Beach & Golf Resort located on the pristine white sands of the Grand Bahama Island, proves a luxurious escape for leisure travellers the world over.