

OPERATIONS REVIEW

Plaza • Marunouchi • Japan • Seasons Villas • Horizon Cove • Regency Park • Beverly Hills • Pacific Century Place Marunouchi • Japan • Sheraton Hong Kong Hotel & Towers •
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- ① Japan
- ② Hong Kong
- ③ Mainland China
- ④ Singapore
- ⑤ United Kingdom
- ⑥ Bahamas

Property and Hotels

The Group's property activities comprise an investment portfolio of approximately 16 million square feet (2004 - 16.4 million square feet) 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, primarily residential projects, mainly in the Mainland and selectively overseas. In addition, the Group has ownership interests in a portfolio of 11 premium quality hotels.

Major rental properties in Hong Kong

| Name | Property Type | Total Gross Floor Area for Rent (thousand sq ft) | Group's Interest | % Leased |
|--|---------------|---|------------------|----------|
| Cheung Kong Center | Office | 1,263 | 100% | 99% |
| Hutchison House | Office | 504 | 100% | 96% |
| Harbourfront Office Towers I and II | Office | 863 | 100% | 95% |
| Aon China Building | Office | 259 | 100% | 99% |
| Whampoa Garden | Commercial | 1,714 | 100% | 98% |
| Aberdeen Centre | Commercial | 345 | 100% | 99% |
| Hutchison Logistics Centre (formerly "Hongkong International Distribution Centre") | Industrial | 4,705 | 88% | 99% |

The Mainland and Overseas

The Group's various joint ventures in the Mainland and overseas hold a portfolio of investment properties totalling 10.1 million square feet, of which the Group's share is 3.2 million square feet (2004 - 3.7 million square feet). The Group's share of gross rental income of HK\$629 million was 6% above last year, mainly due to higher rentals from the Mainland properties.

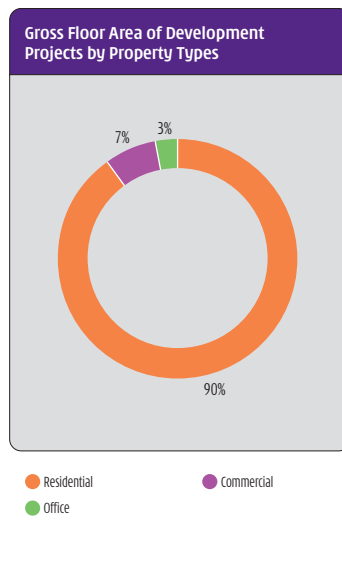
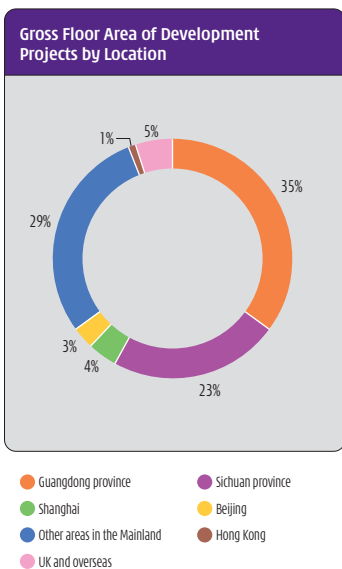
"EBIT of HK\$3,939 million was 31% better than 2004."

Major rental properties in the Mainland and Overseas

| Name | Location | Property Type | Total Gross Floor Area for Rent (thousand sq ft) | Group's Interest | % Leased |
|----------------------------------|-----------|--|---|------------------|----------|
| The Mainland | | | | | |
| Oriental Plaza | Beijing | Office, serviced apartments & commercial | 5,218 | 18% | 95% |
| Westgate Mall & Tower | Shanghai | Office & commercial | 1,099 | 30% | 100% |
| Metropolitan Plaza | Chongqing | Office & commercial | 1,512 | 50% | 97% |
| Seasons Villas | Shanghai | Residential | 1,142 | 50% | 92% |
| Japan | | | | | |
| Pacific Century Place Marunouchi | Tokyo | Office & hotel | 786 | 38% | 100% |



● The Greenwich Beijing provides a new living concept - Boutique Residence, emphasising designer details, individuality, and offering a full range of facilities and services.



Property Sales and Properties under Development

During the year, profits were recorded primarily from the sale of four non-core joint-venture office investment properties in Hong Kong to the recently listed Prosperity REIT, sale of units in residential and commercial development projects in the Mainland, and also the release of a provision, made in previous years against a property development in Hong Kong, as a result of the recovery in the residential property market in Hong Kong in 2005.

In 2005 and in the first few months of this year, the Group increased its landbank in the Mainland by entering into joint ventures to develop mainly residential properties with a total developed gross floor area of approximately 54 million square feet, of which the Group's share is 26 million square feet. Including these recent additions, the Group's current joint-venture share of landbank being developed totals approximately 68 million square feet, of which 94% is in the Mainland, 5% is in the UK and overseas, and 1% is in Hong Kong. These projects are scheduled for completion in phases from 2006 to 2018 and are expected to provide satisfactory returns and steady development profits to the Group.

“The Group’s current joint-venture share of landbank being developed totals approximately 68 million square feet.”



● *Banyan Oasis, Phase III of Laguna Verona in Dongguan, is prominently located next to a prestigious golf course and embraced by Hwang Gwang Lake, enjoying scenic lake views and endless greenery.*

Major Hong Kong properties under development

| Name | Location | Property Type | Total Gross Floor Area (thousand sq ft) | Group's Interest | Completion Date |
|----------------------------|------------|---------------|--|------------------|-----------------|
| Caribbean Coast - Phase IV | Tung Chung | Residential | 773 | 40% to 50% | 2008 |
| Hung Shui Kiu | Yuen Long | Residential | 537 | 50% | 2008 |

Hong Kong

In 2005, Carmel Cove, Phase III of the Caribbean Coast residential development in Tung Chung, was completed and the majority of the units was sold during the year. This development is expected to be completed in phases to 2008. During the year, the Group acquired a 50% interest in landbank in Hung Shui Kiu, to be developed into a 537,000-square-foot residential property by 2008.

The Mainland

In the Mainland, Phase III of Shanghai Regency Park, an upscale residential property, was completed during the year and 47 villas were sold. Phase I of Guangzhou International Toys and Gifts Center, a commercial complex, was completed during the year and 50% of the gross floor area was sold. Phase C of the residential development in Dongguan Laguna Verona was completed during the year and 155 apartments were sold. This project is scheduled for completion in phases to 2011. In Zhuhai, Phase IIIB of Horizon Cove was completed and 646 units in the development were sold during the year. The other projects under development are progressing well.



“A substantial number of remaining units of the Cairnhill Crest development was sold.”

● Cairnhill Crest in Singapore comprises three luxurious residential towers, offering one- to four-bedroom units.

Major overseas properties under development

| Name | Location | Property Type | Total Gross Floor Area (thousand sq ft) | Group's Interest | Completion Date |
|--|-----------|--------------------------|--|------------------|-----------------|
| UK | | | | | |
| Lots Road and Chelsea Harbour Phase II | London | Residential & commercial | 770 | 47.5% | 2012 |
| Convoys Wharf | London | Residential & commercial | 3,168 | 50% | 2016 |
| Singapore | | | | | |
| Singapore Marina Bay | Singapore | Residential & commercial | 2,626 | 17% | 2009 |

Hotels

The Group has ownership interests in 11 hotels in Hong Kong, the Mainland and the Bahamas, of which six are managed through its 50% owned hotel management joint venture. The tourism industry continued to gain momentum in 2005 from a revived economy, resulting in significantly higher travel activity than last year. As a consequence, our hotels reported EBIT growth of 82% compared to 2004.



● The Kowloon Hotel's Harbour Club Floor with a brand new club lounge offers a tranquil and service-oriented ambience for business travellers.

