

Property and Hotels

The Group's property activities comprise an investment portfolio of approximately 15.5 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, mainly residential projects, primarily in the Mainland and selectively overseas. In addition, the Group has ownership interests in a portfolio of 12 premium quality hotels.

Insight + Prudence



» Operations Review – Property and Hotels

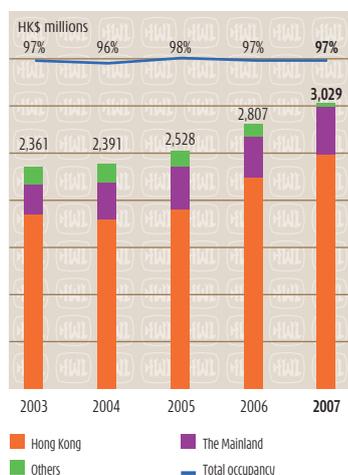
Total revenue of the property and hotels division for 2007 was HK\$9,551 million, a decrease of 11%, and EBIT was HK\$4,060 million, 28% below 2006. The decrease is mainly due to the HK\$1,428 million profit recognised in 2006 from its 45% share of a joint venture's profit on the sale of its office tower in Japan. Excluding the rental income and the disposal profit from this office tower, the division reported a 10% and a 2% decline in total revenue and EBIT respectively, mainly due to the deferred completion and sale of various development projects in the Mainland in 2007. This division contributed 4% and 7% to the Group's total revenue and EBIT from its established businesses respectively. In addition to the EBIT above, the Group recorded a gain on the change in fair value of investment properties of HK\$1,995 million (2006 – HK\$3,802 million).

	2007 HK\$ millions	2006 HK\$ millions	Change
Total Revenue	9,551	10,717	-11%
EBIT	4,060	5,667	-28%

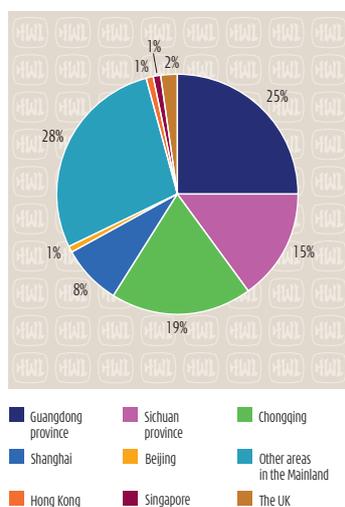


• Dongguan Harbour Plaza Golf Club offers one of the Mainland's premier championship golf courses with 27 holes and a 26-bay driving range.

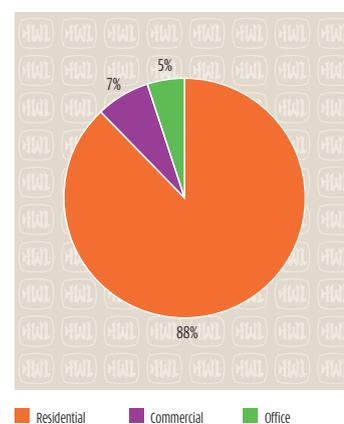
Total Gross Rental Income by Geographical Location and Occupancy Rate



Gross Floor Area of Development Projects by Geographical Location



Gross Floor Area of Development Projects by Property Types



Hong Kong

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%	100%
Harbourfront Office Towers I and II	Office	863	100%	97%
Hutchison House	Office	504	100%	100%
Aon China Building	Office	259	100%	100%
Whampoa Garden	Commercial	1,714	100%	100%
Aberdeen Centre	Commercial	345	100%	100%
Hutchison Logistics Centre	Industrial	4,705	88%	100%

The Group's portfolio of rental properties in Hong Kong, comprising approximately 12.7 million square feet (2006 - 12.8 million square feet) of office (27%), commercial (24%), industrial (48%) and residential (1%) properties, continues to provide a steady flow of recurrent income. Gross rental income of HK\$2,477 million, including the Group's share of associated companies' rental income, was 11% above last year, reflecting higher lease renewal rates, particularly for office premises. All of the Group's premises remain substantially let. Growth in gross rental income is expected to continue, reflecting continued strong demand for office premises.

"The Group's property portfolio comprises 15.5 million sq ft of office, commercial, industrial and residential premises."

The Mainland and Overseas

Major rental properties in the Mainland

Name	Location	Property Type	Total Gross Floor Area for Rent (thousand sq ft)	Group's Interest	% Leased
Oriental Plaza	Beijing	Office, serviced apartments & commercial	5,553	18%	93%
Metropolitan Plaza	Chongqing	Office & commercial	1,512	50%	99%
Seasons Villas	Shanghai	Residential	1,151	50%	81%
Westgate Mall & Tower	Shanghai	Office & commercial	1,099	30%	98%

The Group's various joint ventures in the Mainland and overseas hold a portfolio of investment properties totalling 9.6 million square feet, of which the Group's share is 2.8 million square feet, in line with last year. The Group's share of gross rental income of HK\$552 million was 4% below last year, mainly due to the disposal of the office portion of Pacific Century Place Marunouchi, an office and hotel tower in Tokyo, Japan, in the second half of 2006.

Property Sales and Properties under Development

During the year, profits were recorded primarily from the sale of units in joint venture residential development projects in the Mainland, mainly the Regency Park development in Shanghai. The profit in 2007 was 43% less than 2006, mainly due to the deferral of sales activities for projects in the Mainland to 2008, partially to take advantage of lower taxation rates that became effective from 1 January this year.

In 2007 and the first few months of this year, the Group increased its landbank in the Mainland and Singapore by entering into joint ventures to develop mainly residential property with a total developed gross floor area of approximately 59 million square feet, of which the Group's share is 28 million square feet. Including these recent additions, the Group's current joint venture share of landbank totals approximately 105 million square feet, of which 96% is in the Mainland, 3% in the UK and overseas, and 1% in Hong Kong. These projects are scheduled for completion in phases from 2008 to 2019 and are expected to provide satisfactory returns and steady development profits to the Group.



● Close to the Changchun Jingyuetan Development Zone, the Changchun Regency Park will be developed into a high quality residential property.

Hong Kong

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 V	Tung Chung	Residential	113	50%	2008
Hung Shui Kiu	Yuen Long	Residential	537	50%	2010

In 2007, all 824 units of Crystal Cove, Phase IV of the Caribbean Coast residential development in Tung Chung, were sold. Phase V is expected to be completed during 2008. Planning for a residential development in Hung Shui Kiu continues to progress, with completion scheduled for 2010.



- With a gross floor area of approximately 25.6 million square feet, Le Parc will be developed into a large-scale high class residential district in Chengdu, consisting of a grand club house and a wide range of commercial and community amenities.

The Mainland

Major properties in the Mainland under development

Name	Location	Property Type	Total Gross Floor Area (thousand sq ft)	Group's Interest	Completion Date
Maison des Artistes	Shanghai	Residential & commercial	1,679	50%	2008
Horizon Cove	Zhuhai	Residential	1,083	50%	2008
Cape Coral, Nanan	Chongqing	Residential & commercial	4,085	48%	2009
The Riverside and Metropolitan Plaza	Guangzhou	Residential & commercial	3,689	50%	2009
Maqiao	Shanghai	Residential	477	43%	2009
Regency Park (mainly Phases VII to VIII)	Shanghai	Residential, commercial & serviced apartments	495	50%	2009
Regency Park	Shenzhen	Residential	1,694	50%	2009
Shisanling	Beijing	Residential	861	50%	2010
The Greenwich	Beijing	Residential & commercial	2,593	50%	2010
Regency Oasis	Chengdu	Residential & commercial	5,274	50%	2010

The Mainland (continued)

Major properties in the Mainland under development (continued)

Name	Location	Property Type	Total Gross Floor Area (thousand sq ft)	Group's Interest	Completion Date
Cape Coral, Panyu Dashi	Guangzhou	Residential & commercial	3,152	50%	2010
International Toys and Gifts Center	Guangzhou	Commercial	1,844	30%	2010
Jinkeng Village, Luogang District	Guangzhou	Residential & commercial	2,496	40%	2010
Century Avenue	Shanghai	Commercial	2,332	25%	2010
Xin Zha Road	Shanghai	Commercial	623	30%	2010
Heng Keng Reservoir, Guanlan	Shenzhen	Residential & commercial	1,603	50%	2010
Le Sommet	Shenzhen	Residential & commercial	3,131	50%	2010
Yingkoudao	Tianjin	Residential & commercial	2,745	40%	2010
Jingyuetan	Changchun	Residential & commercial	4,325	50%	2011
Nanguan District	Changchun	Residential & commercial	2,883	50%	2011
Douxi	Chongqing	Residential & commercial	4,416	50%	2011
Changsha Wangcheng	Hunan	Residential & commercial	6,970	50%	2011
Lujiazui	Shanghai	Commercial	861	50%	2011
Huaqiangbei	Shenzhen	Residential & commercial	1,933	40%	2011
Hualou Jie	Wuhan	Residential & commercial	3,947	50%	2011
Laopu Pian	Wuhan	Residential & commercial	1,752	50%	2011
The Greenwich	Xian	Residential & commercial	11,225	50%	2011
Zengcheng	Guangzhou	Residential & commercial	3,602	50%	2012
Qiao Island	Zhuhai	Residential	2,557	50%	2012
Daya Bay, Aotou	Huizhou	Residential & commercial	2,558	50%	2013
Xiao Gang Wan	Qingdao	Residential & commercial	9,900	45%	2013
Laguna Verona	Dongguan	Residential & commercial	20,926	50%	2014
Yin Hu Wan	Jiangmen	Residential, commercial & hotel	4,565	45%	2014
Le Parc	Chengdu	Residential & commercial	25,629	50%	2016
Putuo	Shanghai	Residential, commercial & hotel	7,750	50%	2016
Yangjiashan	Chongqing	Residential & commercial	33,241	48%	2019

In the Mainland, Phase VI of Shanghai Regency Park, an upscale residential property, was completed during the year with 97% of the units sold. Sales activities for the residential units in Phase I of Chengdu

Le Parc and Phase IA of Xian The Greenwich have commenced with 98% and 99% of the units presold respectively. The other properties under development in the Mainland are progressing.

Overseas

Major overseas properties under development

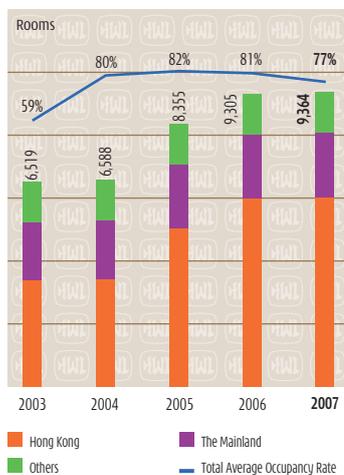
Name	Location	Property Type	Total Gross Floor Area (thousand sq ft)	Group's Interest	Completion Date
Singapore					
Marina Bay	Singapore	Residential & commercial	4,715	17%	2012
UK					
Lots Road and Chelsea Harbour Phase II	London	Residential & commercial	856	48%	2013
Convoys Wharf	London	Residential & commercial	3,334	50%	2018
Bahamas					
Silver Point	Grand Bahama Island	Residential	295	90%	2011

The property development projects in Singapore, the UK and the Bahamas are progressing well.

Hotels

The Group has ownership interests in 12 hotels in Hong Kong, the Mainland and the Bahamas, of which seven are managed through its 50% owned hotel management joint venture. In 2007, the hotels division continued to benefit from a healthy tourism and travel industry, and reported revenue and EBIT growth of 8% and 12% respectively compared to 2006.

Average Actual Room Inventory
by Geographical Location and
Occupancy Rate



The Patio at Harbour Plaza Metropolis receives the "Best Unique Venue" award presented by *Travel Weekly Asia*, an authoritative travel magazine.

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