



Property and Hotels

- Total revenue increased 16% to HK\$16,159 million.
- EBIT improved 40% to HK\$8,994 million.
- The hotels division recorded an increase in total revenue and EBIT of 16% and 62% respectively compared to 2009.

The Group's property activities comprise an investment portfolio of approximately 14.9 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.



Noble Hills Phase 1 in
Changsha, China.

Operations Review – Property and Hotels

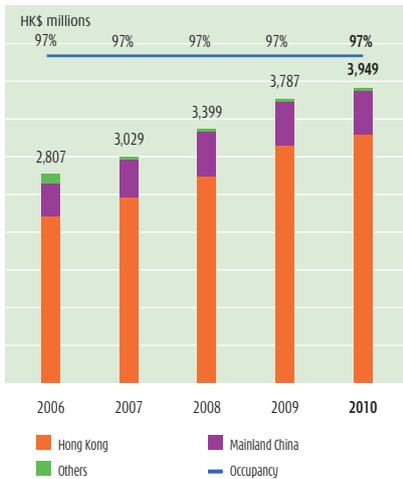
Total revenue of the property and hotels division increased 16% to HK\$16,159 million in 2010, with EBIT, excluding property revaluation gains, improving 40% to HK\$8,994 million, primarily due to the completion and sale of various residential projects in the Mainland and also Singapore and Hong Kong, the growth in rental income, a HK\$1,638 million gain on disposal of the Group's interest in an investment property and the strong earnings growth in the hotel operations. This division contributed 6% and 23% respectively to the total revenue and EBIT of the Group's established businesses. In addition to the EBIT above, the Group recorded an increase in fair value, before deferred tax expense, of HK\$4,198 million in 2010 (2009 – HK\$1,663 million) in relation to its investment properties and properties under construction.

	2010 HK\$ millions	2009 HK\$ millions	Change
Total Revenue	16,159	13,912	+16%
EBIT	8,994	6,430	+40%

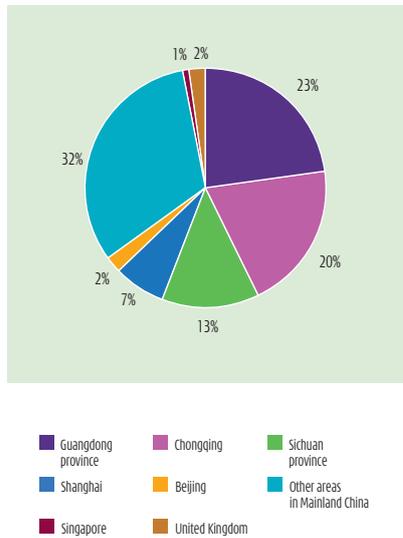


Located along the scenic waterfront of Victoria Harbour, the office towers of The Harbourfront offer a spectacular view of Hong Kong Island's skyline.

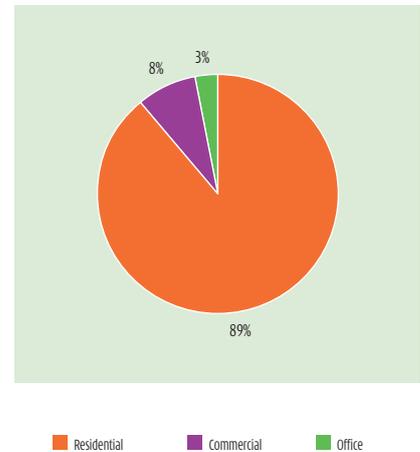
Total Gross Rental Income by Geographical Location and Occupancy



Gross Floor Area of Development Projects by Geographical Location



Gross Floor Area of Development Projects by Property Types



Rental Properties

Hong Kong

Major rental properties in Hong Kong

Name	Property Type	Total Gross Floor Area for Rent (thousand sq ft)	Economic Net Interest	Leased
Cheung Kong Center	Office	1,263	100%	100%
Harbourfront Office Towers I and II	Office	863	100%	95%
Hutchison House	Office	504	100%	95%
Aon China Building	Office	259	100%	100%
Whampoa Garden	Commercial	1,714	100%	98%
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 12.6 million square feet (2009 - 12.6 million square feet) of office (27%), commercial (23%), industrial (49%) and residential (1%) properties, continues to provide a steady flow of recurrent income. Gross rental income of HK\$3,315 million (2009 - HK\$3,180 million), including the Group's share of associated companies' and jointly controlled entities' rental income, was 4% above last year, reflecting higher lease renewal rates in 2009 and 2010. All of the Group's premises remain substantially let.

Operations Review – Property and Hotels

The Mainland and Overseas

Major rental properties in the Mainland

Name	Location	Property Type	Total Gross Floor Area for Rent (thousand sq ft)	Economic Net Interest	Leased
Oriental Plaza	Beijing	Office, serviced apartments & commercial	5,553	18%	92%
Metropolitan Plaza	Chongqing	Office & commercial	1,512	50%	90%
Westgate Mall & Tower	Shanghai	Office & commercial	1,099	30%	95%

The Group's various joint ventures in the Mainland and overseas hold a portfolio of investment properties totalling 8.5 million square feet, of which the Group's share is 2.3 million square feet (2009 - 2.3 million square feet). The Group's share of gross rental income of HK\$634 million (2009 - HK\$607 million) was 4% above last year, mainly due to the trend of increasing rental renewal rates.

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 at the Seasons Villas and Regency Cove developments in Shanghai, The Riverside project in Guangzhou, the Regency Park project in Shenzhen, as well as the Chengdu Le Parc development, together with the completion and sales of residential units in the Marina Bay development in Singapore and the Caribbean Coast project in Hong Kong. As a result of higher sales activities, development profits increased 16% in 2010.

During 2010, the Group increased its landbank in the Mainland by entering into joint ventures to develop mainly residential properties of approximately 12.6 million square feet, of which the Group's share is 6.3 million square feet. Including these recent additions, the Group's current attributable landbank (including interests held directly and its share of interests held by joint ventures, associates and jointly controlled entities) is approximately 99 million square feet, of which 97% is in the Mainland, 2% in the UK and 1% in Singapore and Hong Kong. This landbank comprises 49 projects in 23 cities and is expected to be developed in a phased manner over several years to provide satisfactory returns and development profits to the Group. In 2011, the division will continue to focus on the orderly development and sale of its existing landbank projects in the Mainland, Hong Kong, Singapore and the UK markets.



Changchun Regency Residence Phase 2 is located at the heart of the city in Nangan District, with an excellent transportation network and amenities.

Hong Kong

Major Hong Kong properties under development

Name	Location	Property Type	Total Gross Floor Area	Economic Net Interest	Expected Completion Date
(thousand sq ft)					
Hung Shui Kiu	Yuen Long	Residential	537	50%	2011
Knightsbridge Court	The Peak	Residential	29	100%	2012

La Mer, Phase V of the Caribbean Coast residential development in Tung Chung, was substantially sold during the year.

The Mainland

The Group has substantially sold all of the remaining residential units in Phases 1A and 1B of the Seasons Villas development in Shanghai, with healthy sales of units in Phases 3 and 4 during 2010. During 2010, the Group completed a number of joint venture residential development projects in the Mainland, mainly Phase 3 (Towers 3 and 6) of the Riverside development in Guangzhou; Phases 1B and 1C of the Noble Hills project in Chongqing; Phases 1B2 and 1B3 of the Noble Hills project in Changsha; Phase 1B of The Greenwich project in Xian; and Phase 2A of Le Parc in Chengdu, amongst others. All of these development projects have generated satisfactory returns to the Group. Pre-sale activities for Phase 2 of the Regency Park project in Changchun, Phase 3 of the Le Sommet project in Shenzhen, and Phase 3 (Towers 4 and 5) of the Riverside project in Guangzhou have commenced with 70%, 99% and 95% of the units presold respectively. The other properties under development in the Mainland are progressing satisfactorily.



The last two 50-storey towers of Guangzhou The Riverside, located above Huangsha Metro overlooking the splendid views of the Pearl River.

Major properties in the Mainland under development

Name	Location	Property Type	Total Gross Floor Area	Economic Net Interest	Expected Completion Date
(thousand sq ft)					
Century Place	Shenzhen	Residential & commercial	1,933	40%	2011
The Riverside and Metropolitan Plaza	Guangzhou	Residential & commercial	1,774	50%	2011
Regency Cove	Shanghai	Residential	262	43%	2011
Noble Hills	Chongqing	Residential	2,839	50%	2012
Metropolitan	Tianjin	Residential & commercial	2,805	40%	2012
The Greenwich	Beijing	Residential	2,576	50%	2012
Cape Coral, Nanan	Chongqing	Residential & commercial	1,621	48%	2012
Regency Residence	Changchun	Residential & commercial	1,655	50%	2012
Noble Hills, Guanlan	Shenzhen	Residential & commercial	1,583	50%	2012
Daya Bay, Aotou	Huizhou	Residential & commercial	906	50%	2012
Lujiazui	Shanghai	Commercial	861	50%	2012
The Greenwich	Xian	Residential & commercial	8,550	50%	2013

Operations Review – Property and Hotels

The Mainland (continued)

Major properties in the Mainland under development (continued)

Name	Location	Property Type	Total Gross Floor Area	Economic Net Interest	Expected Completion Date
			(thousand sq ft)		
Regency Oasis	Chengdu	Residential & commercial	4,991	50%	2013
Regency Park	Changchun	Residential & commercial	3,758	50%	2013
Cape Coral, Panyu Dashi	Guangzhou	Residential & commercial	3,718	50%	2013
Zengcheng	Guangzhou	Residential & commercial	3,622	50%	2013
Jiading	Shanghai	Residential & commercial	3,551	50%	2013
Zhaomushan	Chongqing	Residential	2,962	50%	2013
Yuhu Mingdi	Guangzhou	Residential & commercial	2,496	40%	2013
Le Sommet	Shenzhen	Residential & commercial	2,458	50%	2013
Regency Park	Changzhou	Residential	2,376	50%	2013
Zhao Xiang Town	Shanghai	Residential	808	50%	2013
Xin Zha Road	Shanghai	Commercial	624	30%	2013
Cuilihu	Zhongshan	Residential & commercial	615	50%	2013
Noble Hills	Changsha	Residential & commercial	5,893	50%	2014
Yingtianjiajie, Jianye	Nanjing	Residential & commercial	3,867	50%	2014
Zhoupu	Shanghai	Residential & commercial	3,665	43%	2014
Century Link	Shanghai	Commercial	2,351	25%	2014
Laopu Pian	Wuhan	Residential & commercial	1,771	50%	2014
Shisanling	Beijing	Residential	861	50%	2014
International Toys and Gifts Centre	Guangzhou	Commercial	4,097	30%	2015
Hualou Jie	Wuhan	Residential & commercial	3,947	50%	2015
Qiao Island	Zhuhai	Residential	2,546	50%	2015
Wolong Bay (North)	Dalian	Residential & commercial	1,629	50%	2015
Le Parc	Chengdu	Residential & commercial	20,028	50%	2016
Xiao Gang Wan	Qingdao	Residential & commercial	10,370	45%	2016
Wolong Bay (South)	Dalian	Residential & commercial	2,708	50%	2016
Yin Hu Wan	Jiangmen	Residential, commercial & hotel	4,599	45%	2017
Regency Cove	Wuhan	Residential, commercial & hotel	16,129	50%	2018
Putuo	Shanghai	Residential, commercial & hotel	7,750	30%	2018
Laguna Verona	Dongguan	Residential & commercial	18,630	50%	2019
Yangjiashan	Chongqing	Residential & commercial	33,250	48%	2022

Overseas

Major overseas properties under development

Name	Location	Property Type	Total Gross Floor Area (thousand sq ft)	Economic Net Interest	Expected Completion Date
Singapore					
The Vision	Singapore	Residential	362	50%	2013
Marina Bay	Singapore	Residential & commercial	2,088	17%	2014
United Kingdom					
Lots Road and Chelsea Harbour	London	Residential & commercial	850	48%	2016
Convoys Wharf	London	Residential & commercial	3,124	50%	2021

The development projects in Singapore and the UK continue to progress satisfactorily.

Hotels

The Group has ownership interests in 12 hotels in Hong Kong, the Mainland and the Bahamas, of which eight are managed through its 50% owned hotel management joint venture. In 2010, the hotels division recorded an increase in total revenue and EBIT of 16% and 62% respectively compared to 2009, primarily due to higher occupancy and average room rates in most hotels.



Harbour Plaza Hong Kong is rebranded as Harbour Grand Kowloon.

