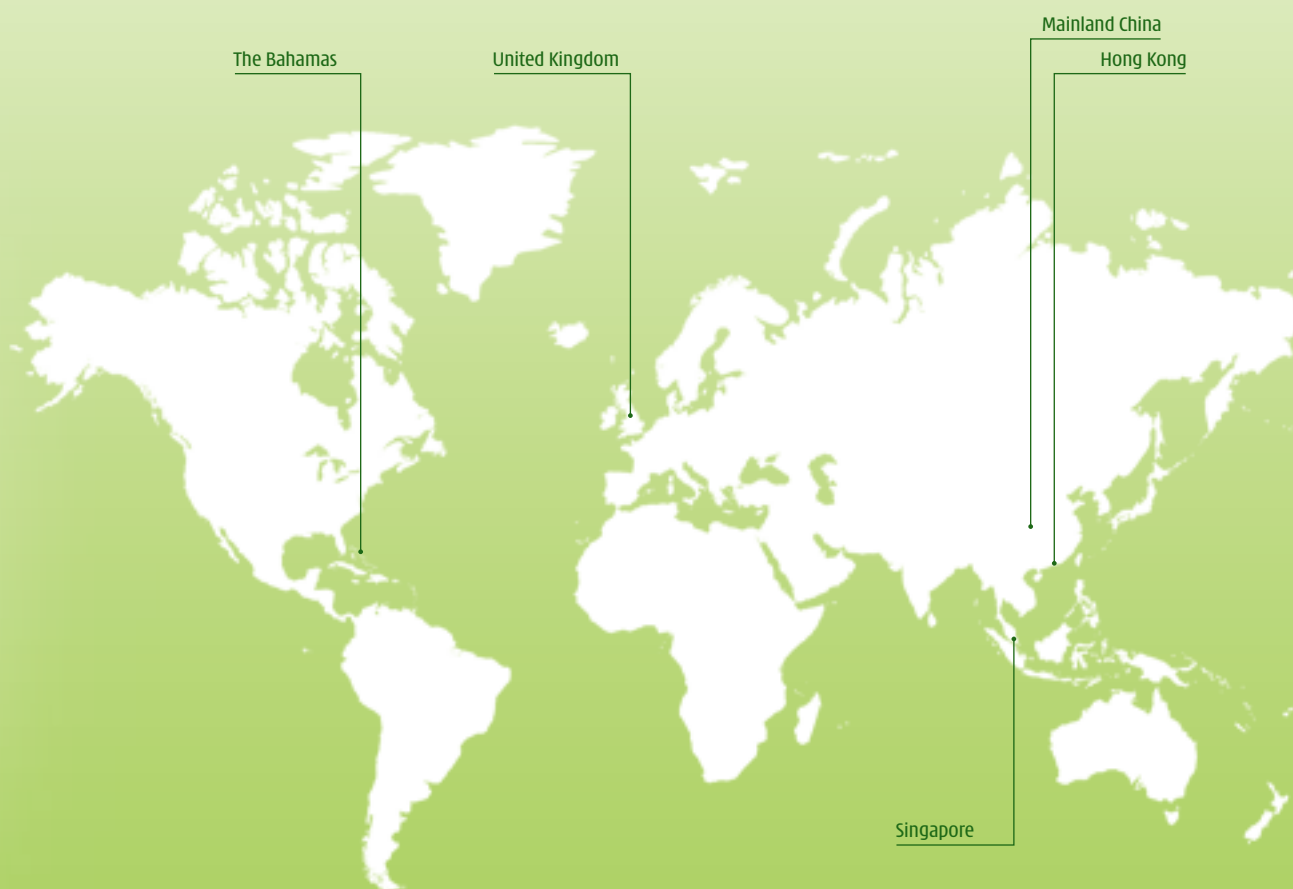




The Harbourfront, a large-scale urban redevelopment project in Qingdao.

Property and Hotels

The Group's property activities comprise an investment portfolio of approximately 14.1 million square feet of office, commercial, industrial and residential premises, developments of mainly residential projects in the Mainland and overseas, and ownership interests in a portfolio of 11 premium quality hotels.



- Total revenue increased 16% to HK\$19,970 million.
- EBITDA improved 10% to HK\$10,919 million.
- EBIT improved 11% to HK\$10,553 million.
- The division contributed 5%, 13% and 18% respectively to the total revenue, EBITDA and EBIT of the Group's businesses.

Operations Review – Property and Hotels

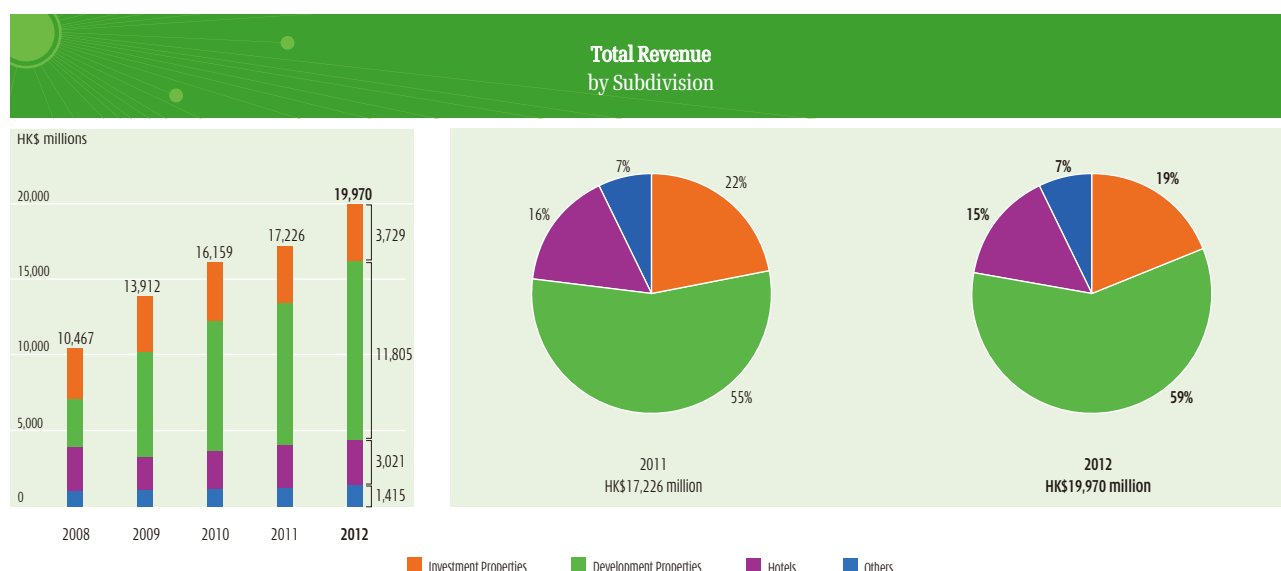
Group Performance

This division holds a diversified investment property portfolio of approximately 14.1 million square feet of office, commercial, industrial and residential premises, of which approximately 12.0 million square feet are located in Hong Kong. It includes interests in joint ventures for the development of high quality, mainly residential projects with an attributable interest in a landbank of approximately 92 million developable square feet, primarily in the Mainland. In addition, the Group has ownership interests in a portfolio of 11 premium quality hotels with a total inventory of 8,504 rooms, of which the Group's average effective interest is approximately 62% based on rooms.

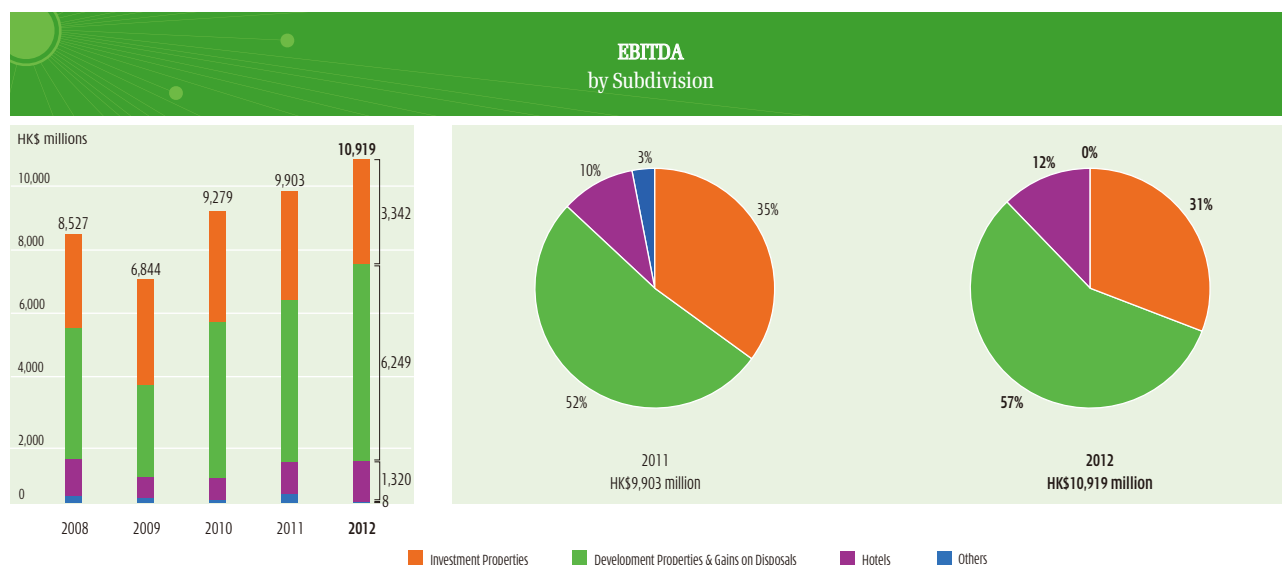
	2012 HK\$ millions	2011 HK\$ millions	Change
Total Revenue	19,970	17,226	+16%
EBITDA	10,919	9,903	+10%
EBIT	10,553	9,517	+11%

In local currencies, the division reported growth in total revenue, EBITDA and EBIT, excluding property revaluation, of 15%, 8% and 9% respectively. This division contributed 5%, 13% and 18% respectively to the total revenue, EBITDA and EBIT of the Group's businesses.

Significant sales growth was reported in all subdivisions other than Investment Properties. Reported rental income declined 1% compared with last year due to the disposal of certain investment properties during 2011, mostly offset by the solid occupancy and higher rental renewal rates in the Group's rental properties portfolio.



EBITDA and EBIT increased 10% and 11% respectively, primarily due to the completion and sale of various residential projects in the Mainland, strong earnings growth in the hotel operations, as well as higher gains on disposal of investment properties during the year.

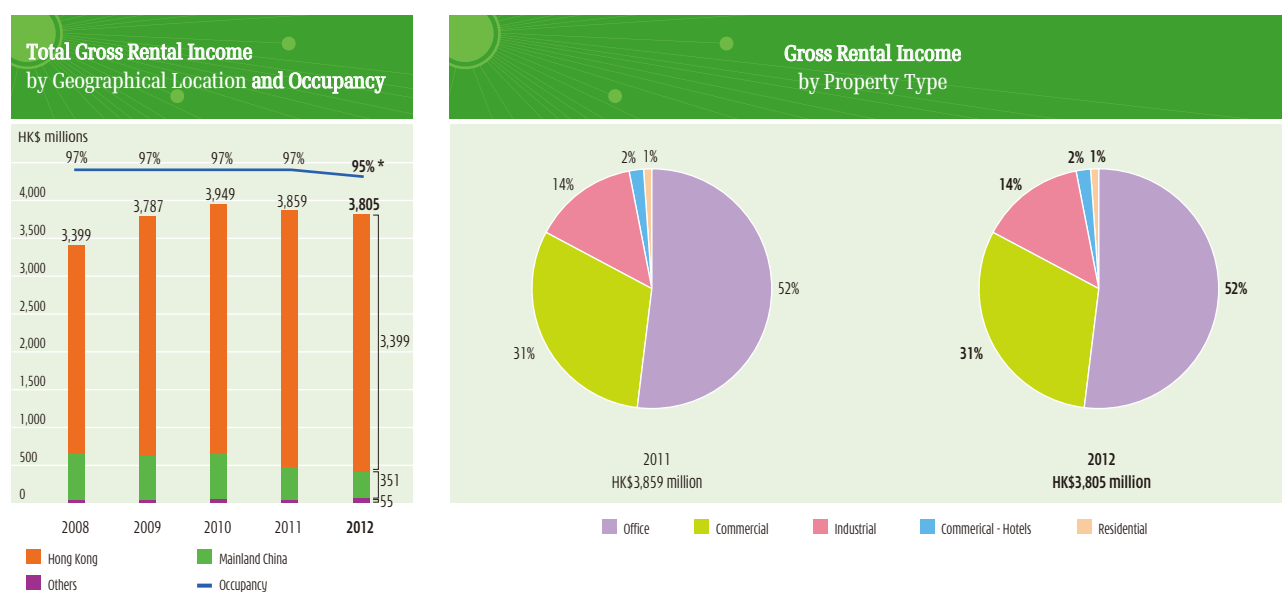


In addition to the EBITDA and EBIT above, the Group recorded an increase in fair value, after deferred tax expense and non-controlling interests, of HK\$1,113 million in 2012 (2011: HK\$590 million) in relation to its investment properties and investment properties under construction.

Segment Performance

Investment Properties

As mentioned previously, gross rental income, including the share of rental income from the commercial properties of our hotels division declined 1% compared with last year. The Group's rental properties portfolio generated a 7.4% yield on its carrying value of approximately HK\$50,700 million, including its attributable share from property joint ventures and commercial properties of our hotels division.



* Occupancy of 97% if committed leases that commence during 2013 are included.

Operations Review – Property and Hotels

Hong Kong

Major rental properties in Hong Kong

Name	Property Type	Total Gross Floor Area for Rent	Economic Net Interest	Leased
(thousand sq ft)				
Cheung Kong Center	Office	1,263	100%	83%*
Harbourfront Office Towers I and II	Office	863	100%	100%
Hutchison House	Office	504	100%	87%
Aon China Building	Office	259	100%	98%
Whampoa Garden	Commercial	1,714	100%	99%
Aberdeen Centre	Commercial	345	100%	100%
Hutchison Logistics Centre	Industrial	4,705	100%	99%

* Occupancy of 96% if committed leases that commence during 2013 are included.

The Group's portfolio of rental properties in Hong Kong, comprising approximately 12.0 million square feet (2011: 12.0 million square feet) of office (27%), commercial (28%), industrial (44%) and residential (1%) properties, continues to provide a steady flow of recurrent income. Gross rental income of HK\$3,399 million (2011: HK\$3,391 million), including the Group's share of associated companies' and jointly controlled entities' rental income, was broadly in-line with last year, reflecting higher lease renewal rates in 2011 and 2012, offset by the disposal of the Group's interests in the Belvedere Garden and Provident Centre investment properties at the end of 2011. All of the Group's premises remain substantially let.

The Mainland and Overseas

Major rental properties in the Mainland

Name	Location	Property Type	Total Gross Floor Area for Rent	Economic Net Interest	Leased
(thousand sq ft)					
Metropolitan Plaza	Chongqing	Office & Commercial	1,512	50%	98%
Westgate Mall & Tower	Shanghai	Office & Commercial	1,099	30%	98%
Metropolitan Plaza	Guangzhou	Commercial	957	50%	66%

The Group's various joint ventures in the Mainland and overseas hold a portfolio of investment properties totalling 4.5 million square feet, of which the Group's share is 2.1 million square feet (2011: 1.8 million square feet). The Group's share of gross rental income of HK\$406 million (2011: HK\$468 million) was 13% below last year, mainly as a result of the Group's interest in the Beijing Oriental Plaza investment property being accounted for as an investment following its separate listing on The Hong Kong Stock Exchange Limited ("SEHK") in April 2011, partly offset by part-year contributions from investment properties that were completed in 2012 including the Metropolitan Plaza in Guangzhou and the Phase 2 Marina Bay commercial properties in Singapore. The Group disposed of its entire interest in the Phase 2 Marina Bay commercial properties in Singapore at the end of the year.

Property Development and Sales

During the year, profits were recorded primarily from the sale of units in joint venture residential development projects in the Mainland and Hong Kong. The Group's recognised sales from development properties, including the Group's attributable share of revenue from associated companies and jointly controlled entities, increased by 26% to HK\$11,805 million in 2012, reflecting the increased volume of sales and completion activities. The Group's corresponding share of gross floor area sold amounted to 6.8 million square feet, an increase of 19% compared to 2011.

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 92 million square feet, of which 97% is in the Mainland (representing an average land cost of RMB220 per sq ft) and 3% in the UK, Singapore and Hong Kong. This landbank comprises 49 projects in 24 cities and is planned to be developed in a phased manner over several years.

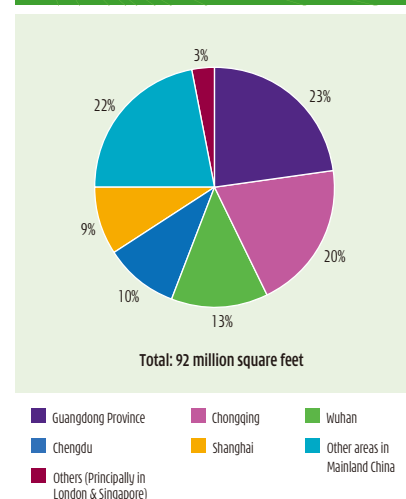
During the year, the division completed residential and commercial properties with an attributable gross floor area of approximately 8.5 million square feet. In 2013, the division will continue to focus on the orderly development and sale of its existing landbank projects and expects to complete an attributable share of gross floor area of approximately 10.4 million square feet of residential and commercial properties, primarily in 12 cities in the Mainland, and in Singapore and Hong Kong.

The Group is targeting contracted sales of over 11,400 residential units as well as the disposal of a number of commercial properties in the Mainland. A total attributable share of over 10.2 million square feet of gross floor area (which includes an attributable share of 0.8 million square feet of commercial properties) is expected to be sold, on a contracted sales basis, in 16 cities in the Mainland, Singapore and Hong Kong.

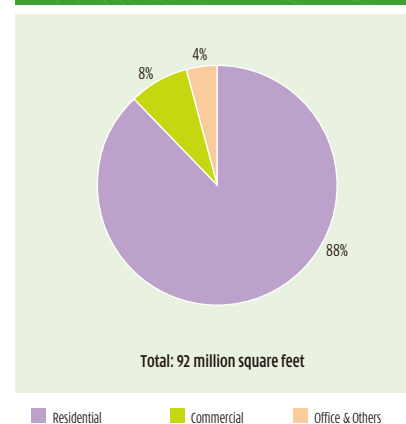


Changsha Noble Hills Phase 3 - Luxe Manor's flourishing greenery and impressive environment are well received by the residents.

Gross Floor Area of Development Projects by Geographical Location



Gross Floor Area of Development Projects by Property Type



Operations Review – Property and Hotels

Hong Kong

Major property completed in Hong Kong

Fifty-three of the remaining residential units in Uptown, Yuen Long, were sold during the year. The Group's share of revenue for development sales of associated companies and jointly controlled entities decreased by 87% to HK\$221 million with the Group's corresponding share of gross floor area completed and sold amounting to 30,000 square feet (2011 share of gross floor area completed and sold: 0.3 million square feet).

Major property under development in Hong Kong for rental

Name	Location	Property Type	Total Gross Floor Area	Economic Net Interest
(thousand sq ft)				
28 Barker Road	The Peak	Residential	29	100%

This high-end, low-density property development is located on The Peak, one of the most prestigious addresses in Hong Kong. The luxury residential units will be completed during 2013.

The Mainland

Major properties completed in the Mainland

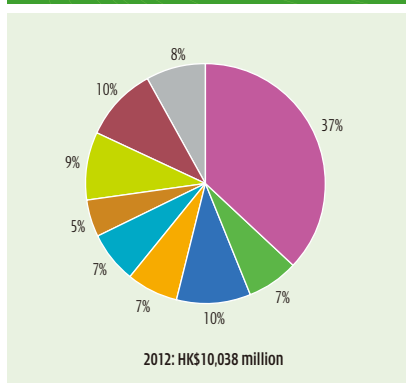
During 2012, an attributable share of approximately 8.3 million square feet in residential and commercial properties was completed in the Mainland as detailed in the table below.

Developments completed during 2012

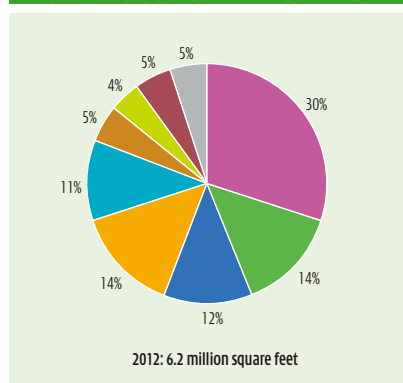
Name			Location	Property Type	Total Gross Floor Area	Economic Net Interest
(thousand sq ft)						
The Greenwich	Phases 2A, 2B & 3A	Xian Hi-Tech Industries Development Zone, Xian	Residential & Commercial	3,043	50%	
Regency Oasis	Phases 1B & 2	Wenjiang District, Chengdu	Residential	2,450	50%	
The Harbourfront	Land Plot No. 1	Shibei District, Qingdao	Residential & Commercial	2,313	45%	
Century Place	Phases 1 & 2	Futian District, Shenzhen	Residential & Commercial	1,931	40%	
Laguna Verona	Phases D1a, D1b1 & G1a	Hwang Gang Lake, Dongguan	Residential	1,768	49.9%	
Noble Hills	Phases 2A(2) & 2B	Douxi, Chongqing	Residential & Commercial	1,549	50%	
Cape Coral	Phase 3A	Panyu District, Guangzhou	Residential	905	50%	
Cape Coral	Phase 2A	Nanan District, Chongqing	Residential & Commercial	741	47.5%	
Noble Hills	Phase 1A	Zengcheng, Guangzhou	Residential	668	50%	
Le Sommet	Phases 1B, 2 & 4A	Longgang District, Shenzhen	Residential	645	50%	
Regency Garden	Phase 1	Pudong New District, Shanghai	Residential	367	42.5%	
The Metropolitan Tianjin	Phase 2	Yingkoudao, Heping District, Tianjin	Residential	341	40%	
Regency Park	Phases 1 & 2	Tianning District, Changzhou	Residential	339	50%	
Regency Park	Phase 2C	Jingyue Economic Development Zone, Changchun	Residential	190	50%	
Le Parc	Phase 6A	Chengdu High-Tech Zone, Chengdu	Commercial	138	50%	

The Group's share of recognised revenue from development sales, net of business tax, of associated companies and jointly controlled entities increased by 52% to HK\$11,562 million in the Mainland during 2012. The Group's corresponding share of gross floor area sold increased by 24% to over 6.7 million square feet, of which 6.2 million square feet related to residential properties and generated HK\$10,038 million in revenue. In addition, the Group's share of contracted sales revenue, net of business tax, of associated companies and jointly controlled entities increased by 113% to HK\$12,761 million in 2012. The Group's corresponding share of gross floor area related to contracted sales increased by 145% to 8.3 million square feet, of which 7.8 million square feet related to residential properties contracted sales and generated HK\$11,120 million in contracted sales revenue. Whilst these development projects generated profits to the Group, both the volume of sales activities and prices have somewhat been affected by the continued implementation of the Mainland Government's economic policies aimed at preventing residential property price inflation. Development profits from recognised sales in the Mainland contributed HK\$4,566 million to the Group's EBITDA during the year, 54% higher than 2011. Development profits together with the gains recognised on disposal of investment properties and others in the Mainland contributed HK\$4,911 million to the Group's EBITDA during 2012, an increase of 14% compared to 2011.

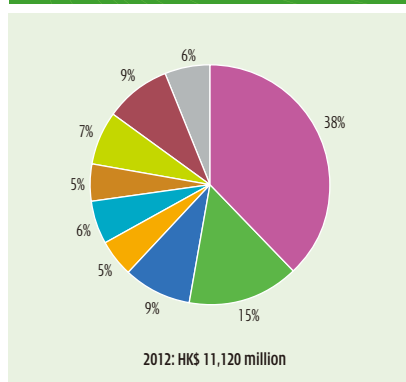
Residential Recognised Sales
by Geographical Location



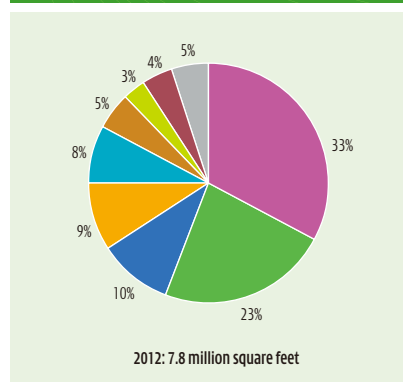
Residential Recognised Sales GFA
by Geographical Location



Residential Contracted Sales
by Geographical Location



Residential Contracted Sales GFA
by Geographical Location



■ Guangdong Province
 ■ Chengdu
 ■ Qingdao
 ■ Xian
 ■ Chongqing
■ Changchun
 ■ Shanghai
 ■ Beijing
 ■ Others

Operations Review – Property and Hotels

Major properties under development in the Mainland for rental or sales

The following table summarises the projects scheduled to be completed in 2013.

Name		Location	Property Type	Total Gross Floor Area	Economic Net Interest
(thousand sq ft)					
Le Parc	Phases 4A, 4B & 6B	Chengdu High-Tech Zone, Chengdu	Residential & Commercial	5,106	50%
The Metropolitan Tianjin	Phases 1 & 2	Yingkoudao, Heping District, Tianjin	Commercial	1,786	40%
Noble Hills	–	Baoan District, Shenzhen	Residential & Commercial	1,582	50%
Le Sommet	Phases 4B & 4C	Longgang District, Shenzhen	Residential & Commercial	1,286	50%
Regency Oasis	Phase 1B	Wenjiang District, Chengdu	Residential	1,220	50%
Noble Hills	Phase 3	Wangcheng County, Changsha	Residential	1,171	50%
Laguna Verona	Phases D1b2, D1c & G1a	Hwang Gang Lake, Dongguan	Residential & Commercial	1,029	49.9%
Regency Cove	Phase 1	Caidian District, Wuhan	Residential	962	50%
Cape Coral	Phase 3B	Panyu District, Guangzhou	Residential	904	50%
The Harbourfront	Land Plots No. 2 & 8	Shibei District, Qingdao	Residential & Commercial	897	45%
Cape Coral	Phase 2B	Nanan District, Chongqing	Residential	838	47.5%
Zhaomushan Land	No. G19	Liangjiang New Area, Chongqing	Residential	791	50%
Guangzhou Guoji Wanjucheng	Phase 2A	Huang Pu District, Guangzhou	Commercial	674	30%
Regency Park	Phase 3	Jingyue Economic Development Zone, Changchun	Residential	559	50%
Noble Hills	Phases 1A & 1B	Zengcheng, Guangzhou	Residential & Commercial	520	50%
Yuhu Mingdi	Phase 1	Luogang District, Guangzhou	Residential & Commercial	473	40%
Regency Garden	Phase 3	Pudong New District, Shanghai	Residential	269	42.5%
Regency Park	Phase 3A	Tianning District, Changzhou	Residential	179	50%
Regency Residence	Phases 1 & 2B	Nanguan District, Changchun	Residential & Commercial	112	50%

Overseas

Major overseas property under development for sales

The following project is scheduled to be completed in 2013.

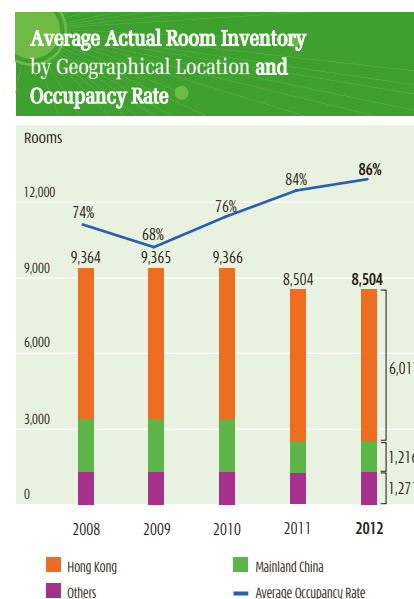
Name	Location	Property Type	Total Gross Floor Area	Economic Net Interest
(thousand sq ft)				
Marina Bay Phase 2	Singapore	Residential	469	17%

Hotels

The Group has ownership interests in 11 hotels in Hong Kong, the Mainland and the Bahamas, of which seven are managed through its 50% owned hotel management joint venture. In 2012, the hotels division recorded an increase in total revenue of 7% to HK\$3,021 million. EBITDA and EBIT increased by 29% and 42% to HK\$1,320 million and HK\$1,044 million respectively compared to 2011, primarily due to an increase in occupancy rate from 84% in 2011 to 86% in 2012 and higher average room rates in most of the hotels in Hong Kong, which have benefitted from an increase in Mainland visitors, as well as an improvement in the results from operations in the Bahamas.

The Group's attributable share of gross floor area of 1.9 million square feet in the eight hotels in Hong Kong, generated an average attributable hotel operating profit ("HOP") ⁽¹⁾ of HK\$38 per sq ft per month (ranging from HK\$12 per sq ft per month to HK\$78 per sq ft per month), and a 19.7% EBIT yield on its attributable carrying value of these hotels of approximately HK\$3,846 million.

Note 1: HOP represents EBITDA after depreciation of furniture, fixtures and equipment.



The newly renovated shopping arcade on the ground floor of The Kowloon Hotel is well situated in the heart of Tsim Sha Tsui tourist district.