

**The resident's club at Four Seasons in Shanghai is a combination of luxury, class, service and design.**



**The Paramount, a low density residential project developed on the mountain slope in Tai Po, attracts those who enjoy nature and tranquility.**



**Cheung Kong Center provides tenants with the most advanced technology and telecommunication systems.**

# Property development and holdings

The Group's property activities include the development and sale of high quality residential, commercial, office, hotel and recreational projects in Hong Kong, the Mainland and overseas. An investment portfolio comprising approximately 11.4 million sq ft of commercial, office, industrial and residential premises and the Group's portfolio of premium quality hotels provide a strong recurrent earnings base.



**Tierra Verde, conveniently located atop the Tsing Yi Airport Railway Station, provides residents with easy access to anywhere in the territory.**



Located along the Hung Hom waterfront, the Harbourfront offers stunning views of the Hong Kong harbour as well as excellent facilities for tenants.

**Earnings before interest and tax from the property division, which arose mainly from rental income and development profits from the sale of phase one of Tierra Verde in Tsing Yi, amounted to HK\$2,851 million (1997 – HK\$3,717 million) before exceptional provisions of HK\$750 million (1997 – HK\$750 million) and HK\$1,700 million against the Group’s property developments at Wan Hoi Street and Tung Chung respectively.**

#### **HONG KONG – PROPERTY SALES**

During the year, the Group successfully presold all 3,500 units of the Tierra Verde residential project at Tsing Yi. Phase one of the development, which comprises five towers with approximately 1.15 million sq ft, was completed during the year and the related profit was recorded in 1998. Phase two of the project, which comprises seven

towers with approximately 1.53 million sq ft, is on schedule for completion this year. The Group has a 60% interest in the consortium that is developing this project. The Paramount at Tai Po, a 132,000 sq ft residential project in which the Group has a 35% interest, was completed and substantially sold during 1998.

In addition the Group sold 16 residential units at Las Pinadas in Clearwater Bay and a



portion of its remaining inventory of carparks. Profits from the sale of carparks were substantially lower than in the previous year as the majority of the Group's carparks were sold in 1997.

### HONG KONG – PROPERTIES UNDER DEVELOPMENT

The Group has a number of projects under development in Hong Kong. The occupation permit for the first 25 floors of the 62 storey Cheung Kong Center was received in October 1998. Upon completion of the second phase in early 1999, the office tower will provide approximately 1.26 million sq ft of gross floor area. Cheung Kong Center is one of Hong Kong's most technologically advanced buildings providing state-of-the-art telecommunications infrastructure and flexible working space. Approximately 70% of the tower has been committed pursuant to long term leases and the continuing interest has been encouraging.

The Group's 39.1% owned North Point twin tower office and hotel is on schedule for completion in the second half of this year and will provide 212,000 sq ft of office and commercial space and approximately 800 hotel rooms. Presales of the 1.39 million sq ft residential project at Ma On Shan, in which the Group has a 50% interest, is scheduled for later this year and completion of construction is expected in early 2000.

Work is progressing on schedule at the 1.4 million sq ft development above the Kowloon-Canton Railway terminus in Hung Hom. The Group has a joint venture interest with a profit sharing arrangement in this project comprising three office towers, a hotel and a shopping arcade which is expected to be completed in 2000. A 50% owned 229,000 sq ft residential project for sale on Broadcast Drive is due to be completed in 2000.

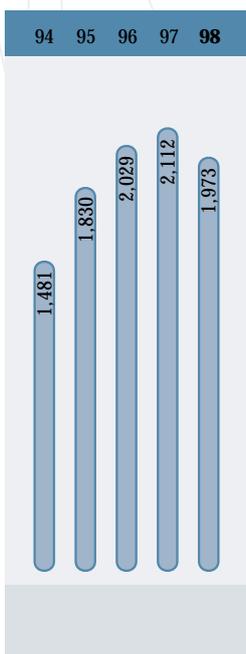
During the year, work commenced on a 672,000 sq ft residential and commercial





**Qingdao's Pacific Plaza** office complex includes a high class shopping centre and an underground car park.

**Gross rental income** (includes intra group rental)  
HK\$ millions



ROYAL GATE KENSINGTON  
WRIGHTS LANE • KENSINGTON • LONDON W8

大都會商廈  
METROPOLITAN TOWER  
中國重慶  
CHONGQING CHINA

HARBOUR  
PLAZA  
HONG KONG

project at Wan Hoi Street in Hung Hom, adjacent to the Group's Harbour Plaza Hotel. The Group has a 50% interest in this development which is expected to be completed in 2001. In March, a consortium in which Hutchison has a 42.5% interest, won the tender for a site near Canton Road in Kowloon. Plans are well advanced to construct a residential and commercial complex for completion in 2001.

In 1998, Hutchison acquired a 70% interest in a site on Tsing Yi Island and plans are well advanced to develop a commercial and serviced suites complex of approximately 2.5 million sq ft for completion in 2003.

At Tung Chung, the Group has a joint venture interest with a profit sharing arrangement in a multi phase residential and commercial development near the new Hong Kong International Airport which is scheduled for completion in phases from 2002 to 2003. This development will provide approximately 4.4 million sq ft of residential units and a shopping centre.

**HONG KONG - RENTAL PROPERTIES**

The Group's portfolio of approximately 11.4 million sq ft of commercial, office, industrial and residential investment properties remained virtually fully let in 1998, providing quality recurrent income and cash flow. Overall gross rental income declined by approximately 7% during the year mainly due to extensive renovations at certain commercial properties.

**MAINLAND CHINA - PROPERTIES UNDER DEVELOPMENT**

In the Mainland, the Group has interests in a number of joint ventures to develop properties in phases over the next five years. In Beijing, a topping out ceremony was recently held at the Beijing Oriental Plaza project, which, when fully



**Metropolitan Plaza in Chongqing houses one of the largest indoor shopping arcades in the Mainland with shopping, dining and recreational facilities.**

completed in phases to 2003, will provide over six million sq ft of office and retail space, a hotel and service apartments. Construction of the first phase shopping mall is on schedule to open in 2000. The Group has an 18% interest in this project.

In Chongqing, the 898 flat second phase of a low cost housing project, in which the Group has a 50% interest, was completed on schedule during the year and has been sold.

In Qingdao, satisfactory progress was made on the construction of the second phase of Pacific Plaza. Two of the five residential towers were substantially completed during the year and are being offered for sale this year. The Group has an effective 15% interest in this phase of the project which comprises a total of 492,000 sq ft of residential space.

In Shanghai, the Group has a 50% interest in a low density housing development in the Huamu district of Pudong. Construction of 96 houses and a

clubhouse comprising the first phase was completed on schedule during the year and completion of the remaining development is scheduled for 2000.

In 1998, a joint venture in which the Group has a 50% interest, acquired a site near the Futian central district in Shenzhen and is planning to develop a 4.4 million sq ft residential project. Completion is scheduled in phases from 2001 to 2006.

In February this year, the Group increased its interest from 35% to 50% in a project to develop a 4.8 million sq ft luxury residential estate adjoining a golf course in Zhuhai. Completion of phase 1, which now comprises 720 residential units, is planned for 2001 with the final phase due for completion in 2005.

#### MAINLAND CHINA – RENTAL PROPERTIES

In the Mainland, the Group has a 50% interest in 957,000 sq ft of retail space at Metropolitan Plaza in Chongqing of which over 85% is under lease. During 1998

**The Beijing Oriental Plaza will comprise eight Grade A office towers, a modern shopping centre, a five star hotel and two blocks of service apartments.**



construction of the 554,000 sq ft of office tower (50% interest), adjacent to the Metropolitan Plaza, was completed and a leasing campaign is in progress. The Group also had a 21% interest (increased to 30% in 1999) in 687,000 sq ft of retail space (98% leased) and a 367,000 sq ft office tower (74% leased) at Westgate Mall in Shanghai. These developments are generating rental income in line with expectations.

#### **OVERSEAS – PROPERTIES UNDER DEVELOPMENT**

##### ***Grand Bahama Island***

The redevelopment of a resort hotel complex and two world class golf courses on the island progressed satisfactorily and completion is scheduled in phases later this year and next year. The hotel will provide 1,259 rooms and suites and will be the largest resort complex on the island. The Group has a 50% interest in a joint venture with the Grand Bahama Island Port Authority in a 741 acre

undeveloped industrial site which links the airport, container terminal and harbour. Planning is at an early stage for the construction of a sea / air business and industrial centre on this site.

##### ***London***

The Group's 47.5% owned Royal Gate Kensington residential development was completed during the year and all the flats in this 132 unit development have been substantially sold and the profit recorded in 1998. Construction is scheduled to begin this year on the Group's 42.5% owned, 105,000 sq ft Belgravia Place residential development near Sloane Square and completion is expected in 2000. The Group entered into a joint venture (22.5% interest) to develop an approximately 164,000 sq ft residential building at the Montevetro site on the River Thames and completion is planned for 2000. The Group also has a 45% interest in a site near the Albion and Bridge Wharves which will be developed into a residential and commercial complex. Construction is expected to commence this year with completion scheduled in 2001.

##### ***Tokyo***

The Group has an approximate 45% interest in a site in the Marunouchi district of Tokyo which is being developed into an approximately 800,000 sq ft high rise office tower. The project is expected to be completed in 2001.

**The Royal Gate  
Kensington, in the heart  
of London, allows easy  
access to shopping and  
entertainment.**





The Elegance at Sheraton, the newly renovated shopping mall at the Sheraton Hong Kong Hotel and Towers, attracted tenants from renowned brands.

## HOTELS

The Group owns and operates several hotels in Hong Kong, the Mainland and the Bahamas. The performance of the Group's two hotels in Hong Kong was adversely affected by competition for the continuing low number of Hong Kong visitor arrivals which effectively reduced room rates. At the Sheraton Hong Kong Hotel and Towers, in which the Group has a 39% interest, earnings were also affected by the renovations made to the shopping podium and reception area of the hotel which were completed during 1998. The wholly owned Harbour Plaza Hotel performed well by maintaining its occupancy at the same level as in the previous year, although average room rates were lower.

The Harbour Plaza Beijing (95% interest), reopened in April 1998 following an extensive renovation with 429 rooms and suites. This hotel, along with the Great Wall Sheraton in which the Group has a 49.8% interest, reported lower occupancy levels and room rates in line with the increasingly competitive Beijing market.

The Harbour Plaza Chongqing (50% interest), a 425 rooms and suites hotel, commenced operation in June 1998 and is situated in the heart of the city adjacent to the Metropolitan Plaza shopping mall and office tower complex. The hotel is the first international standard premium quality hotel to open in Chongqing.

There are two hotels under development, in addition to the hotels being developed in connection with the Group's property development activities mentioned above. The 321 room Harbour Plaza Kunming, in which the Group has a 95% interest, is being developed and is on schedule to open in April this year in time for the International Horticultural Exposition to be held in Kunming from May to October 1999. Plans are underway for the construction of a hotel (49% interest) on an approximately 86,000 sq ft site in Ma On Shan, Hong Kong.

Harbour Plaza Chongqing has the advantage of its proximity to the airport and railway station.

