

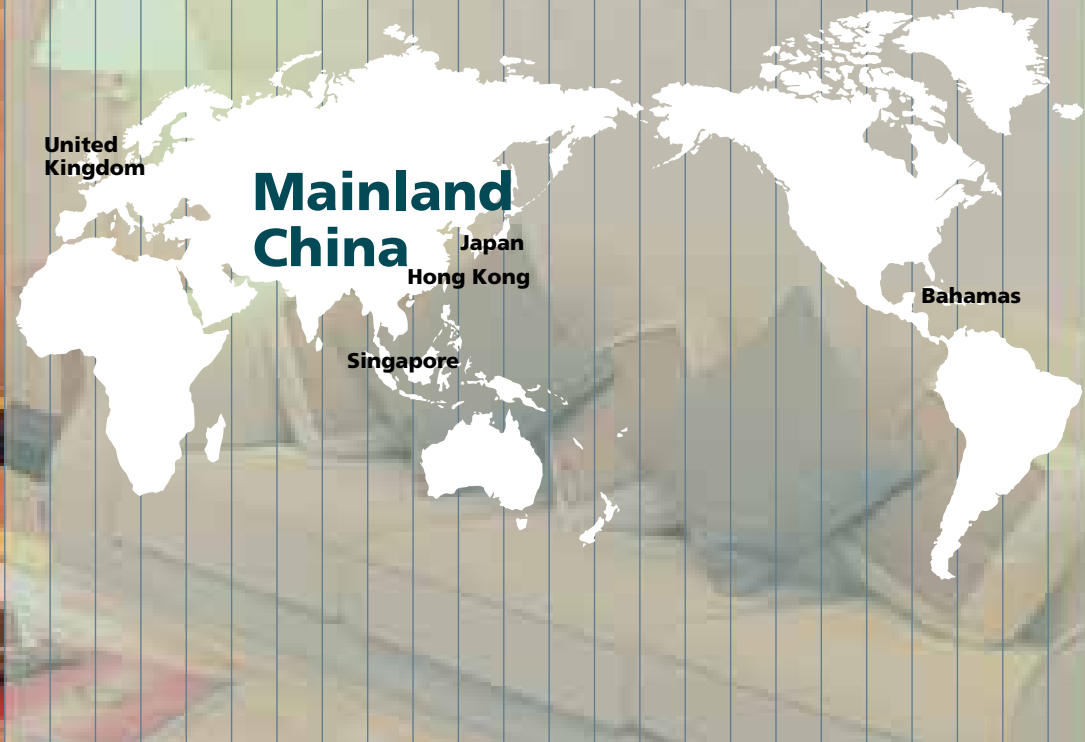


Prime portfolios

At 12:45 hr in Shenzhen, China, Paul Yang, a sales consultant with the Hutchison Whampoa Property Group (“HWPG”), shows the Chows around one of the newly completed showflats at Phase II of the Le Parc residential development. Paul is a member of the 7,600 strong HWPG staff devoted to the development and marketing of quality residential and commercial property.



12:45 hr

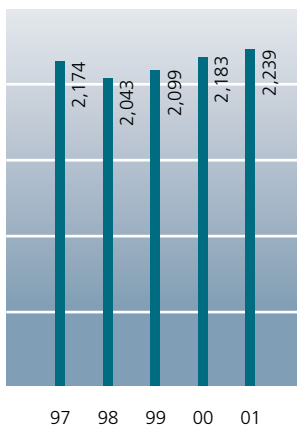


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The Group's property activities comprise an investment portfolio of approximately 15.0 million sq ft of commercial, office, industrial and residential premises which provide a steady flow of recurrent income. This division's activities also include interests in joint ventures for the development and sale of high quality residential, commercial, office, hotel and recreational projects mainly in Hong Kong and the Mainland, and selectively overseas. In addition, the Group operates a portfolio of premium quality hotels.

Turnover for the property and hotels division for 2001 totalled HK\$5,516 million, a decrease of HK\$1,757 million, or 24%, compared to 2000, mainly due to reduced development activity in Hong Kong. Gross rental income from the Group's investment properties including the Group's share of associated companies, grew 3% in 2001 to HK\$2,239 million. EBIT from the property and hotels division, which arose mainly from rental income, amounted to HK\$1,717 million, an increase of 12%, mainly due to increased profits from overseas developments. As a result of deflationary pressure in Hong Kong, residential property prices continued to decline and a provision of HK\$1,500 million was made during the year against two of the Group's property development projects (2000 – nil).

Gross Rental Income
HK\$ millions



Caribbean Coast is situated in the picturesque Tung Chung new urban centre, close to the Hong Kong International Airport in Chek Lap Kok.

HONG KONG – RENTAL PROPERTIES

The Group's portfolio of rental properties in Hong Kong of approximately 12.4 million sq ft of office (24%), commercial (24%), industrial (51%) and residential (1%) properties continues to provide a strong recurrent earnings base. Gross rental income, including the Group's share of associated companies of HK\$2,044 million, was in line with last year. All of the Group's premises remain substantially fully let at satisfactory rental levels.

HONG KONG – PROPERTIES UNDER DEVELOPMENT

There were no material development profits in Hong Kong in 2001 due to the timing of completion of projects. Presales activity commenced during the year for phase one of Caribbean Coast, a multiphase residential and commercial development totalling 4.4 million sq ft at Tung Chung in which the Group has a joint venture interest with a profit sharing arrangement. Construction is on schedule for a phased completion of the development between 2002 and 2005. The Group has made a prudent provision for this project.



An imposing 72 storey development on the Hunghom waterfront, The Harbourfront Landmark is the highest waterfront residential building in Hong Kong.

During the year, the occupation permit was obtained for the Harbourfront Landmark, a 597,000 sq ft residential and 75,000 sq ft commercial project at Wan Hoi Street in Hunghom adjacent to the Harbour Plaza Hotel. The Group has a 50% interest in this three tower development. Construction is well advanced at the 1.4 million sq ft development, the Metropolis above the Kowloon Canton Railway terminus in Hunghom. The office tower and hotel were completed in 2001 and the two serviced apartment towers are scheduled for completion in 2002. The Group has made a provision for this project.

The Victoria Towers, a 1.0 million sq ft residential and commercial complex on Canton Road in Kowloon, is expected to be completed in the second half of 2002. Presales activity has commenced on this project, in which the Group has a 42.5% interest. The extensions of the Group's Harbourfront I and II towers are on schedule for completion in 2003 to provide 270,000 sq ft of additional offices and serviced suites which will provide additional rental income to the Group.

Construction has commenced on a hotel and serviced suites complex of 1.7 million sq ft on Tsing Yi Island which is scheduled for completion in 2003. The Group has a 70% interest in this project which is comprised of a three tower hotel complex and five towers of serviced suites. Adjacent to this site, planning is underway for the development of a 344,000 sq ft office complex which is scheduled for completion in 2004.

Shanghai Seasons Villas comprises luxurious villas and serviced apartments in Pudong.



MAINLAND CHINA – RENTAL PROPERTIES

The Group's various joint ventures in the Mainland have a portfolio of investment properties totalling 7.8 million sq ft, of which the Group's share is 2.4 million sq ft. The portfolio includes a 50% interest in the 957,000 sq ft Metropolitan Plaza commercial podium in Chongqing (93% occupied) and the 554,000 sq ft of office space above the podium (62% occupied); in Shanghai, a 30% interest in the 687,000 sq ft Westgate shopping mall (97% occupied) and 367,000 sq ft of office space (99% occupied) in the office tower; and in Pudong district, Shanghai, a 50% interest in 878,000 sq ft of a low rise residential development called Seasons Villas (68% occupied). In addition, the Group has an 18% interest in the 6.0 million sq ft multiphase development, Beijing Oriental Plaza. Three office towers of 1.6 million sq ft and two towers of hotel and serviced apartments of 1.0 million sq ft were completed during the year. At the end of the year, the commercial podium (1.0 million sq ft) and the six completed

office towers, (2.6 million sq ft) were substantially leased at satisfactory rentals. The final phase of this development comprises two office towers and two towers with 674 serviced apartments which will be completed in 2002 and 2003 respectively.

MAINLAND CHINA – PROPERTY SALES

Satisfactory profits from the sale of 808 units in phase one of Le Parc in Shenzhen were recorded in 2001. Le Parc is a residential development comprising four phases near the Futian central district in which the Group has a 50% interest. The Group also has a 50% interest in the Horizon Cove project in Zhuhai, a six phase project to develop 4.8 million sq ft of residential villas and apartments. Phase one totalling 779,000 sq ft was substantially presold and completed during the year and a profit recorded.

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 six years. In Shenzhen, the remaining phases of the Le Parc development, which comprise a further 3.3 million sq ft of residential and commercial space, are targeted for completion by 2003. In Zhuhai, phase two of Horizon Cove, comprising 927,000 sq ft of villas and apartments is expected to be completed during 2002. The remaining 3.1 million sq ft of this project are scheduled for completion in phases by 2006.

In Shanghai, the Group has a 50% interest in a joint venture which is continuing to develop the 1.3 million sq ft low density housing project, Seasons Villas, in the Huamu district of Pudong. The final phases, comprising 408,000 sq ft development, are scheduled for completion in 2002. At a nearby site, the Group has a 31% interest in a joint venture for the phased development, over the next three years, of a 1.7 million sq ft villa and apartment complex. The Group also

has a 50% interest in Walton Plaza, a 1.6 million sq ft residential and office development in the Xuhui district in Shanghai. Construction remains on schedule for completion of 94,000 sq ft of residential units in 2002 and 581,000 sq ft in 2003, and the 919,000 sq ft office tower in 2004.

In Qingdao, at the Pacific Plaza development, the remaining 239,000 sq ft of residential units in two high rise towers and the low rise office block of 21,000 sq ft are expected to be completed in 2002. The Group has an effective 15.3% interest in this project.

Adjacent to the 27 hole Harbour Plaza Golf Club, in which the Group has a 42% interest, the Group has a 47.3% interest in a 3.4 million sq ft development near Houjie, Dongguan. The next phase of this multiphase deluxe residential housing development, The Lakeside, consists of 864,000 sq ft and is due for completion in 2003. Presale activity has recently commenced.



Dongguan Harbour Plaza Golf Club boasts 27 championship holes covering a total site area of 14 million sq ft.

Planning for a residential and commercial complex above the Guangzhou Huangsha Underground Railway Station, in which the Group has a 50% interest, is progressing and the first phase is currently planned for completion in 2004. When completed, the project will consist of 3.4 million sq ft of residential and commercial space.

During the year the Group substantially increased its landbank in Mainland China by entering into a number of new joint ventures to develop an aggregate of 13.1 million sq ft of property, including: a 1.7 million sq ft medium and high rise residential and commercial project in Gubei district, Shanghai (50% interest) for completion between 2003 and 2004; a 2.3 million sq ft low rise residential project in Jiangbei district, Chongqing (50% interest) for completion between 2003 and 2005; and a 7.9 million sq ft multiphase low and medium rise residential development in Panyu Dashi district, Guangzhou (50% interest) for completion between 2003 to 2007.

Albion Riverside is located on the banks of the River Thames, London, between two listed Victorian landmarks, the Albert Bridge and the Battersea Bridge.

OVERSEAS – PROPERTY SALES

The Group's 42.5% owned residential project to develop 41 residential units totalling 116,000 sq ft at Belgravia Place, London in the UK was all presold in 2000 and construction was substantially completed in 2001. A satisfactory profit was recorded on 34 units handed over to the owners in the second half of the year.

OVERSEAS – PROPERTIES UNDER DEVELOPMENT

London

The Group has a 45% joint venture interest in a site at the Albion and Bridge Wharves, which is being developed into a residential and commercial development, Albion Riverside, totalling 391,000 sq ft for completion in 2003. The presale programme is progressing well. The Group also has a 22.5% interest in a 731,000 sq ft residential and commercial development on Lots Road which is scheduled for completion in phases from 2005 to 2008. During the year, the Group acquired a 22.5% interest in a 169,000 sq ft residential development in phase two of the Chelsea Harbour development on the River Thames, which is due for completion in 2003 and 2004.



Singapore

Construction is continuing on the Costa Del Sol project, a 1.5 million sq ft residential development which is due for completion in 2003. Approximately 25% of this development, in which the Group has a 24% interest, has been presold.

The Group also has a 50% interest in Cairnhill Crest, a 440,000 sq ft residential development at Cairnhill Circle, which is now scheduled for completion in 2004.

Tokyo

The Group has an effective 38% interest in a 786,000 sq ft high rise office and hotel tower, Pacific Century Place, which is adjacent to the Tokyo Station in the Marunouchi district. Construction of the office premises was completed at the end of 2001, and these are substantially let at satisfactory rental levels. The 57 room deluxe hotel is scheduled for completion in the second half of 2002 and will be managed by the Four Seasons hotel group.

Costa Del Sol in Singapore includes 430,000 sq ft of spacious landscaped gardens.

HOTELS

The Group has interests in ten operating hotels in Hong Kong, the Mainland and the Bahamas and the Group manages seven of these hotels. Two additional hotels are currently under construction for completion in 2002.

The hotel industry in Hong Kong was affected by the slow economy and a reduced number of travellers, especially in the latter part of the year. As a result of lower occupancy levels, the Harbour Plaza Hong Kong reported an 8% decrease in EBIT, and the Sheraton Hong Kong, in which the Group has a 39% interest, reported a 9% decrease. The Harbour Plaza North Point (39.1% interest) performed satisfactorily in its first full year of operation and reported breakeven EBIT.





Located in the heart of Beijing, Oriental Plaza is Asia's largest commercial complex.

The Group's hotels in China improved their results, although an overall loss was reported due to start up losses of the two new hotels and continuing strong competition. The Harbour Plaza Beijing (95% interest) reported improved room rates while the Sheraton Great Wall (49.8% interest) reported improved operating results after completing a room renovation programme. The Harbour Plaza Chongqing (50% interest) reported improved occupancy while the Harbour Plaza Kunming (95% interest) reported improved occupancy and room rates. The Times Plaza Shenyang (87.4% interest), a 274 room mid-range hotel, commenced operations in June. The Grand Hyatt Beijing at Oriental Plaza (18% interest), a 591 room and 277 serviced suite premium hotel, commenced operations in October.

Our Lucaya, the 1,271 room hotel and golf resort on Grand Bahama Island, commenced full operations at the beginning of 2001. It was adversely affected by the September 11 terrorists attacks which resulted in a significant reduction in tourist arrivals. Start up losses were greater than expected.

The Harbour Plaza Metropolis in Hunghom (25% interest), a 288 room and 402 serviced suite complex, is scheduled to commence operation in the first half of 2002. The Harbour Plaza Ma On Shan (49% interest) with 831 serviced suites is scheduled to open in mid 2002.