





10,492

Hotel rooms managed or owned by the Group

56,752,000

Floor area managed by Hutchison Properties in square feet

48,700,000

Properties under development in square feet



- 1 Japan
- 2 Hong Kong
- 3 Mainland China
- 4 Singapore
- 5 United Kingdom
- 6 The Bahamas

The Group's property activities comprise an investment portfolio of approximately 16.4 million square feet (2003 - 15.7 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 residential, commercial, office, hotel and recreational projects mainly in Hong Kong and the Mainland, and selectively overseas. In addition, the Group has ownership interests in a portfolio of 11 premium quality hotels.

Turnover of the property and hotels division for 2004 totalled HK\$9,117 million, a decrease of 19%, mainly due to lower sales from completed development projects. EBIT of HK\$3,125 million reflects the improvement of the hotel businesses which offsets the effect from lower development profits. This division contributed 6% to both the Group's turnover and EBIT from its established businesses. With the retrospective adoption of Hong Kong Accounting Standard ("HKAS") 40 (see Note 1(a) to

Gross Rental Income

HK\$ millions



the accounts), changes in the market value of investment properties are now reflected in the results of the Group. In addition to the EBIT above, the Group recorded a gain in valuation of investment properties of HK\$5,302 million.

Rental Properties

Hong Kong

The Group's portfolio of rental properties in Hong Kong, comprising approximately 12.7 million square feet (2003 - 12.6 million square feet) of office (25%), commercial (24%), industrial (50%) and residential (1%)

Major rental properties in Hong Kong

Name	Type Property	Total Gross Floor Area for Rent ('000 sq ft)	Group's Interest	% Leased
Cheung Kong Center	Office	1,263	100%	97%
Hutchison House	Office	504	100%	95%
Harbourfront Office Towers I and II	Office	863	100%	96%
Aon China Building	Office	259	100%	100%
Whampoa Garden	Commercial	1,714	100%	96%
Aberdeen Centre	Commercial	345	100%	100%
Hongkong International Distribution Centre	Industrial	4,705	88%	99%

Major rental properties in the Mainland and Overseas

Name	Location	Property Type	Total Gross Floor Area for Rent	Group's Interest	% Leased
('000 sq ft)					
The Mainland					
Oriental Plaza	Beijing	Office, serviced apartments & commercial	5,490	18%	82%
Westgate Mall & Tower	Shanghai	Office & commercial	1,099	30%	100%
Metropolitan Plaza	Chongqing	Office & commercial	1,512	50%	97%
Seasons Villas	Shanghai	Residential	1,256	50%	94%
Japan					
Pacific Century Place Marunouchi	Tokyo	Office & hotel	786	38%	100%

properties, continues to provide a strong recurrent earnings base. Gross rental income of HK\$1,795 million, including the Group's share of associated companies' rental income, was 3% below last year, mainly due to lower rentals on lease renewals last year as a result of deflationary pressures. All of the Group's premises remain substantially fully let. Gross rental income is expected to remain stable and in the near term, as leases are renewed, should begin to increase.

The Mainland and Overseas

The Group's various joint ventures in the Mainland and overseas hold a portfolio of investment properties totalling 11.4 million square feet, of which the Group's share is 3.7 million square feet (2003 - 3.1 million square feet). The Group's share of gross rental income of HK\$596 million was 15% above last year, mainly due to higher rentals from the Mainland properties.

EBIT from Property and Hotels:

HK\$3,125 million



- *The splendid view of the Pearl River and the meticulously designed artificial waterway is one of the major attractions of the Guangzhou Cape Coral.*

Property Sales and Properties under Development

During the year, profits were recorded primarily from the completion and sale of two residential developments and a hotel in Hong Kong, and four residential developments in the Mainland. As a result of a recovery in the residential property market in Hong Kong in 2004, a provision of HK\$270 million, which was made against a property development in Hong Kong in previous years, was released in the first half of 2004.

In 2004 and in the first few months of this year, the Group increased its landbank in the Mainland by entering into joint ventures to develop mainly residential properties with a total gross floor area of approximately 72.2 million square feet of which the Group's share is 34.7 million square feet. Including these recent additions, the Group's current joint venture share of landbank being developed totals approximately 48.7 million square feet of which 2% is in Hong Kong, 97% is in the Mainland and 1% is overseas. These projects are scheduled for completion in phases from 2005 to 2020 and are expected to provide satisfactory returns and steady development profits to the Group.

Hong Kong

In 2004, the Group sold the remaining 219 units of serviced suites at Rambler Crest in Tsing Yi. One of the three hotel towers at Rambler Crest, which was pre-sold last year, was completed during the year and the profit was recorded. Albany Cove, Phase II of the Caribbean Coast residential development in Tung Chung, was completed and all units were sold during the year. Carmel Cove, Phase III of this development, is expected to be completed this year and pre-sale activity is progressing well.

The Mainland

In the Mainland, Dynasty Garden in Baoan, Shenzhen was completed during the year and 593 units were sold. Phase I of Cape Coral, a residential development in Guangzhou Panyu Dashi, was completed during the year and 122 units were sold. Phase IIIA of residential development Zhuhai Horizon Cove was completed during the year and 742 of the units were sold. This project is scheduled for completion in phases in 2006. The other projects under development are progressing well.

Major properties in Hong Kong under development

Name	Location	Property Type	Total Gross Floor Area	Group's Interest	Completion Date
('000 sq ft)					
Caribbean Coast - Phase III to IV	Tung Chung	Residential	2,143	40% to 50%	2005-06



- Located on a hill slope in the north of Central Baoan and modelled on European renaissance forms, Shenzhen Dynasty Garden offers spectacular panoramic views.

Major properties in the Mainland under development

Name	Location	Property Type	Total Gross Floor Area	Group's Interest	Completion Date
			('000 sq ft)		
Regency Park	Shanghai	Residential & commercial	1,516	50%	2005 - 06
Horizon Cove - Phase III & IV	Zhuhai	Residential	1,905	50%	2005 - 06
Cape Coral, Panyu Dashi	Guangzhou	Residential & commercial	3,831	50%	2005 - 07
International Toys and Gifts Center	Guangzhou	Commercial	2,914	30%	2005 - 07
Dongguan Laguna Verona	Dongguan	Residential & commercial	13,700	47%	2005 - 13
Shanghai Gubei	Shanghai	Residential & commercial	1,667	50%	2006
The Greenwich	Beijing	Residential	3,947	46%	2006 - 07
Huangsha underground railway development	Guangzhou	Residential & commercial	3,637	50%	2006 - 07
Shenzhen Guanlan	Shenzhen	Residential	1,697	19.5%	2007
Shanghai Minhan District Maqiao Town	Shanghai	Residential	490	42.5%	2007
Chongqing Nanan Project	Chongqing	Residential & commercial	4,113	47.5%	2007 - 08
A commercial complex development at Futian District	Shenzhen	Residential, office & commercial	1,597	50%	2008
Shenzhen Feng Huang Shan development	Shenzhen	Residential & commercial	3,140	50%	2009
Xian Hi-Tech Industrial Development Zone	Xian	Residential, office & commercial	11,440	50%	2009
Chengdu residential development	Chengdu	Residential & commercial	26,310	50%	2020



- *Albion Riverside, designed by the renowned architect Sir Norman Foster, is located on the southwest bank of the River Thames in Battersea and provides 196 luxury apartments, penthouses and offices.*

Overseas

In Singapore, the residential development, Cairnhill Crest, was completed in 2004 and sales activities were started during the year. Other development projects in the UK are progressing well.

Hotels

In 2004, the Group had ownership interests in nine hotels in Hong Kong, the Mainland and the Bahamas. In February this year, the Group, through a joint venture with the Cheung Kong Group, purchased a 50% interest in The Kowloon Hotel in Hong Kong,

Major overseas properties under development

Name	Location	Property Type	Total Gross Floor Area ('000 sq ft)	Group's Interest	Completion Date
UK					
Chelsea Harbour Phase II	London	Residential	118*	23%	2011
Lots Road Power Station	London	Residential & commercial	704*	23%	2011

* Total net floor area for UK projects

which has 736 guest rooms and approximately 57,500 square feet of shopping arcade. Also in February, Rambler Garden Hotel, an 800-room hotel in Tsing Yi, in which the Group has a 70% interest, was opened. Together with these two new hotels, the Group currently manages six of these hotels through its 50% owned hotel management joint venture.

During the year, travel activity improved significantly, reflecting the recovery from the adverse effects of SARS last year as well as growth in the tourist industry. Our hotels reported a remarkable improvement in operating results. In Hong Kong and the Mainland, the hotels reported EBIT growth of 82% and 569% respectively. The Westin and Sheraton at Our Lucaya Beach & Golf Resort on Grand Bahama Island reported an improved result with LBIT 45% lower than last year, despite a temporary closure of the hotel as a result of the damage caused by hurricanes.



- *The harbour view splendour of Harbour Plaza Hong Kong's venerable Presidential Suite can be experienced in each of the hotel suite's two-storey high rooms.*



- *Located in the heart of Tsim Sha Tsui, Hong Kong's main shopping area, Sheraton Hong Kong Hotel & Towers provides 782 guest rooms and suites commanding breathtaking views of Victoria Harbour.*