



Property and Hotels

The Group's property activities comprise an investment portfolio of approximately 15.6 million square feet of office, commercial, industrial and residential premises that provide steady, recurrent rental income and interests in joint ventures for the development of high quality, primarily residential projects, mainly in the Mainland and selective overseas countries. In addition, the Group has ownership interests in a portfolio of 12 premium quality hotels.



Bahamas

United Kingdom

Mainland China

Hong Kong

Singapore

Property and Hotels

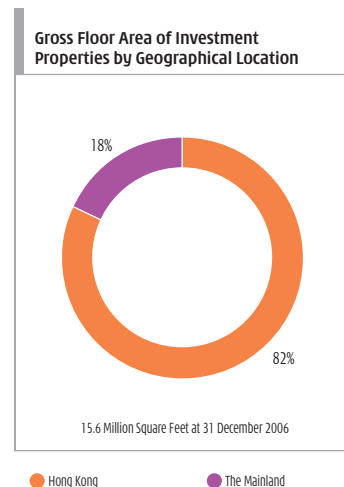
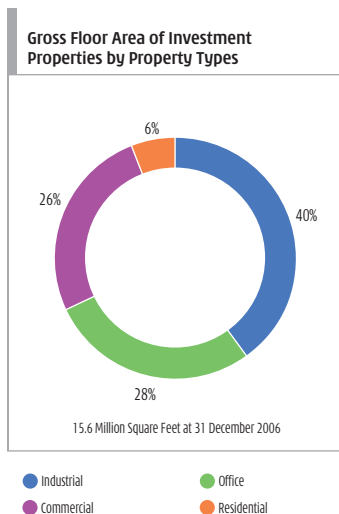
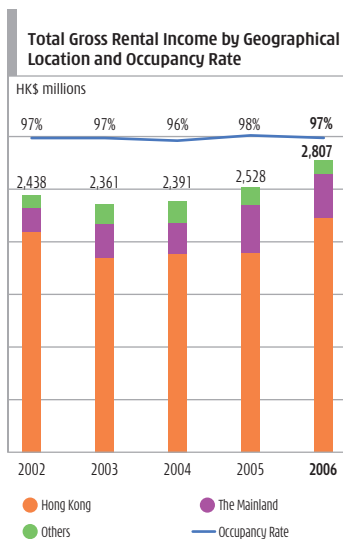
Total revenue of the property and hotels division for 2006 was HK\$10,717 million, an increase of 4%, mainly due to increased rental income and increased revenue from the hotel businesses. EBIT of HK\$5,667 million was 44% better than 2005, mainly due to increased rental income, profit of HK\$1,428 million being the Group's 45% share of a joint venture's profit before taxation on sale of its office tower in Japan and improved results from the hotel operations reflecting the growth in the Hong Kong tourism and travel industry. This division contributed 5% and 13% to the Group's total revenue and EBIT from its established businesses respectively. In addition to the EBIT above, the Group recorded a gain on the change in fair value of investment properties of HK\$3,802 million.



Regency Park is a deluxe residence in Pudong, Shanghai, offering a unique advantage of convenience and serenity.

	2006 HK\$ millions	2005 HK\$ millions	% change
Total Revenue	10,717	10,265	+4%
EBIT	5,667	3,939	+44%

Rental Properties





The Westin Grand Bahama Island Our Lucaya Resort offers sandy beaches with a variety of restaurants, making it perfect for gathering and relaxation.

Hong Kong

The Group's portfolio of rental properties in Hong Kong, comprising approximately 12.8 million square feet (2005 - 12.8 million square feet) of office (26%), commercial (24%), industrial (49%) and residential (1%) properties, continues to provide a strong recurrent earnings base. Gross rental income of HK\$2,231 million, including the Group's share

of associated companies' rental income, was 17% above last year, reflecting higher lease renewal rates, particularly for office premises. All of the Group's premises remain substantially let. Gross rental income is expected to grow as the demand for office premises remains strong.

Major Rental Properties in Hong Kong

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

OPERATIONS REVIEW

Property and Hotels

The Mainland and Overseas

The Group's various joint ventures in the Mainland and overseas hold a portfolio of investment properties totalling 9.3 million square feet, of which the Group's share is 2.8 million square feet (2005 - 3.2 million square feet). The Group's share of gross rental income of HK\$576 million was 8% below last year, mainly due to reduced rental revenue subsequent to the disposal of the office portion of Pacific Century Place Marunouchi, an office and hotel tower in Tokyo, Japan.

“EBIT of HK\$5,667 million was 44% better than 2005.”

Major Rental Properties in the Mainland

Name	Location	Property Type	Total Gross Floor Area for Rent (thousand sq ft)	Group's Interest	% Leased
Oriental Plaza	Beijing	Office, serviced apartments & commercial	5,218	18%	90%
Westgate Mall & Tower	Shanghai	Office & commercial	1,099	30%	96%
Metropolitan Plaza	Chongqing	Office & commercial	1,512	50%	98%
Seasons Villas	Shanghai	Residential	1,151	50%	89%

Property Sales and Properties under Development

During the year, profits were recorded primarily from the sale in September of the office portion of Pacific Century Place Marunouchi and the sale of units in joint-venture residential development projects in the Mainland, mainly the Regency Park development in Shanghai.

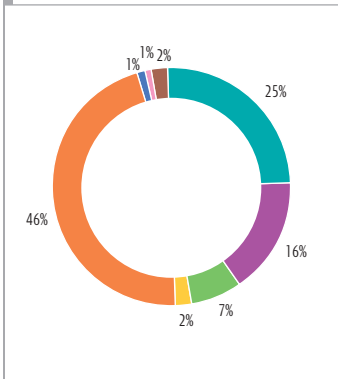
In 2006 and in the first few months of this year, the Group increased its landbank in the Mainland by entering into joint ventures to develop

mainly residential properties with a total developed gross floor area of approximately 64 million square feet, of which the Group's share is 30 million square feet. Including these recent additions, the Group's current joint-venture share of landbank totals approximately 92 million square feet, of which 96% is in the Mainland, 3% in the UK and overseas, and 1% in Hong Kong. These projects are scheduled for completion in phases from 2007 to 2026 and are expected to provide satisfactory returns and steady development profits to the Group.

Wonderful Worlds of Whampoa brings the world's unique Dog Circus to Hong Kong during Christmas.

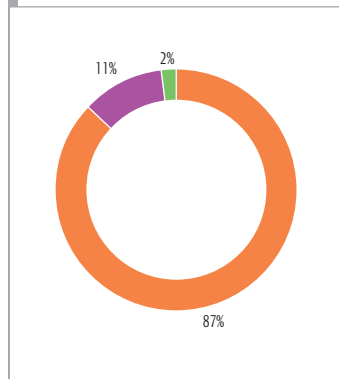


Gross Floor Area of Development Projects by Geographical Location



- Guangdong province
- Shanghai
- Other areas in the Mainland
- Singapore
- Sichuan province
- Beijing
- Hong Kong
- UK

Gross Floor Area of Development Projects by Property Types



- Residential
- Commercial
- Office

“The Group recorded a gain on the change in fair value of investment properties of HK\$3,802 million.”

Hong Kong

In 2006, a substantial number of the remaining units of Carmel Cove, Phase III of the Caribbean Coast residential development in Tung Chung, were sold. Crystal Cove, Phase IV, was completed during the year and sales programme has commenced recently. The final phase of this development is expected to be completed in 2008. Planning for a residential development in Hung Shui Kiu is progressing and the project is scheduled for completion in 2008.

The Mainland

In the Mainland, Phase IV and V of Shanghai Regency Park, an upscale residential property, was completed during the year and all of the 89 villas were sold. Phase IA and IB of Beijing Greenwich, a residential development was completed during the year with over 98% of the units sold. Phase II of Cape Coral, a residential development in Guangzhou Panyu Dashi was completed during the year. A total of 252 units including remaining units in Phase I of this development were sold. The other projects under development are progressing well.

Major Hong Kong Properties under Development

Name	Location	Property Type	Total Gross Floor Area (thousand sq ft)	Group's Interest	Completion Date
Caribbean Coast-Phase V	Tung Chung	Residential	113	50%	2008
Hung Shui Kiu	Yuen Long	Residential	537	50%	2008

Metropolitan Plaza Guangzhou will be the largest shopping mall in Guangzhou West and the newest landmark of the city.



OPERATIONS REVIEW

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Major Properties in the Mainland under Development

Name	Location	Property Type	Total Gross Floor Area (thousand sq ft)	Group's Interest	Completion Date
The Riverside and Metropolitan Plaza	Guangzhou	Residential & commercial	3,689	50%	2008
The Greenwich	Beijing	Residential & commercial	2,592	50%	2008
International Toys and Gifts Center	Guangzhou	Commercial	1,844	30%	2008
Maison des Artistes	Shanghai	Residential & commercial	1,679	50%	2008
Regency Park (mainly Phases VI to VIII)	Shanghai	Residential & commercial	882	50%	2008
Horizon Cove	Zhuhai	Residential	1,083	50%	2008
Shisanling	Beijing	Residential	856	50%	2009
Wenjiang	Chengdu	Residential & commercial	5,295	50%	2009
Cape Coral, Nanan	Chongqing	Residential & commercial	4,085	48%	2009
Cape Coral, Panyu Dashi	Guangzhou	Residential & commercial	2,973	50%	2009
Maqiao	Shanghai	Residential	484	43%	2009
Xin Zha Road	Shanghai	Commercial	626	30%	2009
Regency Park	Shenzhen	Residential	1,689	50%	2009
Le Sommet	Shenzhen	Residential & commercial	3,140	50%	2009
Yingkoudao	Tianjin	Residential & commercial	2,780	40%	2009
Laopu Pian	Wuhan	Residential & commercial	1,732	50%	2009
Qiao Island	Zhuhai	Residential	2,557	50%	2009
Nanguan District	Changchun	Residential & commercial	2,354	50%	2010
Douxi	Chongqing	Residential & commercial	4,416	50%	2010
Jinkeng Village, Luogang District	Guangzhou	Residential & commercial	2,496	40%	2010
Century Avenue	Shanghai	Commercial	2,870	25%	2010
Huaqianbei Development	Shenzhen	Residential & commercial	1,610	50%	2010
Hualou Jie	Wuhan	Residential & commercial	3,927	50%	2010
Jingyuetan	Changchun	Residential & commercial	4,357	50%	2011
The Greenwich	Xian	Residential & commercial	11,218	50%	2011
Changsha Wangcheng	Hunan	Residential & commercial	6,983	50%	2012
Xiao Gang Wan	Qingdao	Residential, commercial & hotel	9,830	45%	2013
Le Parc	Chengdu	Residential & commercial	25,675	50%	2015
Laguna Verona	Dongguan	Residential & commercial	14,677	50%	2017
Zengcheng	Guangzhou	Residential & commercial	7,145	50%	2019

Marina Bay in Singapore is located near a glamorous integrated resort, tranquil waterfront gardens and world-class business district.



Overseas

In Singapore, substantially all remaining units of the Cairnhill Crest residential development were sold during the year. Sales activities for the residential units in Phase I of the Marina Bay project have commenced with all 428 luxury apartments presold. The overall project is planned for completion in 2011. The residential development projects in the UK and the Bahamas are also progressing well.

“The Group’s current joint-venture share of landbank totals approximately 92 million square feet.”

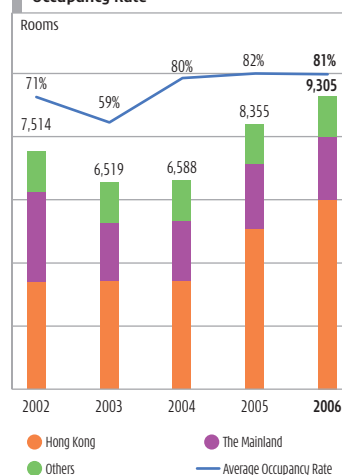
Major Overseas Properties under Development

Name	Location	Property Type	Total Gross Floor Area (thousand sq ft)	Group's Interest	Completion Date
Singapore					
Marina Bay	Singapore	Residential & commercial	4,714	17%	2011
UK					
Lots Road and Chelsea Harbour Phase II	London	Residential & commercial	844	48%	2012
Convoys Wharf	London	Residential & commercial	3,334	50%	2017
Bahamas					
Silver Point	Bahamas	Residential	305	90%	2010

Hotels

Following the opening of the new Rambler Oasis Hotel at Tsing Yi in October, the Group has ownership interests in 12 hotels in Hong Kong, the Mainland and the Bahamas, of which seven are managed through its 50% owned hotel management joint venture. In 2006, the hotels division continued to benefit from a robust tourism and travel industry and reported revenue and EBIT growth of 13% and 33% respectively when compared to 2005.

Average Actual Room Inventory by Geographical Location and Occupancy Rate



Harbour Plaza Metropolis upgrades its recreation facilities to let hotel guests enjoy hydrotherapy in the newly installed pool-side Jacuzzi overlooking the Victoria Harbour.

