



Chongqing Times Square is ideally located at Liberation Statue Square, the commercial and financial hub of Chongqing.



Wharf China Limited

Wharf China Limited's main business operations include Wharf Estates China, Marco Polo Hotels and Modern Terminals.

BALANCE SHEET (EXTRACT)

as at December 31, 2002

	HK\$M
Investment properties	3,681
Other properties and fixed assets	1,160
	4,841
Property inventory and development	1,312
Net current liabilities	(311)
Other non-current liabilities	(76)
Net business assets (before debts)	5,766

Wharf Estates China Limited

As emphasized in the Chief Executive's policy address this year, the HKSAR Government is pushing for faster economic integration of Hong Kong and Mainland China to help revitalize the local economy. Despite the worldwide economic downturn last year, the Mainland continued to perform remarkably well, both in terms of GDP growth and the pace of foreign direct investment in the country. Southern China, particularly the Pearl River Delta area, is indisputably one of the fastest growing regions in the world - if not the fastest growing. Adding Hong Kong's strength to that of the delta makes the entire region more competitive vis-a-vis other parts of the Mainland.



**Wharf Estates
China Limited**

In a country as large as China, the pace of development is bound to differ among the various regions. Among cities, for instance, while Shanghai's GDP growth was 10.2 per cent in 2001, Shenzhen and Dongguan registered growth of 13.2 and 18 per cent respectively. Such differentials certainly represent interesting investment opportunities.

PROPERTY

At the end of December 2002, Wharf Estates China's net business assets were approximately HK\$5,766 million, representing 7.9 per cent of the Group's net business assets.

Beijing Capital Times Square's office occupancy during 2002 stood at about 85 per cent. To modify the retail content on offer in the shopping mall, the LCX concept was

CHINA PROPERTY LIST

	Project Nature	GFA (sq ft)	Status	Completion
Beijing Capital Times Square	Office/Retail	1,295,000	For Lease	1999
Shanghai Times Square	Office/Retail/Residential	1,211,000	For Lease	1999
Chongqing Times Square	Office/Retail/Residential	1,597,000	Under Construction	2004
Shanghai Wellington Garden	Residential	561,000	Under Planning	2006
Shanghai Parc Royal	Commercial/Residential	783,000	Under Planning	2006
Shanghai Wheelock Square	Office/Retail	1,490,000	Under Planning	2007

Wharf Estates China Limited

introduced in November 2002. This retail and office complex with 1.3 million square feet gross is strategically located in the Xidan area, at the intersection of West Changan Avenue and Xuanwu Men Nei Avenue.

For Shanghai Times Square, occupancy rates of the office, residential and retail portions in 2002 were 98, 80 and 81 per cent respectively. This commercial complex with over 1.2 million square feet gross is located at Huai Hai Zhong Road, in Shanghai's Central Business District. Shanghai Times Square boasts excellent accessibility; it is conveniently linked to major highways and only a short walk from the Huangpi Nan Road MTR station.



The innovative "LCX" concept was introduced to the Beijing Capital Times Square's retail complex last November.

At Chongqing Times Square, 99 per cent of the first three apartment towers were pre-sold in 2002, while construction work was still in progress. Total sales proceeds amounted to about RMB200 million. Located in the Liberation Statue Square area between Zou Rong Road and Min Zu Road, this development with 1.60 million square feet gross is scheduled to be completed in mid-2004. The fourth tower has recently been offered for pre-sale.

Our other property projects in China, including Shanghai Wheelock Square, Shanghai Wellington Garden and Shanghai Parc Royal, are progressing according to schedule.

Shanghai Times Square occupies a prime location on Huai Hai Zhong Road in Puxi District of Shanghai.



Marco Polo Hotel Group



To realise the potential inherent in China's entry into the WTO, the Marco Polo Hotel Group continued to roll out its brand and business model on the Mainland.

Following the opening of The Marco Polo Beijing in December 2001, the Marco Polo Hotel Group signed a long-term management contract and pre-opening technical assistance agreement in January 2003 with the Huahui Real Estate Development Centre for a 350-room deluxe hotel to be developed in Beijing.



Located only 600 metres from the Olympic Green, this new hotel will be handy to the main venues of the 2008 Beijing Olympic Games and the new international exhibition centre. It is scheduled for completion in 2006, perfectly timed to meet the increasing demand in the area.

The new property will be the second Marco Polo hotel in Beijing and the eighth in the group's Asia-Pacific hotel portfolio. The first Marco Polo hotel in China was The Marco Polo Xiamen opened in 1996.

The Marco Polo Hotel Group will operate a second hotel in Beijing.

Modern Terminals Limited

BALANCE SHEET (EXTRACT)

as at December 31, 2002

	HK\$M
Fixed assets	4,675
Interest in associates	86
Net current liabilities	(311)
Other non-current liabilities	(290)
Net business assets (before debts)	4,160

Note: the Group's investment cost in 55.34% of MTL is HK\$3,709 million.

Driven by strong export growth, the whole Southern China region registered a 17 per cent increase in total volume of containers handled, a vast improvement over the low single-digit growth of 2001. Southern China ports concentrating on commodity-type services continued to grow faster than the regional average.



The number of boxes handled by Shenzhen ports rose by about 50 per cent in 2002. Partly because of the much higher base, Kwai Chung port in Hong Kong grew at a slower 5.2 per cent pace in volume terms, reflecting Hong Kong's focus on value-added services that stress valuable and time-critical cargo, as opposed to the "volume game" played by most Southern China port operators.

KEY OPERATING AND FINANCIAL HIGHLIGHTS

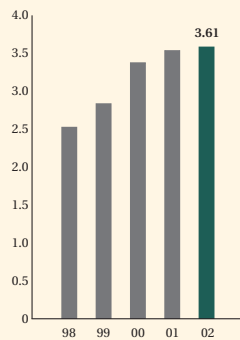
	2002	2001	2000	1999	1998
Container Handling Capacity (TEUs in millions)	4.20	4.03	3.70	3.40	3.40
Throughput (TEUs in millions)	3.61	3.52	3.36	2.82	2.51
Headcount	1,176	1,179	1,184	1,294	1,328
TEUs per Headcount	3,072	2,985	2,840	2,177	1,889
Market Share	30.3%	31.1%	28.9%	27.2%	26.2%



Modern Terminals handled 3.61 million TEUs last year, 2.7% higher than 2001's record performance.

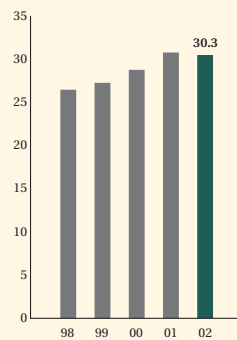
THROUGHPUT

Million TEUs



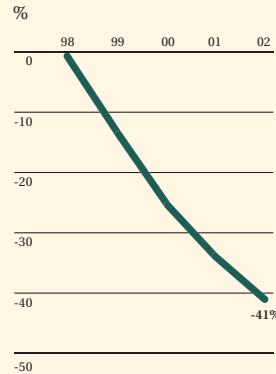
MARKET SHARE

%



PRODUCTIVITY INDEX

(\$/TEU HANDLED)



During 2002, **Modern Terminals** set another record for total boxes handled, while profit was maintained at the 2001 level in spite of competition and pressure on tariff rates.

All told, **Modern Terminals** handled 3.61 million TEUs last year, which was 2.7 per cent higher than 2001's record performance. With continuous investment in hardware, software and human resources, **Modern Terminals'** container handling capacity expanded by more than 4 per cent, to 4.2 million TEUs, by the end of 2002. TEUs per headcount, one of the main productivity benchmarks, also improved to 3,072 from 2,985. At the end of 2002, **Modern Terminals'** market share in Kwai Chung remained more or less unchanged at about 30 per cent.

All ongoing projects are progressing smoothly and on schedule. **Modern Terminals** stands to benefit from the new capacity at Container Terminal 9 in Hong Kong and Shekou Container Terminal 2 in Shenzhen, which are both expected to come on stream towards the end of 2003.

Modern Terminals' container handling capacity was expanded by 4% to 4.2 million TEUs by end of 2002.

