



Wharf China Limited



Wharf Estates China Limited

BALANCE SHEET (EXTRACT)

as at December 31, 2003

	HK\$M
Investment properties	3,732
Other properties and fixed assets	1,223
	<u>4,955</u>
Property inventory and development	1,258
Net current liabilities	(313)
Other non-current liabilities	(472)
Net business assets (before debts)	<u>5,428</u>

Overall, the 2003 performance of the Group's investment properties in China was affected by the SARS outbreak.

With a total of 1.3 million square feet of GFA, Beijing Capital Times Square is a retail and office complex strategically located in the Xidan area, at the intersection of West

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	1,570,000*	Under Construction	2004
Shanghai Wellington Garden	Residential	562,000	Under Construction	2006
Dalian Times Square	Retail/Residential	1,793,000	Under Planning	2007
Shanghai Jingan Garden	Residential	970,000	Under Planning	2007
Shanghai Wheelock Square	Office/Retail	1,489,300	Under Planning	2007
Wuhan Times Square	Retail/Residential	2,406,000	Under Planning	2007
Shanghai Parc Royal	Residential	802,000	Under Planning	2008

* Partly sold

Changan Avenue and Xuanwu Men Nei Avenue. During the year under review, the complex maintained an average office occupancy rate of 85 per cent. Beneath the five-level retail podium, the basement floor is directly connected to Xidan MTR station. Since the entire retail podium was turned into an LCX operation at the beginning of 2003, retail occupancy last year stood at 100%.

Shanghai Times Square is located in the very heart of Shanghai's Central Business District along Huai Hai Zhong Road. With over 1.2 million square feet of GFA, this commercial complex is also conveniently linked to major highways and MTR stations. Occupancy rates of the retail, office and residential portions were 77, 95 and 84 per cent respectively.

Chongqing Times Square, which has about 1.6 million square feet of GFA, occupies a prime location in the Liberation Statue Square area, between Zou Rong Road and Min Zu Road. It consists of four residential towers built atop the retail/commercial podium. Phase I units were handed over to individual buyers subsequent to completion during 2003. Phase II units were launched in April last year, and 217 units (72%) had already been sold by the end of 2003. Construction of Phase II will be completed by the end of 2004.

The Group's other property projects in China – including Shanghai Wheelock Square, Shanghai Wellington Garden and Shanghai Parc Royal – are progressing according to schedule.



Shanghai Times Square is located in the very heart of Shanghai's Central Business District along Huai Hai Zhong Road.



Shanghai Wheelock Square, one of the Group's commercial property developments, is slated for completion in 2007.

Marco Polo Hotel Group



The first Marco Polo Hotel in Shenzhen is scheduled to open in the summer of 2005.

During 2003, the Marco Polo Hotel Group announced the signing of a long-term management contract to operate a five-star deluxe hotel in the Futian Central Business District of Shenzhen, expanding Marco Polo's portfolio of China hotels to four.

Developed and owned by China Tobacco Company (Shenzhen), this new member of the Marco Polo Group is conveniently located in the prime commercial district of Futian, and affords easy access to the city government office complex, the new Shenzhen International Convention and Exhibition Centre and the Shenzhen Rapid Transit System.

Scheduled to open in the summer of 2005, this 41-storey building will provide 375 guestrooms and suites, including Marco Polo's well-known signature Continental Club. The conference and banquet facilities, which are designed to accommodate up to 1,200 guests, will be an ideal venue for meetings, seminars and social events. The recreation centre will feature a luxurious spa, a fitness club, a swimming pool, tennis courts and other sports facilities.

Today, the Marco Polo Hotel Group manages nine hotels in the Asia Pacific region, including those under construction. Seven of these are located in Hong Kong and China.



The Marco Polo Shenzhen will feature Marco Polo's signature Continental Club.

BALANCE SHEET (EXTRACT)

as at December 31, 2003

	HK\$M
Fixed assets	4,961
Interest in associates	233
Net current liabilities	(437)
Other non-current liabilities	(352)
Net business assets (before debts)	4,405

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



Modern Terminals handled 4 million TEUs last year, representing year-on-year growth of more than 10%.

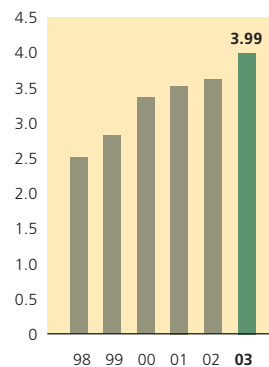
Modern Terminals

The number of container boxes handled by Hong Kong's Kwai Chung terminal grew by 1.2 per cent in 2003, compared with 5.2 per cent growth the year before. Volume growth for the whole Southern China region also declined to 35 per cent from 50 per cent in 2002. As at the end of December 2003, Hong Kong represented around 60 per cent of total Southern China volume.

Notwithstanding the uncertainties provoked by the implementation of the US Government's Container Security Initiative requirements, the Middle East military conflict and the SARS outbreak, **Modern Terminals** handled around four million TEUs during 2003, representing a year-on-year growth of more than 10 per cent – far above the Kwai Chung average. This outperformance was mainly driven by strong feeder and transshipment business.

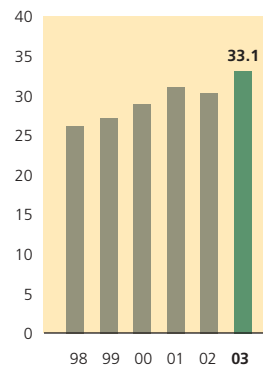
THROUGHPUT

Million TEUs



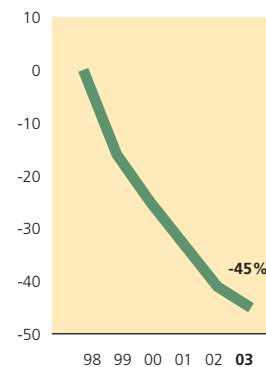
MARKET SHARE

%



PRODUCTIVITY INDEX (\$/TEU HANDLED)

%





Modern Terminals' market share in Kwai Chung expanded to 33.1% in 2003.

Though the pricing differential between Kwai Chung and other Southern China ports has narrowed considerably, the average tariff achieved by **Modern Terminals** remained under pressure. **Modern Terminals'** market share in Kwai Chung, however, expanded to 33.1 per cent from 30.3 per cent in 2002.

The delivery to **Modern Terminals** of the four berths at Container Terminal 9 in Hong Kong began in October 2003. The whole delivery process is expected to last until the fourth quarter of 2004. Once two of the new berths are swapped with ACT, a new operator, **Modern Terminals'** operations in Kwai Chung will consist of 7 1/2 berths, spread over Container Terminals 1, 2, 5 and 9. As a result of this berth-swapping arrangement, **Modern Terminals** stands to benefit not only from additional capacity but also from an even higher level of efficiency.

All ongoing projects in China are progressing smoothly and on schedule. While the first berth at Shekou Container Terminals Phase II commenced operation in August last year, the second berth will become operational within the coming month. Taicang, a new project in the Yangtze River Delta area in which **Modern Terminals** plans to acquire a majority stake, currently awaits final Central Government approval; municipal approvals have already been granted. During the year under review, **Modern Terminals** also entered into a joint-venture agreement with China Shipping to explore investment opportunities related to the Yangshan project in Shanghai.



Modern Terminals' operations in Kwai Chung will consist of 7 1/2 berths, spread over Container Terminals 1, 2, 5 and 9, by the fourth quarter of 2004.

KEY OPERATING AND FINANCIAL HIGHLIGHTS

	2003	2002	2001	2000	1999	1998
Container Handling Capacity (TEUs in millions)	4.36	4.20	4.03	3.70	3.40	3.40
Throughput (TEUs in millions)	3.99	3.61	3.52	3.36	2.82	2.51
Headcount	1,186	1,176	1,179	1,184	1,294	1,328
TEUs per Headcount	3,365	3,072	2,985	2,840	2,177	1,889
Market Share	33.1%	30.3%	31.1%	28.9%	27.2%	26.2%