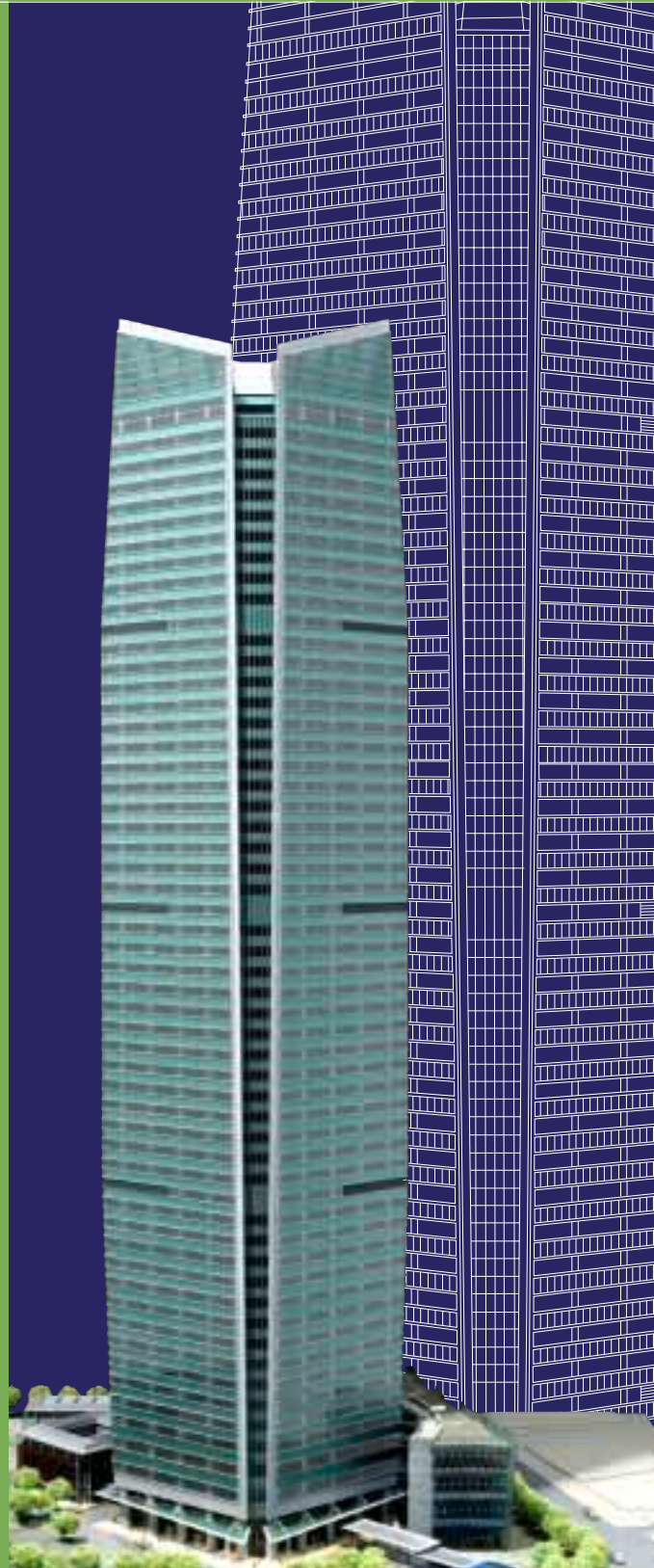


# China

*(left) Lot 1717, Nan Jing Xi Road, Puxi, Shanghai  
(1,580,000 square feet of prime Grade A  
office space due for completion by mid-2009)  
(middle) Modern Terminals' 7.5 berths in Kwai Chung  
(right) Shanghai Times Square  
(bottom) The Marco Polo hotel in Saigon*





## Property

Satisfactory growth of 31% and 47% in rental revenue and operating profit respectively over 2004 was reported. All three investment properties, namely Beijing Capital Times Square, Shanghai Times Square and the retail podium of Chongqing Times Square, performed satisfactorily. Plans are in hand to bring the now established "Times Square" brand to other cities in the Mainland.

Beijing Capital Times Square is strategically located along West Changan Avenue in the Xidan area. Average office occupancy was maintained at 91% throughout 2005 despite keen competition. The retail podium is undergoing interior reconfiguration and trade-mix enhancement.

Ideally located on Huai Hai Zong Road in Puxi, Shanghai Times Square boasts excellent connectivity to all transport systems. Average occupancy of its office, retail and apartment sectors rose to 94%, 87% and 91% respectively in 2005.

Chongqing Times Square is located at the Liberation Statue Square. Residential Towers A, B and C were completed and sold in April 2003. Tower D was completed in November 2004 and was 88% sold at the end of 2005. The retail podium, which consists of a 570,000-square-foot department store, opened in December 2004.

Wuhan Times Square, located on Yan Jiang Da Dao fronting the Yangtze River in Hankou, is planned to be developed into a retail, apartment, hotel and residential

### Balance Sheet (Extract)

as at December 31, 2005

	HK\$M
Investment properties	4,919
Other properties and fixed assets	951
	5,870
Property inventory and development	2,459
Net current liabilities	(629)
Other non-current liabilities	(724)
	6,976
Net business assets (before debt)	6,976

complex. Superstructure works are in progress and the project is expected to be completed in the third quarter of 2007.

Dalian Times Square is located along Ren Min Road in Zhongshan District of Dalian. It will be developed into a retail and residential complex. Foundation works are in progress and the whole project is expected to be completed by mid-2008.

Lot 1717, Nan Jing Xi Road in Shanghai comprises a Grade A office tower with cutting-edge specifications and facilities plus a retail annex linking to a major subway station. Foundation works are in progress and the development is scheduled to be completed by mid-2009.

During the year, the Group acquired through public auction a 760,000-square-foot site in Chengdu for RMB778 million. This commercial and residential site is located south of Dong Da Jie and north of Shui Jing Jie in Jinjiang District, the centre of the city. A mixed-use development comprising office, retail, apartments, hotel and residential is being planned.

On the Group's other properties, pre-sale of Wellington Garden's 286 units in Shanghai is scheduled for the second quarter of 2006 and the development will be completed by the end of 2006. No. 1 Xin Hua Road (formerly known as Shanghai Parc Royal) and Jingan Garden in Shanghai are progressing according to plan.

### 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/Apartment	1,211,000	For Lease	1999
Chongqing Times Square	Office/Retail/Residential#	1,570,000**	For Lease / Sale	2004
Wellington Garden (Shanghai)	Residential#	562,000	Under Construction	2006
Wuhan Times Square	Retail/Hotel/Residential#	2,390,000	Under Construction	2007
Dalian Times Square	Retail/Residential	1,867,000	Under Construction	2008
Lot 1717 Nan Jing Xi Road (Shanghai)	Office/Retail	1,580,000	Under Construction	2009
No.1 Xin Hua Road† (Shanghai)	Residential##	257,000	Under Planning	2008
Jingan Garden (Shanghai)	Residential#	962,700	Under Planning	2009
No.11 Dong Da Jie (Chengdu)	Office/Retail/Hotel/Residential#	5,865,000	Under Planning	2010

† formerly known as Shanghai Parc Royal      # Residential includes office-apartments  
 ## Based on a design scheme in compliance with prevailing planning parameters      \* Including basement carpark area      \*\* Partly sold

## Marco Polo Hotels

Marco Polo Hotels currently boasts a portfolio of 10 hotels in the Asia Pacific Region, including three under construction. In addition, two other new hotels are being planned for Chengdu and Wuhan.

### Hong Kong

The three hotels in Harbour City, The Marco Polo Hongkong Hotel, The Marco Polo Gateway and The Marco Polo Prince, performed well during the year. Total hotel and club revenue grew by 13% to HK\$823 million, arising from solid growth in average room rates on the back of encouraging tourist arrivals. Hong Kong's visitor arrivals grew by 7% to reach 23.4 million in 2005, while visitors from international markets increased by 13% to reach 10.8 million.

Consolidated occupancy reached 89%, slightly below 91% in 2004, though average room rate grew by a healthy 20% in 2005.

Marco Polo Hotels		
Country	City	Hotel
China	Hong Kong	The Marco Polo Hongkong Hotel The Marco Polo Gateway The Marco Polo Prince
	Beijing	The Marco Polo The Marco Polo Parkside (opening 2006)
	Shenzhen	The Marco Polo Shenzhen (opening 2006)
	Xiamen	The Marco Polo
The Philippines	Cebu	The Marco Polo Plaza (opening 2006)
	Davao	The Marco Polo
Vietnam	Ho Chi Minh City	The Marco Polo Omni Saigon



## **Mainland and Asia**

Other Marco Polo hotels in the Mainland and Asia achieved encouraging performance. All of them ranked top among their business sectors in the vicinities. Of the Marco Polo hotels in the Mainland, two are located in Beijing and the other two in Xiamen and Shenzhen respectively; two more are being planned for Chengdu and Wuhan.

The company's second deluxe hotel in Beijing, The Marco Polo Parkside, is scheduled to open in 2006. It is superbly located only 600 metres from the 2008 Beijing Olympic Village, with easy access to Beijing Metro Route 5 and Route 10 (at Olympic Park) and all major public transportation modes.

A new hotel in Shenzhen, The Marco Polo Shenzhen, is scheduled to open in June 2006. This five-star deluxe hotel, located in the heart of the new Futian Central Business District, with close proximity to the city government office complex, the new Shenzhen International Convention and Exhibition Centre and the Shenzhen Rapid Transit System, will capture the rising demand for first-class accommodation from local and foreign businessmen.

The Marco Polo Plaza, Cebu in the Philippines, is the third Marco Polo hotel to open in 2006. The hotel is surrounded by 7.5 hectares of lush greenery at the prestigious Nivel Hills district in Cebu, dominating the city skyline. It is only 25 minutes from Mactan International Airport and 10 minutes from the business and commercial district.

The other Marco Polo hotels in Asia include The Marco Polo Omni Saigon in Vietnam and The Marco Polo Davao in the Philippines. Both hotels are well-established with clear market leader positions in their respective cities.

## Modern Terminals

Modern Terminals' total revenue and operating profit increased by 6% and 5% respectively in 2005 on the back of significant throughput growth.

The South China region recorded a 12% increase in total container volume in 2005, reflecting the continuing export growth. Throughput at the Shenzhen terminals recorded a 18% growth, compared to 7% at Kwai Chung. Market share between Shenzhen terminals and Kwai Chung stood at 49% and 51% at the end of 2005.

### Hong Kong Operation

Throughput at Modern Terminals grew by 16% to 5.04 million TEUs in 2005, driven mainly by feeder, trans-shipment and intra-Asia volume. The increase in volume of activities and rising fuel price exerted pressure on operating cost, which was substantially mitigated through the continuous improvement in productivity.

Having taken delivery of four CT9 berths in 2004, Modern Terminals currently operates 7.5 berths with a total handling capacity of 5.88 million TEUs. Operational synergy was achieved via berth consolidation. Investment in hardware, software and human resources further improved Modern Terminals' productivity. Upgrading of facilities at CT1, 2 and 5 during the year continued to enhance operational efficiency and handling capacity. At the end of 2005,

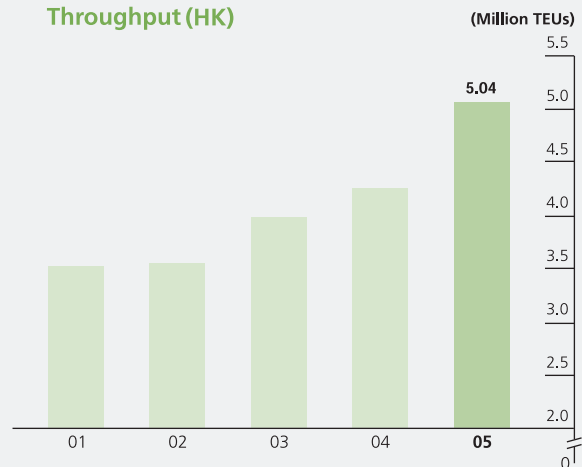
#### Balance Sheet (Extract)

as at December 31, 2005

	HK\$M
Fixed assets	5,185
Interest in associates / jointly controlled entities	1,340
Net current liabilities	(759)
Other non-current liabilities	(342)
<b>Net business assets (before debt)</b>	<b>5,424</b>

Note: The Group's investment cost in 67.6% of Modern Terminals is HK\$4,754 million.

#### Throughput (HK)



## China Investments

Modern Terminals' market share in Kwai Chung improved to 35.3% from 32.5% in 2004.

In China, Chiwan Container Terminals, in which Modern Terminals effectively holds an 8% stake, recorded a throughput growth of 18% to 2.8 million TEUs.

Shekou Container Terminals Phases I and II, in which Modern Terminals' effective equity stakes are 10% and 9.8% respectively, handled 2.2 million TEUs.

All new projects in China are progressing on plan. Taicang, a joint-venture development with the Suzhou Government, is a pioneer project marking Modern Terminals' expansion into the Yangtze River Delta. Phase I of Taicang, in which Modern Terminals has a 51% interest, opened for business in 2004 and handled 251,000 TEUs in 2005. The Chinese Government has also approved Phase II of Taicang, with Modern Terminals taking a 70% interest, and is scheduled to commence operation by mid-2006.

Phase I of the Dachan Bay project in Shenzhen West, in which Modern Terminals' effective stake is 65%, was approved by the National Development Reform Commission in March 2005. The project commenced in July 2005 and operation of its five berths, with an estimated capacity of 2.5 million TEUs, is scheduled to commence by the end of 2007.

