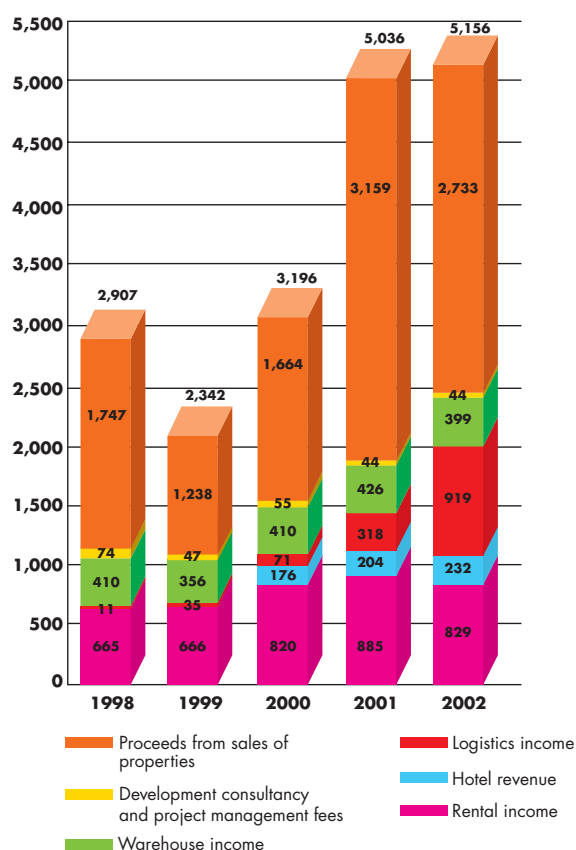


## Financial Review

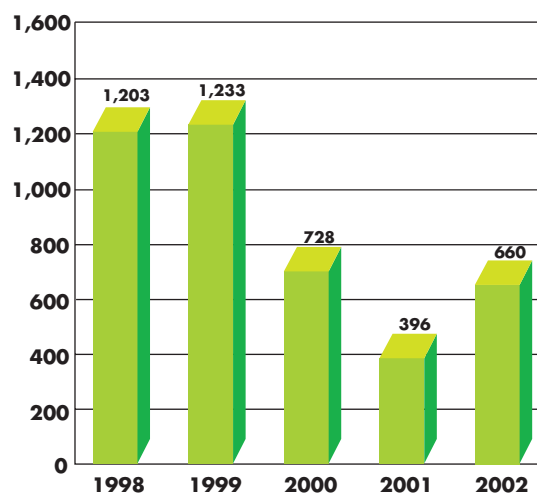
### TURNOVER

Turnover for the Group for the year ended 31 December 2002 increased by 2% to HK\$5,156 million (2001: HK\$5,036 million). Turnover from both rental and sales of properties decreased during the year whilst logistics and hotel income have increased. Gross property sales income decreased from HK\$3,159 million in 2001 to HK\$2,733 million in 2002. Property and warehouse rental income have also decreased to HK\$829 million (2001: HK\$885 million) and HK\$399 million (2001: HK\$426 million), respectively, whilst income from logistics increased to HK\$919 million (2001: HK\$318 million). The Group's hotel operations contributed HK\$232 million to turnover during the year (2001: HK\$204 million).

### BREAKDOWN OF KPL'S TOTAL TURNOVER HK\$ MILLION



### PROFIT ATTRIBUTABLE TO SHAREHOLDERS HK\$ MILLION

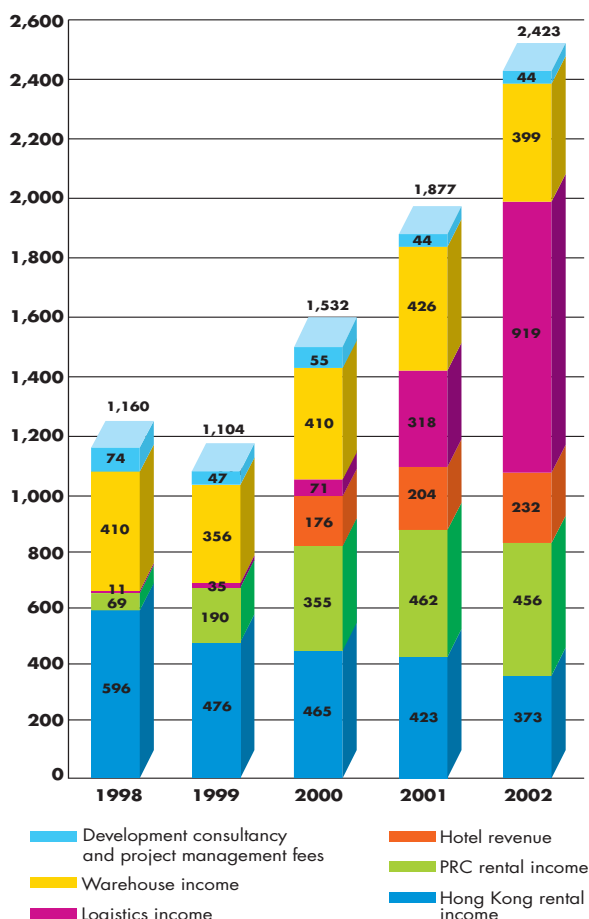


### PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Profit attributable to shareholders increased by 67% to HK\$660 million compared with HK\$396 million achieved in 2001. Profits were achieved from the sales of Jupiter Terrace and Enterprise Square 2 in Hong Kong and Central Residences in Shanghai. In addition to the HK\$360 million provision made in 2001 for the Constellation Cove project, an additional provision of HK\$266 million was made in 2002 for this project in view of the continuing uncertainty in the property market. The Group's 75% share of this additional provision amounted to approximately HK\$200 million.

### KPL'S RECURRENT INCOME BASE

HK\$ MILLION



### FUNDING AND FINANCING

In order to achieve better control of treasury operations and lower the average cost of funds, KPL has centralised funding for all its operations at the Group level. Financing is generally arranged at the Group level where foreign exchange exposure will also be reviewed and monitored. The Group considers that foreign exchange exposure does not pose a significant risk given that the level of foreign currency exposure is small relative to its total asset base. During the year, the Group redeemed all the outstanding US\$ convertible bonds with a principal value of US\$197.18 million. US\$ borrowings as at 31 December 2002 has therefore been reduced to US\$20 million. As at 31 December 2002, total foreign currency borrowings excluding Renminbi

(RMB) borrowings amounted to approximately HK\$204 million. RMB loans at the year end amounted to RMB510.5 million and are used to finance the Group's projects in the PRC.

In January 2002, the Group signed a 5 year unsecured syndicated loan facility amounting to HK\$4,500 million. This loan was used to refinance an existing HK\$4,205 million syndicated loan which pays a higher interest margin. Total commitments of HK\$7,150 million were received from the banks for this facility but the Group decided to maintain the facility amount at HK\$4,500 million.

The facility was self-arranged by the Group. The successful completion of the syndicated loan is evidence of the strong support for the Group amongst the banking community and the great confidence of the banks in its strong credit quality.

With this new financing and the redemption of the convertible bonds, the Group has successfully extended the maturity profile of its debts whilst at the same time lowered its borrowing costs.

The majority of the Group's borrowings are subject to floating interest rates. As at 31 December 2002, the Group had outstanding interest rate swap contracts amounting to HK\$3.76 billion in total, enabling the Group to hedge its interest rate exposure in the current low interest environment and to have a more stable interest rate profile over the next few years. A summary of the outstanding interest rate swap contracts at the year end is as follows:

Period	Duration	Notional Amount HK\$M	Average HIBOR Fixed Rate %
From 10/2001 to 10/2004	3 years	2,200	3.7145
From 9/2002 to 9/2005	3 years	1,560	5.1025
		<u>3,760</u>	

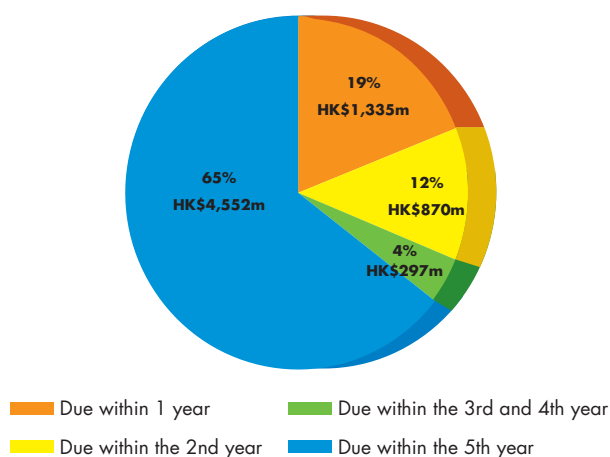
Total borrowings amounted to HK\$7.1 billion at 31 December 2002. Approximately 19% of this debt is repayable within one year. At 31 December 2002, the Group had total undrawn bank loan facilities of approximately HK\$6.2 billion and net cash on hand of approximately HK\$1.4 billion. These available cash resources together with the strong recurring cashflows from the Group's core investment property portfolio and the anticipated cash inflows from the sale of properties in the coming year will enable the Group to be in a strong financial position to take advantage of new attractive investment opportunities that may arise.

The Group is continually reviewing its financing requirements and will consider any unsecured bank financing and/or secured project financing as and when the need arises. Whenever possible, the Group intends to always obtain financing on a fully unsecured basis. During the year, the Group continued to maintain most of its borrowings on an unsecured basis. As at 31 December 2002, unsecured debt comprised approximately 91% of total borrowings.

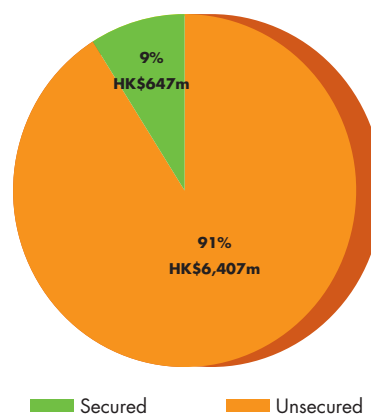
In order to refinance existing facilities, finance developments and pay for new investments, the Group had made drawdowns on new loans amounting to approximately HK\$6.7 billion during the year. Loan repayments during the year amounted to approximately HK\$7.3 billion, resulting in net repayments amounting to approximately HK\$0.6 billion in 2002.

At the year end, total net borrowings amounted to HK\$5,633 million resulting in a gearing ratio of approximately 27%. The Group will continue with its financial strategy of maintaining a prudent gearing ratio and consider steps to reduce its borrowings as appropriate.

### PROFILE OF KPL'S BORROWINGS AT THE YEAR END – BY MATURITY



### PROFILE OF KPL'S BORROWINGS AT THE YEAR END – BY SECURITY



## Hong Kong Property Division

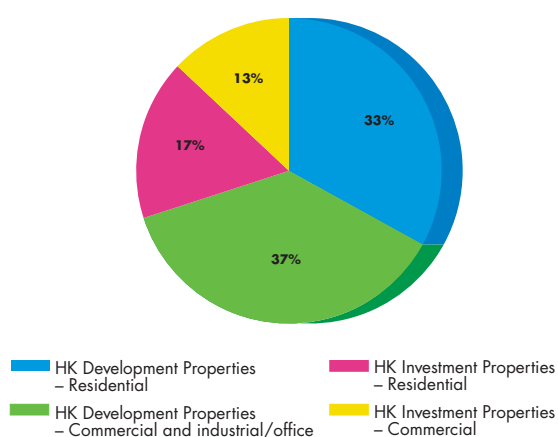
*The Hong Kong economy and the property market continued to be weak during 2002. Being confident of the long term prospects of the property market, the Group has taken the opportunity to replenish its landbank during the year. The Group will continue to focus on developing quality property projects with innovative designs incorporating the latest high tech features and facilities with value-added services to improve the quality of living for its buyers and tenants.*

### SALES OF PROPERTIES

Total gross proceeds from sales of properties in Hong Kong amounted to HK\$2,332 million in 2002 (2001: HK\$2,387 million), mainly derived from the sales of Jupiter Terrace, Constellation Cove, Ocean Pointe and Enterprise Square 2 during the year.

of the development was sold within one month of its public sale in January 2002. At the year end, all residential units, commercial spaces and carpark spaces were sold.

### HONG KONG PROPERTY PORTFOLIO BY GROSS FLOOR AREA ("GFA")



Total GFA 5.9 million sq.ft. as at 31 December 2002

Jupiter Terrace, a property in North Point which the Group acquired in December 2001, consists of 188 units with sizes of 628 and 738 square feet. Sales of the property received an enthusiastic response from the public when launched and approximately 86%

The Group commenced the public sales of the apartment blocks, duplex villas and detached houses in Constellation Cove, Tai Po Kau in March 2002. To promote the development, the Group held a series of sales campaigns to market the units and provided buyers with various attractive payment packages as incentives for purchasing the units. The sale of Constellation Cove is expected to benefit from the opening up of the Shenzhen border on a twenty four hour basis effective from January 2003 due to its central location between the border and the city. The Group will continue to sell the remaining units in the development during the coming year.

During the year, the Group also continued with the sales of Enterprise Square 2 and Ocean Pointe. Enterprise Square 2 is a 27 storey industrial/office building in Kowloon Bay and all units were sold as at 31 December 2002. At 31 December 2002, Ocean Pointe, the Group's residential project in Sham Tseng was approximately 98% sold.

## REVIEW OF OPERATIONS

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The presale consent for The Cliveden in Tsuen Wan, a low-density luxury residential development 50% owned by the Group, was obtained in August 2002 with the public sales of the development commencing in November 2002. Construction of the structural frame for the apartment blocks and carpark podium of The Cliveden are in progress. As at 31 December 2002, approximately 31% of the development had been presold.

The Cliveden comprises 9 residential towers of 10 storeys with 210 units and sizes of apartments range from approximately 900 square feet to 1,500 square feet. All apartments have 3 bedrooms with a private balcony, ensuite master bedroom, plus a maid's room or multi-purpose room. The 50,000 square feet luxury clubhouse offers a wide variety of facilities to its



Constellation Cove, Tai Po

residents whilst extensive greenery landscaping is also being incorporated into the overall design. The development is expected to be completed in December 2003.

Sales of the Group's joint venture developments are also progressing well with approximately 92% and 85% of Phases 1 and 2 of the Tai Kok Tsui project being sold, respectively, as at 31 December 2002.



Night view of swimming pool at Constellation Cove



Living room of The Cliveden, Tsuen Wan

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### INVESTMENT PROPERTIES

Gross rental revenue from investment properties in 2002 amounted to HK\$373 million (2001: HK\$423 million).

Notwithstanding difficult conditions in the Hong Kong leasing market, the Group has managed to maintain a high average occupancy rate of approximately 97% for its luxury residential portfolio, including Aigburth, Branksome, Tavistock, Tregunter Towers 1 and 2 and Gladdon in Mid-Levels and Belgravia in South Bay. The commercial and retail properties are also performing satisfactorily with occupancy rates standing at 96% and 97%, respectively, as at 31 December 2002.

Olympian City 1 and 2, the commercial podiums of Phases 1 and 2 of the Tai Kok Tsui project, are also leasing well with occupancy rates of 87% and 92%, respectively, as at 31 December 2002. The Tai Kok Tsui project is a mixed-use development conveniently located next to the Olympic MTR Station.

Apart from the good locations and top quality designs of the Group's investment properties, the Group also attracts and retains tenants by providing a full range of comprehensive property management services to

its residents through its wholly owned subsidiary, Kerry Property Management Services Limited. The Group also incorporates high-tech security features and advanced recreational facilities in its properties for the enjoyment of its tenants and employs well-trained and experienced property management staff to serve its residents.

### PROPERTIES UNDER DEVELOPMENT

Construction of the garden duplex floor in Branksome II, the Group's newest luxury development in the Mid-Levels, is currently in progress. The development, with a buildable gross floor area of approximately 143,000 square feet, is a 34 storey luxury residential building on top of a carpark and recreation podium. It will provide a total of 64 units, including 2 garden duplexes, 60 typical units, 1 private pool simplex and 1 penthouse duplex with a private swimming pool on the roof. The development is due for completion in the first quarter of 2004 and is intended to be retained for lease to further strengthen the Group's investment property portfolio.



The site of The Cliveden, Tsuen Wan

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The site of Branksome II, Tregunter Path, Mid-Levels

Strategically located adjacent to Enterprise Square and Enterprise Square 2 in Kowloon Bay, construction of Enterprise Square 3 is currently in progress. The development is intended to be a 35 storey office tower built over a 5 storey carpark podium. Gross floor area of the development is approximately 554,000 square feet. The development has been designed and constructed with high-tech capability and intelligent features, including raised-floor systems for installation of computer networks. It is expected to be completed by the first quarter of 2004.

Subsequent to the year end, in January 2003 the land premium negotiations for the conversion of Enterprise Square 3 from industrial/office use to business use was concluded for an amount of HK\$12 million or approximately HK\$20 per square foot.

On 27 June 2002, a consortium formed by the Group and Sino Land Company Limited won the tender for the Tseung Kwan O Hang Hau Station Development with the MTR Corporation Limited. The Group owns a 40% interest in the development. Master layout plans of the development have been approved. The development occupies a total site area of approximately 200,000 square feet with a buildable area of approximately 1.5 million square feet. There will be 6 residential towers with a landscaped podium and clubhouse with approximately 2,100 residential units. The apartments will comprise of 2 to 4 bedrooms units. The development is expected to be completed in the first quarter of 2005.



Enterprise Square 3, Kowloon Bay



Proposed Hang Hau Station development, Tseung Kwan O

Similar to Enterprise Square 3, the industrial/office site, NKIL 5927, in Kowloon Bay has been rezoned to business use under the Outline Zoning Plan gazetted on 19 January 2001 and is planned to be developed into Enterprise Square 5. With Enterprise Square 5 in situ, the Enterprise Square developments will become a cluster of quality offices and retail complexes to be amongst the best available grade A office properties in Kowloon Bay. Major consultants of Enterprise Square 5 have been appointed and conceptual design is in its final stage. The development would provide approximately 1.6 million square feet of commercial space when completed. The Group intends to retain this property as a long term investment property for its rental portfolio when it is completed.

The Town Planning Board confirmed the Residential Zoning for Ap Lei Chau Inland Lot No. 129. The Group acquired this site in August 1999 and has a 35% interest in the development with its share of gross floor area being 319,663 square feet. This site is intended to be developed into a residential project.

The Group acquired an industrial property, Chung Nam Industrial Building at 152-160 Kwok Shui Road in Tsuen Wan, for approximately HK\$120 million in May 2002. The property has a site area of approximately 40,000 square feet and a potential buildable gross floor area of approximately 200,000 square feet. It is envisaged that an adjacent site with a site area of approximately 50,000 square feet could be enjoined as part of this development which will increase the gross floor area by approximately 250,000 square feet. The initial plan of the development will comprise high rise apartment blocks with a carpark and recreation podium and commercial spaces. The property also enjoys the convenience of good transportation facilities with the Tai Wo Hau MTR station in close proximity.

In September 2002, the Group announced that it has decided not to proceed with the Hoh Fuk Tong Redevelopment Project located at Tuen Mun Town Lot No. 117.





The construction of Enterprise Square 3 in progress with the site of Enterprise Square 5 in the foreground outlined in red in Kowloon Bay

The Group won the tender for 15 Ho Man Tin Hill Road in Kowloon for approximately HK\$410 million in December 2002. The total development cost is estimated to be approximately HK\$700 million. The property has a site area of approximately 26,000 square feet and a buildable residential floor area of approximately 130,000 square feet. Conceptual plans and designs are currently in progress and it is anticipated that the site will be developed into a luxury high rise residential building with approximately 80 apartments. The proposed development is strategically located at the well

established luxury residential area of Ho Man Tin Hill and is expected to be completed by the first quarter of 2006.

The Group's total property portfolio in Hong Kong is approximately 5.9 million square feet. The gross asset value of the Group's properties in Hong Kong was approximately HK\$13,760 million (2001: HK\$16,453 million) as at 31 December 2002 comprising HK\$9,758 million (2001: HK\$12,121 million) and HK\$4,002 million (2001: HK\$4,332 million) of residential and commercial properties, respectively.

## *PRC Property Division*

*The performance of the Group's PRC investment portfolio has been good and it continues to contribute steadily to the Group's earnings. Sales and leasing in all the locations have been in accordance with expectations and the Group is working to explore all possible opportunities to further add and improve its portfolio. With the PRC's accession into the World Trade Organisation ("WTO") and the forthcoming 2008 Olympics in Beijing, the Group is confident of its investments in the PRC and will continue to focus on prime developments in the PRC's major cities, such as Beijing, Shanghai and Shenzhen.*

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Central Residences Tower 5, Shanghai, PRC

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### SALES OF PROPERTIES

Sales of properties in the PRC amounted to HK\$401 million in 2002 (2001: HK\$679 million) primarily due to the continuing sales of Central Residences during the year.

Central Residences is located at Hua Shan Road in Shanghai, which is considered to be one of the most prestigious residential areas in Shanghai. The property enjoys the convenience of good transportation facilities within the city with a subway

station and access to major highways in close proximity. Construction of the remaining two towers, Towers 3 and 5 of Phase 1, was completed during the year and buyers have already moved in. As at 31 December 2002, Towers 3 and 5 were approximately 92% and 71% sold, respectively.

After its relaunch in 2001, sales of residential units in Kerry Everbright City Tower 2 have continued in 2002 and as at 31 December 2002, approximately 96% of Tower 2 in the Phase 1 development had been sold. The Group will continue with the sales of the residential units in this property in the coming year.

Construction of the Phase 3B development in Shenzhen Regency Park commenced during the year after all villas in Phase 3A were sold. Consisting of 7 deluxe houses with 3 different individual designs, the Phase 3B development aims at providing buyers with an elegant yet relaxed living environment. It will include 2 twin houses each measuring 385 square metres, 3 detached garden houses each measuring 688 square metres and 2 deluxe houses each measuring 798 square metres. Each of the detached garden and deluxe houses has its own swimming pool and garage. One of the seven houses is already presold as at the year end.

On 30 August 2002, the Group sold its residential and commercial site at Suzhou Gucheng District Lot B4 in Suzhou to an independent third party for a total consideration of approximately RMB26.6 million. The sale was completed on 6 October 2002.

### INVESTMENT PROPERTIES

Gross rental revenue from investment properties in 2002 amounted to HK\$456 million (2001: HK\$462 million).

Leasing activities in Beijing Kerry Centre are progressing well as a result of the strong PRC economy and the superb location, top quality design and professional estate management of the property. As at 31 December 2002, the office, residential and commercial podium of Beijing Kerry Centre achieved an occupancy rate of 91%, 80% and 97%, respectively.



Beijing Kerry Centre Hotel, Beijing, PRC



Shanghai Kerry Centre, Shanghai, PRC

Beijing Kerry Centre Hotel has also performed satisfactorily during the year with an average occupancy rate of approximately 80% and an average transient rate of approximately US\$114 per night. The Group is expected to benefit from the continued high demand in the market as a result of the PRC's accession into the WTO and the 2008 Olympics to be held in Beijing, both of which will draw an increasing number of multinational companies into the country. Increased business opportunities are therefore expected which in turn will benefit the Division as a whole.

Despite the highly competitive environment in Shanghai, occupancy in Shanghai Kerry Centre remains high. At the end of December 2002, the office tower and commercial podium were approximately 97% and 94% leased, respectively. The service apartments, Kerry Residences, was also 71% leased as at the year end.

As at 31 December 2002, Tower 1 of Kerry Everbright City was 80% leased. The performance of Pacific Department Store has been satisfactory and has successfully brought in shoppers to the area. The commercial podium remains 100% leased.

The marketing activities of Shenzhen Kerry Centre are continuing and approximately 59% and 39% of the office space has been leased and sold, respectively, as at 31 December 2002. The occupancy rate of the commercial podium now stands at 99%.



Shenzhen Kerry Centre, Shenzhen, PRC

### PROPERTIES UNDER DEVELOPMENT

The development of the Cao Jia Yan site in Shanghai, which is intended to be Phase 2 of the Central Residences project, is on schedule. Located adjacent to Phase 1 of Central Residences in Hua Shan Road, the Group is confident that when completed, the development will be very well received by the public. Site handover is currently in progress and conceptual planning and designs are currently awaiting approval from the government authorities.

The land use contract for No. 1288 Yan An Zhong Road was signed on 6 February 2002. The development is located south-west of Shanghai Kerry Centre in the Jingan district and has a total buildable area of approximately 44,700 square metres. Project planning work is currently in progress with the intention to encompass the adjacent Shanghai Kerry Centre into the whole development.



Arcadia Court, Futian, Shenzhen, PRC

In October 2001, the Group entered into a joint venture called Beijing BHL Logistics Limited to acquire a piece of land at Shibaidian in Chaoyang District, Beijing. The Group has a 20% interest in the joint venture. The joint venture company will perform all necessary work for the relocation and resettlement of the current occupiers of the land which is currently in progress. After completion, the land will be parceled out to individual companies to be formed for the development of the land. The project occupies a total site area of approximately 3.7 million square metres. The investment in the joint venture company is estimated to be approximately RMB1.5 billion and as at 31 December 2002, US\$4,000,000 has been injected into the company as part of the Group's 20% share of the share capital.

Due to the strong property market in Shenzhen and the city's high average income, the Group has developed Arcadia Court in Futian to meet the increasing demand for quality housing in the area. Internal sales began in late December 2002 and was very well received with approximately 11% of the total units available being presold at the year end. Arcadia Court is located east of the central district in Shenzhen and covers a site of approximately 33,600 square metres with a buildable gross floor area of approximately 90,000 square



Residential development at Fuzhou, PRC

metres. The project consists of 8 residential towers offering a total of 532 units ranging from 2 bedroom apartment units of 87 square metres to deluxe penthouses of 500 square metres. An exclusive clubhouse with accompanying facilities is also available with over 65% of the site area being covered with a wide expanse of greenery. Public presales of the project is expected in the near future and construction of the project is expected to be completed in the first quarter of 2004.

## REVIEW OF OPERATIONS

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During the year, the Group acquired Shenzhen Futian Central District Lot No. 7-3 from the Shenzhen City Planning and Land Resources Bureau for a total consideration of approximately HK\$177 million or an accommodation value of approximately HK\$2,350 per square metre. The project occupies a site of 10,013 square metres with a buildable area of approximately 75,000 square metres and will be developed as an office project for lease and for sale. Total development cost of the project is estimated to be approximately HK\$774 million.

The Yu Quan Hua Yuan project in Fuzhou is progressing well with superstructure work currently in progress. The project is intended to be a residential development with ancillary retail shops.

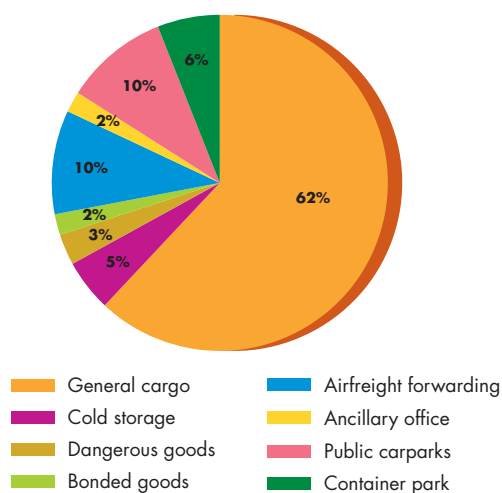
Revenue from PRC properties is expected to continue to be strong in future years due to the improving economic outlook and the entry of the PRC into the WTO. The strategic location and the quality of the Group's properties in the PRC and its excellent professional building management services will also help to further strengthen the recurring income base.

The Group's total property portfolio in the PRC is approximately 17.5 million square feet. The gross asset value of the Group's properties in the PRC was approximately HK\$6,632 million (2001: HK\$6,617 million) as at 31 December 2002.

## Logistics Network Division

The Logistics Network Division is one of the major contributors of revenue to the Group in 2002, accounting for approximately 26% of the Group's total turnover. Already established as a significant player in Hong Kong, during the year, the Division continues to implement its long-term strategic plan to build a strong and comprehensive logistics network focusing on Asia. As at 31 December 2002, the Division operates in 12 countries and 29 cities around the world. In 2003, the Division will continue to strengthen its logistics competency in order to meet with the ever-increasing competition in the industry.

### EXTENSIVE AND COMPREHENSIVE WAREHOUSE COVERAGE



Total GFA of approximately 6.7 million sq.ft. attributable to Kerry Properties Limited as at 31 December 2002

	GFA sq.ft.
General cargo	4,121,691
Cold storage	337,918
Dangerous goods	226,814
Bonded goods	129,486
Airfreight forwarding	693,196
Ancillary office	124,275
Public car parks	649,894
Container park	376,740
<b>Total</b>	<b>6,660,014</b>

"Kerry Logistics" is known to be one of the fastest growing third-party logistics services providers in the Asia Pacific region, with its extensive logistics capabilities encompassing contract logistics, distribution center, international air and sea freight forwarding, transportation, distribution and value-added services. The Division is committed to a high level of professionalism and will continue to deliver top quality service to customers as well as superior financial returns for shareholders.

### LEASING OF WAREHOUSES

Commencing from 2002, the warehousing business in Hong Kong has been facing one of the toughest times seen in decades. The tough economic environment in Hong Kong, the development of less expensive facilities in the Pearl River Delta area, as well as the gradual relaxation of rules governing cargos moving directly in and out of the PRC, has led to a decrease in demand for warehouse space in Hong Kong.





Regional expertise

The Division has been approaching this adverse market condition by implementing effective strategies to secure both cargo volume as well as tenants by taking a proactive approach and a continuous improvement in service quality. Revenue from warehousing dropped slightly from HK\$426 million in 2001 to HK\$399 million in 2002 versus decrease in market rental of over 20% during the year 2002. The occupancy rate for the entire warehouse portfolio operated by the Division stood at 92% as at 31 December 2002.

Subsequent to the year end, on 9 January 2003 the Division acquired a 40% equity interest in Kerry BCI Warehouse Holdings Limited ("Kerry BCI") for a consideration of HK\$110 million. Subsequent to the acquisition, Kerry BCI became a wholly owned subsidiary of the Division and its principal assets are two cold storage warehouses in Hong Kong.

As at 31 December 2002, the Group's attributable share of the gross floor area of its portfolio of completed warehouses and logistics centres was approximately 6.7 million square feet with a gross asset value of approximately HK\$3,384 million (2001: HK\$3,539 million).

### LOGISTICS BUSINESS

Already established as a significant player in Hong Kong, the Division continues to implement its long-term strategic plan to build a strong and comprehensive logistics network focusing on Asia. During the year, the Division has successfully extended its logistics competencies and operating network to countries outside the Asia Pacific region. Logistics revenue increased by 189% from HK\$318 million in 2001 to HK\$919 million in 2002, with 59% of such revenues generated from outside Hong Kong. The volume, customer base as well as cargo throughput handled by the Division has increased by more than 100% during the year. As at 31 December 2002, the Division operates in 12 countries and 29 cities around the world with approximately 1,200 staff.



Solution-oriented management



Yantian Logistics Centre, Shenzhen, PRC

### PRC

With the rapid growth in China's economy and its accession to the WTO, we believe there is huge potential in China's logistics industry. In view of this, the Division has continued to focus its development efforts in the PRC during the year, with four offices being set up in the first quarter of 2002, including Shenzhen, Qingdao, Shanghai and Tianjin. Another office in Xiamen was opened in early 2003.

In addition to the Class A international freight forwarding operating license which the Division successfully obtained in Beijing in April 2002 through a 50% joint venture company in December 2002, the Division secured another comprehensive business

license in Shanghai through another 50% joint venture company, Shanghai Kerry CHJ Logistics Limited ("Kerry CHJ"), which was formed in July 2002 with the Shanghai Caohejing Hi-Tech Park Development Corporation. The total investment cost of Kerry CHJ is approximately HK\$232 million. The joint venture is engaged in the provision of domestic and international freight forwarding; warehousing, distribution and related value added services for general cargos; and import/export related services which will complement the Division's existing operations in the Waigaoqiao Free Trade Zone in capturing business from Shanghai and its neighbouring cities.

The Division's new logistics centre located in the Yantian Free Trade Zone in Shenzhen will also commence operations in mid 2003. This facility which is in excess of 40,000 square metres will serve as a regional hub for the booming Pearl River Delta market. In the meantime, the Division is also operating a 16,000 square metre leased facility in the Futian Free Trade Zone. Efforts will be made to further develop other logistics business in this area when the opportunity arises.

### **Hong Kong**

With its global freight forwarding network gradually coming online, the Division has achieved a significant increase in cargo volume handled during the year. The increase in throughput has enabled the Division to charter two 747 freighters for the first time in November 2002, flying to the United States. The port closure in the United States west coast in October 2002 has also generated extra business for the Division as cargos must be dispatched by air in order to meet pre-Christmas orders. The Division will continue to expand its air and ocean freight business in order to enhance its bargaining power to obtain better rates and to secure space for its customers' cargos.

Leveraging on its strengths in warehousing as well as its expanding Asian Pacific network, the Division managed to secure a variety of integrated logistics accounts covering industry chemical products, FMCG (fast moving consumer goods), consumer electronics, high value consumer products as well as food and beverages.

The Division will continue with its strategy to promote its Hong Kong operation as the regional hub for Asia for its multinational clients, with distribution destined for international markets whilst having outsourced their manufacturing processes to factories in the PRC.



Logistics consultancy service

Capitalising on the well-developed logistics infrastructure in Hong Kong as well as its facilities that are of international standard, the Division's Hong Kong operation will be fulfilling its role as a provider of integrated logistics services and a total solution which can enhance supply chain efficiency for its clients. The development will also serve to increase further, cargo passing through Hong Kong bringing extra business to the Division.



Kerry Logistics (UK) Limited, United Kingdom

### Overseas

Apart from the logistics facility in Yantian, Shenzhen, the Division is also in the process of constructing a 15,000 square metre logistics centre in Thailand. The facility is located in the area of Laem Chabang Port, south of Bangkok and will commence operations in mid 2003. To complement the Division's logistics development in this area, the Division has also started its long-haul transport business in Thailand during the year.

In April 2002, the Division successfully established its first logistics foothold in Europe with the acquisition of a 91% stake in Trident International Limited ("Trident"). Trident is one of the leading players in the Asia-United Kingdom trade and has built up a comprehensive range of logistics services in the United Kingdom. This acquisition has brought about material synergy to the Division's freight business in Asia, especially in the PRC and Hong Kong. In February 2003, Trident was renamed as Kerry Logistics (UK) Limited and will operate under the trade name of Kerry Logistics.

The increasing globalisation of businesses in the 21st century heralds the age of collaboration between third party logistics players with compatible strength and culture. The Division formed a joint venture with a German-based logistics operator, Rhenus AG & Co. KG ("Rhenus") in January 2003 for joint marketing in Europe and Asia. Under this co-operation, Kerry Logistics Network will be Rhenus's preferred partner for contract logistics projects in Asia and vice versa.

### INFORMATION TECHNOLOGY (“IT”)

A well-developed and flexible IT capability is paramount to third party logistics (3PL) solutions. The Division has carried out a number of efficiency enhancement initiatives during the year. The in-house developed warehouse management system “KerrierWMS” has started to replace the existing warehouse operating systems since mid 2002. By mid 2003, all of the Division’s existing warehousing and logistics operations will be running under KerrierWMS. In the freight forwarding sector, the ‘KerrierFMS’ will also commence operation in March 2003. Currently, the Division is also enhancing its capability in electronic data interchange with its partners and customers. This includes direct data synchronisation; the provision of web-based system applications for both business-to-business and business-to-consumer clients; and real time data interchange with clients via the web, internet and leased lines, etc.

In 2003, the Division will continue to strengthen its logistics competency in order to meet with ever increasing competition. Geographically, the Division will continue to focus its development efforts in the PRC. Given the sheer size of the country, the potential growth of China’s 3PL business is expected to be immense. However, competition will also be extremely keen especially after the existing barriers to market entry are lifted and other limitations on foreign investments are phased out according to WTO obligations. The Division believes that it has got distinctive advantages in the PRC market with its early penetration and existing established operations which allows it to position itself effectively in securing potential customers.



Contract logistics

## *International Division*

*Despite the tough economic conditions, the Group's investments in the Philippines and Australia still managed to deliver satisfactory results during the year under review. These investments allow the Group to strengthen its earnings base, diversify its income stream and also enable the Group to access any attractive investments in these areas.*

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The Distillery at Jacksons Landing, Sydney, Australia

### JACKSONS LANDING

Jacksons Landing, a 12 hectare master planned residential development, is a joint venture development between the Group, Lend Lease Corporation of Australia and the Government Investment Corporation of Singapore. It is a residential-commercial development in the Pyrmont peninsula in Sydney, Australia, embracing 1,500 dwellings of waterfront apartments, terrace houses,



The Quarry at Jacksons Landing, Sydney, Australia

heritage buildings and converted loft apartments. Incorporating other ancillary developments such as restaurants, cafes, commercial offices, a 3.5 hectare park and open spaces with a 600 metre waterfront promenade, the project is intended to create a new community along the Sydney Harbour waterfront.



Shangri-La Plaza Mall lobby, Manila, Philippines

During the year, Towers 1 and 2 in the Distillery Hill precinct of the project, namely The Distillery and The Quarry, were launched for presale. Market attention was drawn to the approval of a creative and innovative design for The Distillery by the State Government. The Distillery is an ultra-modern 19 storey building in vivid yellow to be built along the waterfront of Sydney. The Quarry, on the other hand, when approved, will be a green coloured tower in the neighbourhood. With its top-notch design, enthusiastic responses were found when The Quarry was released for presales in October 2002 with buyers queuing overnight for the apartments. The Management is confident that Jacksons Landing will continue to contribute satisfactory results to the Group when the other premises are released.

The Group has equity accounted for its share of profits after tax for the year of approximately HK\$13 million (2001: HK\$10 million) derived from presales and sales of this project.

### **EDSA PROPERTIES HOLDINGS INC. ("EPHI")**

The Group owns a direct equity interest of 39.12% in EPHI, a company listed on the Philippines Stock Exchange. In addition to the shares directly held, the Group had also invested in EPHI through the purchase of Philippine Deposit Receipts ("PDRs") in which the underlying shares in respect of the PDRs represent 34.76% of EPHI's issued share capital. These interests jointly account for approximately 73.88% of EPHI's total issued share capital.



Renovated Shangri-La Plaza Mall, Manila, Philippines

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EPHI holds a majority stake in the Shangri-La Plaza Mall ("SLPC"), one of the premier shopping malls in Manila, in the Philippines, whose occupancy rate stood at 95% at the year end. SLPC has worked continuously to improve its retail mix to provide customers with an ideal selection of goods and services. Specific zoning in the Mall has been introduced such as the Wellness Zone and the Youth Zone with a view to offer an enjoyable shopping experience for the selected groups.

The mall's renovation was also completed during the year. The brand new designs and decorations as well as enhanced features such as waterwalls, giant revolving doors, shops along the internal avenue, have not only given the mall a fresher look but also

enhanced the mall's market positioning as a premier shopping complex effectively delivering an upscale retail experience. In addition, the creation of more leasable spaces has also allowed greater variety and colours into the mall by bringing in new tenants.

The mall has also continued to pursue aggressive promotions throughout the year to sustain market interest and mall patronage through organizing large scale and mall wide themed events and promotions. These activities, actively supported by the tenant retailers and the cultural and arts communities, include the French and German Film Festivals, choral performance, piano concerts etc, to name just a few.



The Enterprise Center, in which EPHI holds a 23.52% interest, is also performing satisfactorily. With its superior facilities, central location, extensive landlord provisions and an impressive mix of existing tenants, The Enterprise Center continued to command a premium over the newer buildings in the market. As at 31 December 2002, The Enterprise Center was 82% leased.

On 6 August 2002, EPHI entered into a Memorandum of Agreement with its associate company, Kuok Philippine Properties, Inc. to develop a high-end residential condominium, The Shang Grand Tower, in the heart of the Makati Central Business District. With a site area of approximately 2,856 square metres and a net saleable area of approximately 39,445 square metres, The Shang Grand Tower will consist of 250 luxury residential units. EPHI will have a beneficial interest of approximately 68% in the project which is expected to complete by the fourth quarter of 2005.

As at 31 December 2002, the gross asset value of the Group's international investments was approximately HK\$1,859 million (2001: HK\$1,877 million) comprising HK\$145 million (2001: HK\$120 million) and HK\$1,714 million (2001: HK\$1,757 million) of assets in Australia and in the Philippines, respectively.



The Shang Grand Tower development, Makati, Philippines

## *Infrastructure Division*

*The Group's infrastructure-related investments are enjoying satisfactory growth with both Chiwan Container Terminal and Asia Airfreight Terminal showing continued improvement during the year. The Western Harbour Tunnel has started to make positive contributions to the Group whilst the management contract for the Cross Harbour Tunnel has been secured for a further two year term. The Division is expected to provide a source of good recurrent earnings for the future as the investments continue to grow and mature.*

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### CHIWAN CONTAINER TERMINAL ("CCT")

In February 2002, Shenzhen Kaifeng Terminal changed its name to Chiwan Container Terminal. Powered by the thriving manufacturing base in the Pearl River Delta and leveraging on its new third berth and facilities, CCT made very good progress during the year with TEUs handled in 2002 increasing to 1,173,595 TEUs from 643,745 TEUs in 2001. This increase was helped by the PRC's accession to the WTO as well as increased demand from the United States. In view of the booming port business in Southern China, the management of CCT is currently considering the construction of two new berths, which when completed, will increase the total number of berths to five. The Group is confident that this will further enhance the revenue of CCT and thus bring in further income to the Group.

During the year, the Group equity accounted for its share of profit after tax amounting to HK\$49 million (2001: HK\$17 million) from this investment.

### ASIA AIRFREIGHT TERMINAL ("AAT")

2002 was a record year for Asia Airfreight Terminal. In line with the Hong Kong International Airport



Western-By-Pass facility at Asia Airfreight Terminal

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posting record numbers for passengers, freight and aircraft movements during the year, the annual cargo throughput for AAT has similarly reached a record of 431,416 tons in 2002, representing a growth of 18% over 2001. This cargo growth was driven by the fact that more countries are buying goods from the PRC whilst consumer demand in the mainland has continued to grow.

During the year, construction of the new terminal facility, the Western-By-Pass, was completed. The Western-By-Pass facility is designed mainly for export cargo acceptance and covers a site area of 1,700 square metres. At present, pre-packed cargos will be served from this facility. There are two mechanical



Chiwan Container Terminal, Shenzhen, PRC

lanes, one free drive lane and ball mat for moving cargo units from landside to airside direct. The Western-By-Pass facility commenced operations in January 2003. AAT is confident that it will further streamline efficiency in processing pre-packed cargos and thus improve its revenue stream.

During the year, the Group equity accounted for its share of profit after tax amounting to HK\$27 million (2001: HK\$22 million) from this investment.

### WESTERN HARBOUR TUNNEL

The performance of the tunnel was in line with expectations and has started making a positive contribution to the Group during the year under review. Daily average traffic experienced a slight increase to approximately 40,000 (2001: 39,700) vehicles a day. As at 31 December 2002, the Group has equity accounted for its share of profits from the tunnel amounting to HK\$25 million (2001: HK\$12.6 million).

### CROSS HARBOUR TUNNEL

Hong Kong Tunnels and Highways Management Company Limited, a joint venture company formed by the shareholders of the Western Harbour Tunnel in which the Group has a 15% interest, had previously been awarded the management, operation and maintenance contract for the Cross Harbour Tunnel up to 31 August 2002. In June 2002, the consortium successfully secured a new contract with the Government to continue rendering its management services to the tunnel for another two years, extendable for a further two years thereafter.

As at 31 December 2002, the gross asset value of the Group's infrastructure investments was approximately HK\$723 million (2001: HK\$596 million) comprising HK\$515 million (2001: HK\$427 million) and HK\$208 million (2001: HK\$169 million) of assets located in Hong Kong and the PRC, respectively.

## Particulars of Properties Held

Particulars of properties held by the Group as at 31 December 2002 are as follows:

Property name	Location	Type	%	Group's attributable interest		Lease term
				Approximate gross floor area (Sq.ft.)	Approximate no. of carpark spaces	
<b>Hong Kong Properties</b>						
<b>A. Held for investment</b>						
<b>I. Residential</b>						
1. Tregunter Towers 1 & 2	14 Tregunter Path Mid-Levels Hong Kong	Residential	100.00	276,666	86	Medium to long lease
2. Branksome	3 Tregunter Path Mid-Levels Hong Kong	Residential	100.00	257,372	81	Long lease
3. Aigburth	12 Tregunter Path Mid-Levels Hong Kong	Residential	100.00	204,940	63	Long lease
4. Belgravia	57 South Bay Road Repulse Bay Hong Kong	Residential	100.00	122,353	75	Medium lease
5. Tavistock	10 Tregunter Path Mid-Levels Hong Kong	Residential	100.00	104,460	24	Long lease
6. Constellation Cove	1 Hung Lam Drive Tai Po New Territories	Residential	75.00	33,480	–	Medium lease
7. 111 High Street	111 High Street Sai Ying Pun Hong Kong	Residential	100.00	20,270	–	Long lease
8. Gladdon	3 May Road Mid-Levels Hong Kong	Residential	100.00	2,300	14	Long lease
9. Elm Tree Towers – Carparks	8-10 Chun Fai Road Tai Hang Hong Kong	Carparks	80.00	–	6	Long lease
<b>Sub-total</b>				<b>1,021,841</b>	<b>349</b>	

## PARTICULARS OF PROPERTIES HELD

Property name	Location	Type	%	Group's attributable interest		Lease term
				Approximate gross floor area (Sq.ft.)	Approximate no. of carpark spaces	
<b>II. Commercial</b>						
1. Olympian City 2 at Olympian City	MTR Olympic Station 18 Hoi Ting Road Kowloon	Commercial	32.50	170,016	64	Medium lease
2. Enterprise Square	9 Sheung Yuet Road Kowloon Bay Kowloon	Commercial	100.00	144,848	28	Medium lease
3. Citibank Plaza Citibank Tower – 34/F, 36/F, & 37/F	3 Garden Road Central Hong Kong	Commercial	10.16	90,398*	55	Medium lease
		Commercial	100.00	52,656*	3	Medium lease
				143,054		
4. Auto Plaza	65 Mody Road Tsimshatsui Kowloon	Commercial	100.00	106,197	980	Long lease
5. 6/F AXA Centre 7/F AXA Centre 8/F AXA Centre 9/F AXA Centre	151 Gloucester Road Wanchai Hong Kong	Commercial	100.00	12,750	2	Long lease
		Commercial	100.00	12,750	2	Long lease
		Commercial	100.00	12,761	2	Long lease
		Commercial	100.00	12,750	2	Long lease
				51,011		
6. Hollywood Centre	233 Hollywood Road Sheung Wan Hong Kong	Commercial	45.00	40,490	–	Long lease
7. Harbour Centre	25 Harbour Road Wanchai Hong Kong	Retail	15.00	6,135**	43	Long lease
		Office		32,941*		
				39,076		
8. Olympian City 1 at Olympian City	MTR Olympic Station 11 Hoi Fai Road Kowloon	Commercial	20.00	27,986	66	Medium lease
9. South Seas Centre – Various portions	75 Mody Road Tsimshatsui Kowloon	Commercial	100.00	9,555	38	Long lease
10. Constellation Cove	1 Hung Lam Drive Tai Po New Territories	Commercial	75.00	5,550	–	Medium lease
11. Belair Monte	3 Ma Sik Road Area 19 Luen Wo Hui Fanling New Territories	Commercial	8.00	3,629*	–	Medium lease
12. Wing On Plaza	62 Mody Road Tsimshatsui Kowloon	Commercial	10.00	2,896	–	Long lease
<b>Sub-total</b>				<b>744,308</b>	<b>1,285</b>	
<b>Total Hong Kong investment properties</b>				<b>1,766,149</b>	<b>1,634</b>	

\* Being lettable floor area

\*\* Being net floor area

## PARTICULARS OF PROPERTIES HELD

Property name	Location	Type	Stage of completion	Anticipated completion	Group's attributable interest			
					%	Approximate gross floor area (Sq.ft.)	Approximate site area (Sq.ft.)	
<b>Hong Kong Properties</b>								
<b>B. Under development</b>								
1.	The Cliveden	98 Route Twisk Tsuen Wan New Territories	Residential	Superstructure work in progress	Fourth quarter of 2003	50.00	112,533	37,512
2.	Branksome II	3 Tregunter Path Mid-Levels Hong Kong Inland Lot No. 8393	Residential	Superstructure work in progress	First quarter of 2004	100.00	142,848	78,790
3.	Enterprise Square 3	Wang Chiu Road Kowloon Bay Kowloon	Commercial	Superstructure work in progress	First quarter of 2004	100.00	553,872	46,156
4.	Hang Hau Station Residential Project	MTR Hang Hau Station Tseung Kwan O Kowloon	Residential	Superstructure work in progress	First quarter of 2005	40.00	596,980	77,345
5.	Ho Man Tin Residential Project	15 Ho Man Tin Hill Road Ho Man Tin Kowloon	Residential	Site handover in progress @	First quarter of 2006	100.00	130,340	26,078
6.	Enterprise Square 5	Wang Chiu Road Kowloon Bay Kowloon	Industrial/ Office	Conceptual design stage	Second quarter of 2006	100.00	1,626,742	135,562
7.	Tsuen Wan Residential Project	152-160 Kwok Shui Road New Territories	Residential	Site handover in progress #	Fourth quarter of 2006	100.00	200,000	40,000
8.	ALCIL No. 129	Praya Road Ap Lei Chau Hong Kong	Residential	Conceptual design stage	Second quarter of 2007	35.00	319,663	63,179
<b>Total Hong Kong properties under development</b>							<b>3,682,978</b>	<b>504,622</b>

@ Sale and purchase transaction completed on 28 January 2003

# Sale and purchase transaction completed on 12 February 2003

## PARTICULARS OF PROPERTIES HELD

Property name	Location	Type	%	Group's attributable interest		Lease term	
				Approximate gross floor area (Sq.ft.)	Approximate no. of carpark spaces		
<b>Hong Kong Properties</b>							
<b>C. Completed and held for sale</b>							
1.	Constellation Cove	1 Hung Lam Drive Tai Po New Territories	Residential	75.00	190,500	89	Medium lease
2.	Central Park at Olympian City	MTR Olympic Station 18 Hoi Ting Road Kowloon	Residential	32.50	141,273	} 238	Medium lease
3.	Park Avenue at Olympian City	MTR Olympic Station 18 Hoi Ting Road Kowloon	Residential	32.50	31,505		Medium lease
4.	Island Harbourview at Olympian City	MTR Olympic Station 11 Hoi Fai Road Kowloon	Residential	20.00	44,206	116	Medium lease
5.	Ocean Pointe	8 Sham Tsz Street Sham Tseng New Territories	Residential	100.00	16,774	184	Medium lease
6.	Richwood Park	33 Lo Fai Road Tai Po New Territories	Shops	50.00	7,893	–	Medium lease
7.	Greenfields	1 Fung Kam Street Yuen Long New Territories	Residential	7.00	490	3	Medium lease
8.	Valverde	11 May Road Mid-Levels Hong Kong	Carparks	100.00	–	24	Long lease
9.	Tavistock II	10A Tregunter Path Mid-Levels Hong Kong	Carparks	100.00	–	16	Long lease
10.	Camellia Court	3 Yu Tai Road Fanling New Territories	Carparks	100.00	–	9	Medium lease
11.	Enterprise Square 2	3 Sheung Yuet Road Kowloon Bay Kowloon	Carparks	100.00	–	6	Medium lease
<b>Total Hong Kong properties, completed and held for sale</b>					<b>432,641</b>	<b>685</b>	
<b>TOTAL HONG KONG PROPERTY PORTFOLIO</b>					<b>5,881,768</b>		

## PARTICULARS OF PROPERTIES HELD

Property name	Location	Type	%	Group's attributable interest		Lease term
				Approximate gross floor area (Sq.ft.)	Approximate no. of carpark spaces	
<b>PRC Properties</b>						
<b>A. Held for investment</b>						
1.	Beijing Kerry Centre	1 Guang Hua Road Chaoyang District Beijing	Office Podium office Hotel with Club Residential Commercial Carparks	71.25	664,380 37,051 463,980 276,380 107,716 249,446	430 Medium lease
					1,798,953	
2.	Shanghai Kerry Centre	1515 Nanjing Road West Jingan District Shanghai	Residential Office Commercial Carparks	74.25	142,355 308,584 103,971 118,129	180 Medium lease
					673,039	
3.	Kerry Everbright City – Phase I	218 Tianmu Road West Zhabei District Shanghai	Commercial Office Office/Residential Carparks	54.45	249,486 267,431 10,388 72,135	131 Medium lease
					599,440	
4.	Shenzhen Kerry Centre	Renminnan Road Lowu District Shenzhen	Office Commercial Carparks Others	100.00	255,025 107,256 88,319 53,885	193 Medium lease
					504,485	
5.	Beijing COFCO Plaza	8 Jianguomennei Avenue Dongcheng District Beijing	Office Tower A Office Tower B Commercial Carparks & Others	15.00	47,841 52,395 80,010 29,300	23 Medium lease
					209,546	
6.	Shanghai Trade Square	88-128 Siping Road Hongkou District Shanghai	Office Commercial Carparks	55.20	33,562 9,946 19,264	51 Medium lease
					62,772	
7.	International Apartments	88-128 Siping Road Hongkou District Shanghai	Commercial Carparks	55.20	4,017 12,432	33 Medium lease
					16,449	
<b>Total PRC investment properties</b>					<b>3,864,684</b>	<b>1,041</b>



## PARTICULARS OF PROPERTIES HELD

Property name	Location	Type	Stage of completion	Anticipated completion	Group's attributable interest			
					%	Approximate gross floor area (Sq.ft.)	Approximate site area (Sq.ft.)	
<b>PRC Properties</b>								
<b>B. Under development</b>								
1.	Shenzhen Regency Park, Phase III B	Yinhu Road Lowu District Shenzhen Lot No. H402-37	Residential	External utilities installation in progress	First quarter of 2003	100.00	38,567	76,951
2.	Yu Quan Hua Yuan	127 Gutian Road Gu Lou District Fuzhou	Residential/ Commercial	Superstructure work in progress	First quarter of 2004	100.00	437,836	86,241
3.	Arcadia Court	Futian District Shenzhen Lot No. B205-0008	Residential	Superstructure work in progress	First quarter of 2004	100.00	970,057	361,595
4.	Central Residences Phase 2	South West Caojiayan Yanan Road West and Jiangsu Road Changning District Shanghai	Residential	Site handover in progress, piling work will commence	Third quarter of 2004	100.00	694,063	158,823
5.	Kerry Everbright City – Phases II and III	Tianmu Road West Zhabei District Shanghai	Residential/ Office/ Commercial	Design planning under review	In phases to 2005	54.45	928,382	199,262
6.	Futian Office Project	Futian Central District Lot No.7-3 Shenzhen	Office	Project planning	Fourth quarter of 2005	100.00	807,300	107,782
7.	Jing An Residential Project	1288 Yan An Zhong Road Jing An District Shanghai	Residential	Project planning	Fourth quarter of 2005	99.00	476,653	145,917
<b>Total PRC properties under development</b>							<b>4,352,858</b>	<b>1,136,571</b>

## PARTICULARS OF PROPERTIES HELD

Property name	Location	Type	%	Group's attributable interest		Lease term
				Approximate gross floor area (Sq.ft.)	Approximate no. of carpark spaces	
<b>PRC Properties</b>						
<b>C. Completed and held for sale</b>						
1. Central Residences Towers 1, 3 and 5	1038 Hua Shan Road Changning District Shanghai	Residential	100.00	111,928	60	Medium lease
<b>Total PRC properties, completed and held for sale</b>				<b>111,928</b>	<b>60</b>	

Property name	Location	Type	%	Group's attributable interest	
				Approximate site area (Sq.ft.)	
<b>PRC Properties</b>					
<b>D. Held for future development</b>					
1. Beijing Site	Shibalidian Chaoyang District Beijing	Multi-uses		20.00	8,000,000
2. Changchun Industrial Site	Southeast junction of Pudong Road and Dongsheng Avenue Changchun	Industrial		65.00	699,660
3. Tianjin Industrial Site	Lot No. 28 Tianjin Harbour Nanjiang Area Tanggu District Tianjin	Industrial		25.00	269,102
4. Guangxi Beihai Site	Southwest junction of Beihai Avenue and Guizhou Road Beihai	Residential/ Commercial		100.00	118,404
5. Kerry Everbright City – Phase IV	Tianmu Road West Zhabei District Shanghai	Residential/ Commercial		54.45	97,633
<b>Total PRC properties held for future development</b>					<b>9,184,799</b>
<b>TOTAL PRC PROPERTY PORTFOLIO</b>					<b>17,514,269</b>

## PARTICULARS OF PROPERTIES HELD

Property name	Location	Type	%	Group's attributable interest		Lease term	
				Approximate gross floor area (Sq.ft.)	Approximate no. of carpark spaces		
<b>Warehouses and logistics centres</b>							
<b>A. Completed</b>							
1.	Kerry Cargo Centre	55 Wing Kei Road Kwai Chung New Territories	Warehouse Carparks	100.00	1,443,356 547,000	777	Medium lease
					1,990,356		
2.	Kerry Warehouse (Tsuen Wan)	3 Shing Yiu Street Kwai Chung New Territories	Warehouse	100.00	591,973	56	Medium lease
3.	Kerry Warehouse (Chai Wan)	50 Ka Yip Street Chai Wan Hong Kong	Warehouse	100.00	535,037	53	Long lease
4.	Kerry Warehouse (Shatin)	36-42 Shan Mei Street Shatin New Territories	Warehouse	100.00	431,530	64	Medium lease
5.	Kerry Logistics (Australia) Pty Ltd Adelaide	4 Martin Avenue Gillman, Adelaide South Australia 5013	Container terminal	100.00	422,218	-	Freehold
6.	Kerry BCI Warehouse 2	35 Wing Kei Road Kwai Chung New Territories	Warehouse Carparks	60.00#	294,565 102,894	157	Medium lease
					397,459		
7.	Kerry BCI Warehouse 1	3 Kin Chuen Street Kwai Chung New Territories	Warehouse	60.00#	388,699	34	Medium lease
8.	Kerry Warehouse (Sheung Shui)	2 San Po Street Sheung Shui New Territories	Warehouse	100.00	356,253	37	Medium lease
9.	Kerry Warehouse (Yuen Long 1)	19 Tak Yip Street Tung Tau Industrial Area Yuen Long New Territories	Warehouse	100.00	321,430	33	Medium lease
10.	Kerry Hung Kai Warehouse (Cheung Sha Wan)	3 Fat Tseung Street Cheung Sha Wan Kowloon	Warehouse	50.00	299,115	29	Medium lease
11.	Kerry Warehouse (Kwai Chung)	4-6 Kwai Tai Road Kwai Chung New Territories	Warehouse	100.00	286,628	33	Medium lease
12.	Kerry Warehouse (Fanling 1)	39 On Lok Mun Street On Lok Tsuen Fanling New Territories	Warehouse	100.00	283,580	30	Medium lease
13.	Kerry D.G. Warehouse (Kowloon Bay)	7 Kai Hing Road Kowloon Bay Kowloon	Warehouse	100.00	181,902	19	Medium lease
14.	Kerry Warehouse (Fanling 2)	23 Yip Cheong Street On Lok Tsuen Fanling New Territories	Warehouse	100.00	137,738	10	Medium lease
15.	Shanghai Linghua Logistics Centre	A2-30, Zhang Jiang High Tech Park Pudong New Area Shanghai	Logistics Centre	18.63	36,096	-	Medium lease
<b>Total completed warehouses and logistics centres</b>					<b>6,660,014</b>	<b>1,332</b>	

# Sales and purchases agreement signed on 9 January 2003 to acquire the remaining 40% interests in the warehouses

## PARTICULARS OF PROPERTIES HELD

Property name	Location	Type	Stage of completion	Anticipated completion	Group's attributable interest			
					%	Approximate gross floor area (Sq.ft.)	Approximate site area (Sq.ft.)	
<b>Warehouses and logistics centres</b>								
<b>B. Under development</b>								
1.	Laem Chabang Logistics Centre	Tambon Nonggob Amphur Sriracha Chonburi Province Thailand	Logistics Centre	Finishing work in progress	Mid 2003	60.00	96,840	258,240
2.	Yantian Logistics Centre	Lot No. 26 Southern zone Yantian Port Free Trade Zone Shenzhen	Logistics Centre	Fitting out work in progress	Mid 2003	55.00	255,448	212,708
<b>Total warehouses and logistics centres under development</b>							<b>352,288</b>	<b>470,948</b>
<b>TOTAL PORTFOLIO OF WAREHOUSES AND LOGISTICS CENTRES</b>							<b>7,012,302</b>	

Property name	Location	Type	%	Group's attributable interest			Lease term
				Approximate gross floor area (Sq.ft.)	Approximate no. of carpark spaces		
<b>International Properties</b>							
<b>A. Held for investment</b>							
1.	Land leased to EDSA Shangri-La Hotel	EDSA corner Shaw Blvd. Mandaluyong City Philippines	Hotel lease	73.88#	191,832*	-	Freehold
2.	Land leased to Shangri-La Plaza Mall	EDSA corner Shaw Blvd. Mandaluyong City Philippines	Shopping Centre lease	73.88#	217,938*	-	Freehold
3.	Land for open carparks	EDSA corner Shaw Blvd. Mandaluyong City Philippines	Carpark and others	73.88#	243,726*	293	Freehold
					653,496*		
4.	Shangri-La Plaza Mall	EDSA corner Shaw Blvd. Mandaluyong City Philippines	Shopping Centre	58.15@	1,087,857	384	Freehold
5.	Enterprise Center	Ayala Avenue cor Paseo de Roxa Makati City Philippines	Commercial	17.38^	260,381	207	Freehold
6.	Carpark Building	EDSA corner Shaw Blvd. Mandaluyong City Philippines	Carpark	73.88#	226,621	536	Freehold
<b>Total international investment properties</b>					<b>2,228,355</b>	<b>1,420</b>	

\* Being site area

# Including attributable interest of 34.76% held through Philippine Deposit Receipts

@ Including attributable interest of 27.36% held through Philippine Deposit Receipts

^ Including attributable interest of 8.18% held through Philippine Deposit Receipts

## PARTICULARS OF PROPERTIES HELD

Property name	Location	Type	Stage of completion	Anticipated completion	Group's attributable interest			
					%	Approximate gross floor area (Sq.ft.)	Approximate site area (Sq.ft.)	
<b>International Properties</b>								
<b>B. Under development</b>								
1.	Distillery Stage 1 Jacksons Landing	Jones Street Pyrmont Sydney Australia	Residential	Substructure work in progress	First quarter of 2004	25.00	67,275	12,109
2.	Escarpment Jacksons Landing	Refinery Drive Pyrmont Sydney Australia	Residential	Substructure work in progress	First quarter of 2004	25.00	6,458	2,086
3.	Shang Grand Tower	DelaRosa corner Makati City Philippines	Residential	Excavation work in progress	Fourth quarter of 2005	49.72#	211,097*	15,284
4.	Various precincts, Jacksons Landing	Lot 94, DP 868828 Pyrmont Sydney Australia	Residential/ Commercial	Design stage	In phases up to 2007	25.00	177,606	48,866
<b>Total international properties under development</b>							<b>462,436</b>	<b>78,345</b>

Property name	Location	Type	%	Group's attributable interest			Lease term
				Approximate gross floor area (Sq.ft.)	Approximate no. of carpark spaces		
<b>International Properties</b>							
<b>C. Completed and held for sale</b>							
1.	McCafferys Jacksons Landing	Cadigal Avenue Pyrmont Sydney Australia	Residential	25.00	50,287	58	Freehold
2.	Regatta Wharf B (Reflections) Jacksons Landing	Refinery Drive Pyrmont Sydney Australia	Residential	25.00	1,598	3	Freehold
3.	The Terraces Jacksons Landing	Bowman Street Pyrmont Sydney Australia	Residential	25.00	307	-	Freehold
<b>Total international properties, completed and held for sale</b>					<b>52,192</b>	<b>61</b>	
<b>TOTAL INTERNATIONAL PROPERTY PORTFOLIO</b>					<b>2,742,983</b>		

# Including attributable interest of 23.39% held through Philippine Deposit Receipts  
\* Net saleable area

### Infrastructure Investments

Project	Interest owned	Current status
Western Harbour Crossing	15%	Operational April 1997
Asia Airfreight Terminal	15%	Operational June 1998
Chiwan Container Terminal	25%	Operational January 1994