

HIGHLIGHTS OF GROUP RESULTS

- ◆ Unaudited Group profit attributable to Shareholders of HK\$1,309 million, an increase of 11%. No provision was made for property and investment in the period under review.
- ◆ Earnings per share were HK\$0.53, against HK\$0.48 for the same period in 2002.
- ◆ Group profit attributable to Shareholders before provisions recorded a decrease of 16% compared to HK\$1,555 million for the same period in 2002.
- ◆ An interim cash dividend of 12 cents (2002: 28 cents) per share will be paid.
- ◆ Shareholders will also receive one i-CABLE share for every 10 Wharf shares held. The Company is obliged, latest by November 23, 2003, to restore i-CABLE's public float to the minimum 25% level as prescribed in the Hong Kong Listing Rules. The closing price of i-CABLE shares on August 19, 2003 is HK\$2.075 per share, and the market price of i-CABLE shares for the past 52 weeks ranged from HK\$1.64 to HK\$4.525 per share.

Operations and financial highlights:

- ◆ Group turnover was HK\$5,463 million, a decrease of 2%.
- ◆ Property investment: revenue reduction of 6% to HK\$2,092 million. Operating profit decreased by 10% to HK\$1,448 million. While retail revenue generated by Harbour City and Times Square went up by 1.5%, the office revenue contributed by these flagship properties showed a 5.5% decline.
- ◆ Due to the impact of SARS, hotel revenue dropped by 34% to HK\$197 million from HK\$299 million, which led to an operating loss of HK\$10 million against profit of HK\$95 million for the same period in 2002.
- ◆ CME (Communications, Media and Entertainment): total revenue decreased by 1% to HK\$1,748 million. Operating profit decreased slightly by 2% to HK\$199 million.
- ◆ Logistics: total revenue increased by 4% to HK\$1,532 million. Operating profit also increased by 9% to HK\$854 million.
- ◆ Net borrowing costs decreased by HK\$78 million or 20% to HK\$305 million from HK\$383 million. Average borrowing cost was 3.1% p.a., a reduction from 3.8% p.a. in the first half of 2002.
- ◆ Tax charge increased by HK\$164 million due primarily to rise in Hong Kong Profits Tax rate, which impacted both the current tax and deferred tax liabilities.
- ◆ Consolidated Group net asset value was HK\$19.78 per share.
- ◆ Net debts decreased from HK\$20.5 billion at December 31, 2002 to HK\$19.4 billion at June 30, 2003 (net debts to equity: 40.0%, reduced from 42.9%).