PROPERTY

Bellagio (effectively 74%-owned)

Bellagio, in Sham Tseng on the western shore of the New Territories overlooking the Tsing Ma Bridge, is a joint-venture development equally owned by Wheelock, Wheelock Properties and Wharf. Phases I and II, comprising a total of 1,704 units, were completed in December 2002. As at the end of March 2005, cumulative sales reached 1,691 units (99 per cent sold), realising proceeds of about HK$4.1 billion. Superstructure works for Phases III and IV, which provide a total of 1,641 residential units, are in progress. The project is expected to be completed by the end of 2005. Pre-sales for Tower 2 and Tower 5 (total: 844 units) were launched in early September of 2004 and met with favourable market responses. As at the end of March 2005, cumulative sales reached 752 units (89 per cent sold), realising proceeds of HK$2.7 billion.

Sorrento (effectively 66%-owned)

Located above the Kowloon Station, Sorrento is a joint-venture project between MTRC and a five-member consortium equally owned by Wheelock, Wheelock Properties, Wharf, Harbour Centre Development and a wholly-owned subsidiary of Wheelock Properties. As at the end of this financial year under review, cumulative sales and proceeds reached 2,111 units (99 per cent sold) and HK$12.0 billion respectively.

WHEELOCK PROPERTIES LIMITED (A 74%-OWNED LISTED SUBSIDIARY)

Sorrento and Bellagio are effectively 40 per cent and 33.33 per cent owned by Wheelock Properties respectively.

Parc Palais is owned by a five-member consortium comprising Wheelock Properties, New World Development, Sino Land, Chinese Estates and Manhattan Garments. This residential project in Homantin boasts 700 units or a gross floor area of about one million square feet. As at the end of March 2005, cumulative sales and proceeds reached 607 units (86 per cent sold) and HK$5.8 billion respectively.

Wheelock Properties (Singapore) Limited (A 75%-owned Listed Subsidiary)

Wheelock Properties (Singapore) Limited has made three significant acquisitions during the financial year under review, namely, Scotts Shopping Centre/The Ascott Singapore, the previous China Airlines apartments site which is located right next to the Sea View Hotel site and the Oakwood Residence Azabujuban in Tokyo. In April 2005, the company also completed its purchase of the Angullia View, which will be redeveloped into residential apartments for sale and, through its wholly-owned subsidiary Firstbilt Pte Limited, acquired all other shares in Hamptons Group Limited ("Hamptons") in the UK not previously held by the group, making Hamptons a wholly-owned subsidiary of the company.

Development Properties

Grange Residences obtained strata titles subdivisions in March 2005. To date, 97 per cent of the total 164 units have been sold.

The Cosmopolitan is a residential condominium development of 228 apartments on the former Times House site, with completion targeted for August 2007. A pre-launch preview of The Cosmopolitan was organised in March 2005. To date, 15 per cent of the total 228 apartments have been sold.

The Sea View, a residential condominium development with 546 apartments for sale, is proposed on the amalgamated site. Piling works were completed in May 2005 and construction is expected to be completed in July 2007. This development is expected to be launched in mid-2005.

All tenancies of Ardmore Vue expired at the end of November 2004 with all the tenants having vacated the premises. Demolition of the building is in progress and is scheduled to be completed by mid-2005.

The Scotts Shopping Centre is currently 97 per cent leased and The Ascott Singapore is currently 79 per cent leased at satisfactory rental rates.

Investment Properties

Wheelock Place, a commercial building with 465,000 square feet in GFA on Orchard Road in Singapore, is currently 95 per cent leased at satisfactory rental rates.

Oakwood Residence Azabujuban in Tokyo is currently 87 per cent leased at satisfactory rental rates.

THE WHARF (HOLDINGS) LIMITED (A 48%-OWNED LISTED ASSOCIATE)

Harbour City (wholly-owned)

Harbour City office's total revenue in 2004 was slightly lower than a year ago due to the negative reversionary cycle. With 75 per cent retention rate for office tenancies that expired in 2004 and new lettings commitments totalling about 750,000 square feet, **Harbour City**'s office occupancy climbed steadily from 2003 year-end's 88 per cent to 2004 year-end's 95 per cent. Tsim Sha Tsui is fast becoming Hong Kong's core Central Business District for companies associated with the Pearl River Delta and other mainland markets. Gateway Apartments' occupancy grew sharply to 83 per cent at 2004 year-end from January's average of 68 per cent. With the rebound of the hotel industry in 2004, the consolidated occupancy for the three Marco Polo hotels at **Harbour City** increased significantly from 67 per cent in 2003 to 91 per cent in 2004. **Harbour City** showed encouraging performance in light of an upswing in the retail market and improving local sentiment. Retail occupancy maintained at around 98 per cent throughout 2004. Most new leases and renewals recorded favourable rental growth. Backed by an influx of mainland and overseas tourists and an upsurge in local spending throughout 2004, **Harbour City** tenants recorded an average of more than HK$1,000 in terms of sales per square foot in December 2004, representing a new high since 1998.

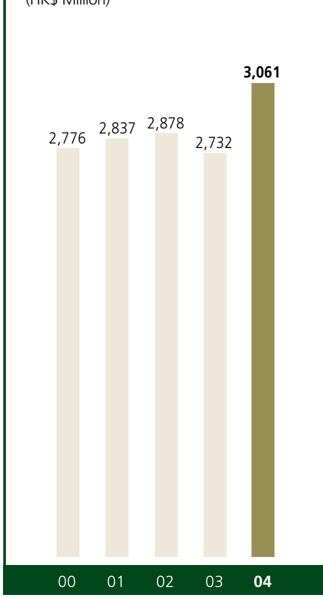
Times Square (wholly-owned)

Times Square recorded a slight increase in retail revenue on the back of a booming retail market, and a slight decrease in office revenue arising from the negative office reversionary cycle in 2004. Retail occupancy maintained at about 96 per cent amid buoyant consumer sentiment. Most retail tenants enjoyed satisfactory improvement in sales per square foot. Re-merchandising in the trade mix continued to attract traffic to **Times Square** during the year. Refurbishment on Basement 2 was completed in August. **Times Square**'s office occupancy grew from 83 per cent in 2003 to 95 per cent at the end of 2004.

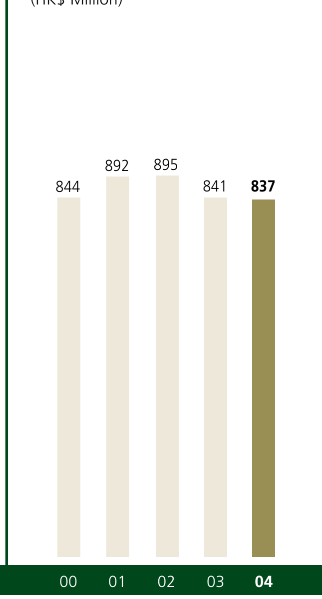
i-CABLE (a 67%- owned listed subsidiary)

Consolidated net profit of the listed **i-CABLE** rose by 29 per cent in 2004, surpassing all previous records despite intensified competition in its core markets. The timely introduction of the company's own triple-play service (viz, broadband, television and voice) during the last quarter of 2004 further enhanced its competitiveness. Total Pay TV subscribers grew by seven per cent year-on-year to 702,000 at 2004 year-end. A total of 22 new channels were launched, including the EPL Channel, Soccer Betting Channel and NBA TV. Additionally, full operation of the Digitised Sports Centre, catering particularly for the upcoming FIFA World Cup 06, commenced in 2004. **i-CABLE** also substantially completed its migration to the digital transmission platform, which enabled the deployment of more efficient countermeasures against the perennial problem of piracy. Continuous efforts in expanding business beyond the conventional markets bore fruit in 2004 – **i-CABLE** is now the sole supplier of local news services to Cathay Pacific Airways. It will soon become the sole content provider and exclusive commercial-airtime sales agent for a video display service on KCRC trains. Broadband subscribers grew by 13 per cent to 291,000 at 2004 year-end and ARPU for the full year recorded a nine per cent growth to HK$140. **i-CABLE**'s leading position in content-provision was further enhanced with the conclusion of additional carriage agreements with mobile operators to open up mobile content opportunities in the mainland.

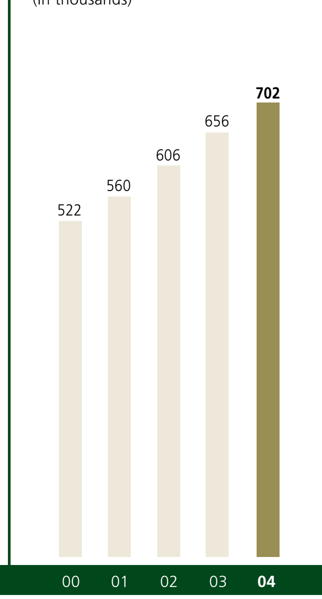
Harbour City: Gross Revenue
(HK$ Million)



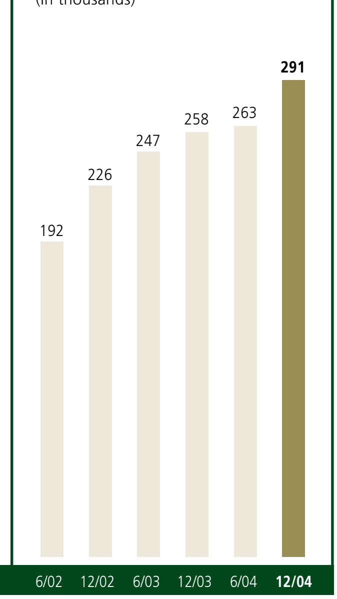
Times Square: Gross Revenue
(HK$ Million)



i-CABLE: Pay TV Subscribers
(In thousands)



i-CABLE: Broadband Subscribers
(In thousands)



Wharf T&T (a wholly-owned subsidiary)

Wharf T&T achieved the milestone of free cash flow during 2004. The fixed line installed base grew by 42,000 or 10 per cent year-on-year to reach 475,000, representing an overall market share of 12 per cent. Of this installed base, 319,000 lines were for business and 156,000 lines for residential. Relative market share in these two segments was 18 per cent and seven per cent respectively. Business lines increased by 26,000 or nine per cent while residential lines grew by 16,000 or 11 per cent during 2004. Total outgoing IDD volume in 2004 increased by 23 per cent to 466 million minutes compared to the year before. Riding on the strategic repositioning of the company, Digital HomeLine (DHL) was rolled out with aggressive selling through various channels including direct sales, telesales and bundled offers via i-CABLE and CABLE TV.

Modern Terminals (a 55%-owned subsidiary)

Modern Terminals' total throughput for 2004 increased by 9.1 per cent or 362,000 TEUs against that of 2003. This was mainly driven by feeder, transshipment and intra-Asia volume. With the delivery of four CT9 berths to **Modern Terminals**, its operations in Kwai Chung now consist of 7.5 berths, spreading over Container Terminals 1, 2, 5 and 9, with a total handling capacity of 5.5 million TEUs. **Modern Terminals** is poised to achieve better operational synergy with the completion of berth consolidation and terminal area expansion following the delivery of CT9. At the end of 2004, **Modern Terminals**' market share remained at about one-third of the total market in Kwai Chung. Chiwan Container Terminals recorded a throughput growth of 60 per cent or 880,000 TEUs while Shekou Container Terminals (Phase II) handled an increase of 3.6 times or 841,000 TEUs in 2004 when compared with the previous year. Phase I of Dachan Bay project in Shenzhen West obtained approval from the National Development and Reform Commission at the end of March 2005, two months ahead of schedule. All other ongoing projects in China including the Taicang project in Suzhou are progressing smoothly and on schedule.