WHEELOCK AND COMPANY LIMITED

interim report to shareholders

for the half-year period ended

30 september 2005

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HIGHLIGHTS OF GROUP RESULTS

- Unaudited profit attributable to Shareholders amounted to HK$6,302.9 million, an increase of 207%.

- Earnings per share were HK$3.10 (2004/05: HK$1.01).

- Interim dividend: 2.5 cents per share (2004/05: 2.5 cents per share), totalling HK$50.8 million.

- Dividends received from publicly-listed associate Wharf and subsidiary Wheelock Properties were HK$532.3 million (2004/05: HK$419.5 million) in total.

- In compliance with the new Hong Kong Financial Reporting Standards, the investment properties of the Group and its associates were revalued with net attributable surplus (after deferred tax) of HK$1,130.1 million and HK$3,423.3 million respectively, which were included in the profit attributable to Shareholders. Included in the first half results of 2004/05 was an attributable provision write-back of HK$983.7 million for Bellagio.

- Excluding these items in both periods, the Group's profit was HK$1,749.5 million (2004/05: HK$1,067.9 million), an increase of HK$681.6 million or 64%.

- Better results were mainly attributable to the higher development profit of HK$678.8 million (2004/05: HK$157.6 million) mainly generated from the sale of Bellagio units.

- Turnover was HK$3,387.7 million (2004/05: HK$1,482.0 million) due to higher property revenue from the sale of Bellagio units and the consolidation of Hamptons' property agency income in the period under review.

- Operating profit before increase in fair value of investment properties and property provision write-back was HK$1,240.8 million (2004/05: HK$414.7 million).

- Borrowing costs increased by HK$58.2 million to HK$94.6 million. Effective borrowing rate was approximately 2.9% per annum (2004/05: 1.0% per annum). Net debt amounted to HK$3.3 billion.

- Group shareholders' equity amounted to HK$37,427.6 million or HK$18.42 per share (31/3/2005: HK$31,434.7 million or HK$15.47 per share).

GROUP RESULTS

The Group reported an unaudited profit attributable to Shareholders of HK$6,302.9 million for the half-year period ended 30 September 2005, compared to HK$2,051.6 million for the same period last year. Earnings per share were HK$3.10 (2004/05: HK$1.01).

INTERIM DIVIDEND

The Board has declared an interim dividend of 2.5 cents (2004/05: 2.5 cents) per share in respect of the half-year period ended 30 September 2005, payable on Monday, 9 January 2006 to Shareholders on record as at 6 January 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENT REVIEW

Given below is a review of various business segments of the Group. Save as mentioned below, there have been no material changes in respect of the business of the Group since the publication of the Company's last annual report.

Property investment

Rental revenue for the six-month period increased by HK$66.5 million or 41.3% to HK$227.7 million (2004/05: HK$161.2 million). Operating profit rose by HK$32.3 million or 29.2% to HK$142.9 million. The improvement was mainly due to additional rental income aggregating HK$76.3 million generated from Oakwood Residence Azabujuban, serviced apartments in Japan, and The Ascotts and Scotts serviced apartments and retail area in Singapore, both acquired by Wheelock Properties (Singapore) group ("WPSL") in September 2004.

Property development

Property sales revenue for the six-month period under review was HK$2,626.6 million (2004/05: HK$1,218.3 million), an increase of HK$1,408.3 million or 115.6%. Such revenue was mainly derived from the sales of 323 Bellagio units for the financial period under review, whereas the sales revenue for the same period last year was mainly contributed by WPSL from its sale of 56 Grange Residences units. For the six-month period under review, operating profit of Property Development segment rose by HK$521.2 million or 330.7% to HK$678.8 million as compared to the same period last year.

Bellagio (effectively 74%-owned by the Company)

Bellagio, in Sham Tseng on the western shore of 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 September 2005, cumulative sales reached 1,699 units (99.7% 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, with target completion by early 2006. Pre-sale for Towers 1 and 3 (Total: 797 units) was launched in September 2005 and met with an enthusiastic market response. Cumulative sales reached 271 units as at the end of September 2005. For Phases III and IV (Towers 1, 2, 3 and 5), cumulative sales reached 1,067 units (62% sold) as at the end of September 2005, generating a total revenue of about HK$4.1 billion. Occupancy permits for Phases III and IV were issued on 30 May 2005.

Sorrento (effectively 66%-owned by the Company)

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 September 2005, cumulative sales of Phase II reached 850 units (99% sold), realizing proceeds of about HK$5.9 billion.

Property agency

Hamptons, a UK-based estate agency firm, has become a wholly-owned subsidiary of WPSL since April 2005 and its results were consolidated into the Group's results for the period under review. Property Management and Agency segment reported revenue and operating profit of HK$435.8 million and HK$32.0 million respectively for the financial period under review.

Investment and others

Profit generated from Investment and Others segment for the financial period under review was HK$397.2 million, a remarkable increase of HK$262.2 million or 194.2% as compared to the same period last year. This mainly included profits arising from the disposal of certain long-term investments and Great Western Plaza units (investment property) of HK$235.4 million and HK$51.8 million respectively.

Wheelock Properties Limited (a 74%-owned listed subsidiary of the Company)

Wheelock Properties reported an unaudited profit attributable to its shareholders of HK$1,036.9 million for the six-month period ended 30 September 2005, compared to HK$855.4 million achieved in the corresponding period last year. The improvement in profit was largely due to higher contributions from the disposal of certain long-term investments and investment properties which was however partially offset by the reduction in development profit.

Sorrento and Bellagio are effectively 40%- and 33.33%-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 September 2005, cumulative sales and proceeds reached 647 units (92% sold) and HK$6.3 billion respectively.

Wheelock Properties (Singapore) Limited (a 75%-owned Singapore listed subsidiary of Wheelock Properties)

WPSL reported an unaudited profit attributable to its shareholders of S$48.0 million (about HK$223 million) for the six-month period ended 30 September 2005, compared to S$75.5 million (about HK$346 million) achieved in the corresponding period last year. The decrease in WPSL's profit was mainly due to fewer Grange Residences units sold during the financial period under review compared to the corresponding period in the previous year.

Development properties

Grange Residences

To date, 100% of the total 164 units have been sold.

The Cosmopolitan

The Cosmopolitan is a residential condominium development of 228 apartment units on the former Times House site. Piling works were completed in January 2005 and foundation works are in progress. A pre-launch campaign of The Cosmopolitan was organised in March 2005. As at the end of September 2005, 63 units or 27% of the total 228 apartments have been pre-sold.

The Sea View

The Sea View is a residential condominium development of six tower blocks with a total of 546 apartments on the amalgamated site of the former Sea View Hotel and the China Airlines House. Piling works were completed in May 2005 and to date foundation works were also completed for five blocks. The Sea View was officially launched in July 2005 with 276 units pre-sold as at the end of September 2005.

Ardmore View

Demolition of the building was completed in May 2005. This site will be amalgamated with the adjoining The Habitat II site for redevelopment into a prime residential condominium for sale.

Orchard View

Demolition of the building (formerly known as Angullia View) is in progress and piling works are expected to commence in the first quarter of 2006.

No. 6 Scotts Road

The Scotts Shopping Centre is currently 97% leased or committed and The Ascott Singapore is currently 97% leased at satisfactory rental rates.

Investment properties

Wheelock Place

Wheelock Place, a commercial building with a gross floor area of 465,000 square feet on Orchard Road in Singapore, is currently 95% leased or committed at higher rental rates.

Oakwood Residence Azabujuban

Oakwood Residence Azabujuban, a serviced apartment building in Tokyo, is currently 94% leased at satisfactory rental rates.

Attributable profit for the six-month period ended 30 September 2005 to the Group from Wheelock Properties (which owns 75% of WPSL), before increase in fair value of investment properties and property provision write-back and dividend income from Wheelock Properties' 7% holdings in Wharf, was HK$459.3 million (2004/05: HK$229.3 million). During the period under review, the Group received a cash dividend of HK$92.3 million (2004/05: HK$76.9 million) from Wheelock Properties.

Share of profits less losses of associates

The share of profit of associate (net of taxation) was HK$4,555.9 million, substantially contributed by Wharf, against HK$898.3 million for the same period last year. Wharf, the major listed associate of and profit contributor to the Group, reported an unaudited profit attributable to its shareholders of HK$9,035 million for its six-month fiscal period ended 30 June 2005, compared to HK$1,668 million achieved in the corresponding period of the preceding year. In compliance with the new Hong Kong Financial Reporting Standards, Wharf's investment properties were revalued with a net surplus after deferred tax of HK$7,112 million included in the profit. Excluding this net surplus from revaluation, Wharf's profit attributable to shareholders would be HK$1,923 million, an increase of HK$255 million or 15% over the interim results of HK$1,668 million in 2004. The growth in Wharf's profit was largely driven by the remarkable performance of its Property Investment segment and improved profitability of all of its three core business sectors: Property Investment, CME and Logistics sectors. Retail, office, apartments and hotel operations all reported favourable results for the six-month period ended 30 June 2005. Positive office rental reversion was attained during the period. In addition to Property Investment segment, Logistics and CME segments also recorded double-digit growth in their operating profit during the period. As such, Wharf's net profit contribution before increase in fair value of investment properties to the Group was HK$925.6 million (2004/05: HK$802.6 million).

The cash dividend received from Wharf by the Group during the financial period under review amounted to HK$440.0 million (2004/05: HK$342.6 million).

The Wharf (Holdings) Limited (a 48%-owned listed associate of the Company)

Harbour City

Harbour City, a core property investment asset of Wharf Estates Limited, generated a turnover of HK$1,622 million during the first half of 2005, an increase of HK$146 million or 9.9% as compared with the same period of 2004.

Underpinned by robust retail market and continuous improvement in local sentiment, retail occupancy was maintained at 99% during the first six months of 2005. **Harbour City** tenants achieved encouraging sales performance – 18% increase in average sales per square foot compared to the same period last year. All new leases and renewed tenancies recorded favourable rental growth. The occupancy for offices grew to 96.5% at the end of June 2005. On the back of strong take-up in the overall office market combined with limited supply, office rental continued to soar, resulting in positive rental reversion for most of the landlords in Hong Kong. Thanks to the ideal locations of the three Macro Polo Hotels at the heart of Tsim Sha Tsui hub, their consolidated occupancy at **Harbour City** stood at 88% – five percentage points higher than the overall industry average of 83%. In light of strong demand for serviced apartments during the first six months of 2005, the average occupancy of serviced apartments at **Harbour City** grew to 85% from the previous year's 75% amid keen competition.

Times Square

Times Square, another core investment property asset of Wharf Estates Limited, generated total revenue of HK$437 million, an increase of HK$32 million or 8% as compared to HK$405 million during the first half of 2004.

As a landmark in Causeway Bay, the average occupancy of **Times Square** shopping complex was maintained at 99.6% during the first half of 2005. Most retail tenants registered double-digit year-on-year growth in sales performance, in light of continuous trade-mix enhancement and ongoing marketing and promotional efforts at **Times Square**. Office occupancy was maintained at 94% at the end of June 2005. Of the 152,320 square feet of office area due for renewals in the first half of 2005, 114,947 square feet were renewed, representing a retention rate of 75%.

i-CABLE (a 73%-owned listed subsidiary of Wharf)

On the back of continuous subscription growth in both Pay TV and Broadband segments, **i-CABLE**'s total revenue recorded an increase of 6% to reach HK$1,223 million for the first half of 2005 (2004: HK$1,154 million). Net profit attributable to shareholders of **i-CABLE** increased by 5% to HK$155 million.

Pay TV subscription grew by 5% to reach 718,000 at the end of June 2005, amid fierce competition in the marketplace. A variety of new marketing and programming initiatives, including the rolling out of smaller subscription packages at a low price point, have been implemented to fend off competition. On the back of higher subscription, the Pay TV division registered 3% growth in turnover. For the first half of 2005, the recovery trend for Internet and multimedia segment continued as a result of service upgrade, bundling strategies and continued introduction of value-added service. Internet and multimedia revenue increased by 20% to reach a new high of HK$279 million, and a record operating profit of HK$31 million was generated. The total number of Broadband subscribers grew by 14% to reach 301,000 at the end of June 2005.

Wharf T&T

For the first six months of 2005, **Wharf T&T**'s revenue increased by 1% to HK$684 million. Its operating profit increased three times to reach HK$46 million.

The fixed line installed base grew by 52,000 to reach 500,000 lines, representing an overall market share of 12% as at the end of June 2005. Fixed line revenue, which represented 80% of the total revenue during the first half of 2005, grew by 5% to HK$549 million while IDD revenue rose by 3% to HK$135 million. For the first six months of 2005, 70% of the total revenue came from the business sector.

Modern Terminals (68%-owned by Wharf)

During the first half of 2005, **Modern Terminals**' total revenue and operating profit increased by 16% and 15% respectively, as compared to the same period last year, arising from significant throughput growth.

Modern Terminals' throughput for the first six months ended 30 June 2005 increased by 27% or 524,000 TEUs against that of the same period of 2004. The increase was mainly driven by feeder, transshipment and intra-Asia volume. Led by strong throughput growth in Shenzhen West during the first six months of 2005, **Modern Terminals**' earlier investments in China remained robust and gave rise to a higher profit contribution to the group. In March 2005, the first phase of Dachan Bay project, in which **Modern Terminals** holds an effective stake of 65%, was approved by the National Development and Reform Commission. The first phase of the project consists of five berths with a designed capacity of 2.5 million TEUs. It is scheduled to commence operation by end of 2007.

Wharf increased its stakeholdings in Modern Terminals from 55% to 68% in August 2005.

FINANCIAL REVIEW

(I) Results Review

Profit attributable to shareholders

The Group reported an unaudited profit attributable to Shareholders of HK$6,302.9 million for the six-month period ended 30 September 2005, increased by HK$4,251.3 million from HK$2,051.6 million for the corresponding period last year. Earnings per share were HK$3.10 (2004/05: HK$1.01).

For the purpose of preparing the financial statements for the period under review, the Group has adopted the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), including all Hong Kong Accounting Standards and relevant Interpretations, which took effect on 1 January 2005. The resulting significant changes in accounting treatment and presentation are detailed in Note 1 to the accounts below.

In compliance with the new HKFRSs, the Group and its associates revalued their investment properties as at 30 September 2005 and 30 June 2005 respectively and accounted for a total net attributable surplus of HK$4,553.4 million, representing revaluation surplus of HK$1,481.1 million less related deferred tax and minority interests of HK$351.0 million for the Group's investment properties and share of associates' net investment properties revaluation surplus of HK$3,423.3 million, in the profit and loss account for the period under review. In prior years, property revaluation changes were dealt with in revaluation reserve. If the total of these reserves was insufficient to cover a deficit, on a portfolio basis, the excess of the deficit was charged to the profit and loss account. No revaluation of the investment property portfolio of the Group and its associates were carried out at 30 September 2004 and 30 June 2004 respectively and accordingly, there was no corresponding revaluation adjustment made for the same period last year.

Included in the results for the first half 2004/05 was a property provision write-back of HK$1,327.0 million (HK$983.7 million attributable to the Group) for the Bellagio project. Excluding these items in both periods, the Group's net profit attributable to shareholders would be HK$1,749.5 million for the financial period under review, an increase of HK$681.6 million or 63.8% compared to the interim results of HK$1,067.9 million in 2004/05.

The improvement in profit was largely due to higher development profit of HK$678.8 million (2004/05: HK$157.6 million) generated mainly from sale of Bellagio units and contributions from disposal of certain long-term investments and investment properties of HK$235.4 million and HK$51.8 million respectively.

Group turnover

The Group's turnover for the period was HK$3,387.7 million, an increase of HK$1,905.7 million or 128.6%, from HK$1,482.0 million recorded in the same period of 2004/05. The increase was chiefly attributable to increase in revenue from Property Development segment by HK$1,408.3 million, benefiting mainly from sale of Bellagio units. Following Hamptons having become a wholly-owned subsidiary of WPSL since April 2005, its results were consolidated into the Group's results contributing property agency services income of HK$409.9 million for the period. The results of Hamptons were equity accounted for as a 32.4%-owned associate of WPSL in the same period last year.

Operating profit before increase in fair value of investment properties and property provision write-back

The Group's operating profit before increase in fair value of investment properties and property provision write-back was HK$1,240.8 million, an increase of HK$826.1 million or 199.2% from HK$414.7 million reported in the corresponding period last year. The increase was mainly attributable to higher property development profit from the sale of Bellagio units, and profit on sale of long-term investments and investment properties as mentioned above.

Borrowing costs

Borrowing costs charged to the profit and loss account increased to HK$94.6 million (2004/05: HK$36.4 million). This was mainly caused by the interest rate hikes. For the period under review, the Group's effective borrowing interest rate was approximately 2.9% (2004/05: 1.0%) per annum.

Share of profits less losses of associates

The share of profit of associates was HK$4,555.9 million, substantially contributed by Wharf, against HK$898.3 million for the corresponding period last year. The significant increase in the share of associates' profit was mainly due to Wharf having included the investment property revaluation surplus in its six months results ended 30 June 2005 according to the new HKFRS as mentioned above. Wharf's results are discussed in detail under the Segment Review section.

The share of associates' results also included the profit derived from sale of Parc Palais units undertaken by a 20%-owned associate of Wheelock Properties.

Taxation

A taxation charge of HK$319.7 million (2004/05: HK$44.5 million) was reported for the period, which included the deferred tax on net revaluation surplus of investment properties of HK$259.2 million (2004/05: Nil).

Minority interests

Profit shared by minority interests increased to HK$560.6 million (2004/05: HK$507.5 million), which was attributable to the increased profit from Wheelock Properties.

(II) Liquidity and Financial Resources

Shareholders' equity

At 30 September 2005, the Group's shareholders' equity amounted to HK$37,427.6 million, representing HK$18.42 per share, against restated amount of HK$31,434.7 million or HK$15.47 per share at 31 March 2005. The improvement was chiefly due to the attributable appreciation in value of the investment properties portfolio of the Group and its associates of HK$4,553.4 million (net of deferred tax).

Net debt and gearing

At 30 September 2005, the ratios of the Group's net debt to shareholders' equity and to total equity (including minority interests) were 8.7% (31/3/2005: 14.4%) and 7.6% (31/3/2005: 12.3%) respectively.

At 30 September 2005, the Group's net debt amounted to HK$3,267.0 million, comprising total debts of HK$7,175.7 million less deposits and cash of HK$3,908.7 million, as compared with a net debt of HK$4,520.4 million at 31 March 2005. The decrease in the Group's net debt was mainly due to the cash inflows from property sales (including sales of Bellagio and Sorrento units in Hong Kong and Grange Residences, The Sea View and The Cosmopolitan units in Singapore), and disposal of certain long-term investments and dividend income from Wharf. The major cash outflow for the six-month period resulted from WPSL's acquisitions of additional interests in Hamptons and the Orchard View site, and Wheelock Properties' acquisition of Heung Yip Road property and some office properties.

Excluding Wheelock Properties group's net cash of HK$749.2 million, the Company together with its other subsidiaries had a net debt of HK$4,016.2 million, reduced by HK$873.8 million from HK$4,890.0 million as at 31 March 2005. For the period under review, major inflow comprised the cash dividends received from Wharf and Wheelock Properties, being the Group's main sources of recurring cash inflow, totalling HK$532.3 million (2004/05: HK$419.5 million), and also proceeds from the sale of certain long-term investments.

Committed and uncommitted facilities

(a) The Group's committed and uncommitted loan facilities amounted to HK$9.1 billion and HK$2.4 billion, respectively. The debt maturity profile of the Group at 30 September 2005 was analysed as follows:

	30/9/2005 HK$ Million	31/3/2005 HK$ Million
Repayable within 1 year	**734.3**	607.6
Repayable after 1 year, but within 2 years	**2,436.8**	300.0
Repayable after 2 years, but within 5 years	**4,004.6**	6,614.9
Repayable after 5 years	**–**	500.0
	7,175.7	8,022.5
Undrawn facilities	**4,300.0**	3,700.0

(b) The following assets of the Group have been pledged for securing bank loan facilities:

	30/9/2005 HK$ Million	31/3/2005 HK$ Million
Investment properties	**448.9**	474.5
Properties under development for sale	**2,594.3**	2,284.2
	3,043.2	2,758.7

(c) At 30 September 2005, the Group's borrowings were primarily denominated in Hong Kong dollars except that WPSL's borrowings for financing its properties in Singapore and Japan were primarily denominated in local currency, i.e. Singapore dollars and Japanese yens, respectively. Forward exchange contracts are entered into by WPSL for hedging its foreign currency deposits and investments, including its investments in Hamptons. The Group has no other significant exposure to foreign exchange fluctuation except for its net investments in Singapore subsidiaries.

Available for sale investments

At 30 September 2005, the Group maintained a portfolio of available for sale investments with a market value of HK$1,236.3 million (31/3/2005: HK$1,488.0 million), which primarily comprised of blue chip securities.

In accordance with the Group's accounting policies, the non-trading securities classified as available for sale investments are stated in the balance sheet at fair value. Changes in fair value are recognised in the investment revaluation reserves until the security is sold. At 30 September 2005, such reserves account had an attributable accumulated surplus of HK$347.9 million compared to HK$316.3 million at 31 March 2005. The performance of the portfolio was in line with the stock markets.

(III) Contingent Liabilities

At 31 March 2005 and 30 September 2005, there was no guarantee given by the Group in respect of banking facilities available to associates.

(IV) Acquisition of Property/Subsidiary

No. 2 Heung Yip Road/other property acquisitions in Hong Kong

Wheelock Properties completed in June 2005 the acquisition of the property, known as No. 2 Heung Yip Road, in Hong Kong at a consideration of HK$455 million. During the six-month period under review, Wheelock Properties also completed the acquisition of some office properties in Hong Kong at a total consideration of HK$220 million.

Hamptons Group Limited ("Hamptons")

WPSL completed the acquisition of the 67.6% remaining interests in Hamptons at a total consideration of approximately £23.8 million (about HK$357 million) in April 2005, making Hamptons a 100%-owned subsidiary of WPSL. Accordingly, with effect from April 2005, the Group has consolidated Hamptons' results, assets and liabilities. Goodwill arising from the acquisition is currently estimated to be HK$225 million. The amount of goodwill will be adjusted once the fair values of the identifiable assets and liabilities can be determined.

Orchard View (formerly known as Angullia View), Singapore

WPSL completed in April 2005 the acquisition of the Orchard View at a consideration of S$43.8 million (about HK$209 million). WPSL has planned to redevelop it into a luxury apartment.

The Habitat II, Singapore

WPSL has entered into a conditional agreement to acquire The Habitat II at a consideration of S$103.9 million (about HK$480 million) in September 2005. A 5% deposit of S$5.2 million (about HK$24 million) has been paid. WPSL plans to amalgamate this site with the Ardmore View site for redevelopment into a prime residential condominium for sale.

(V) Changes in Accounting Policies

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised HKFRSs including all Hong Kong Accounting Standards which are effective for accounting periods beginning on or after 1 January 2005. The resulting significant changes in accounting treatment and presentation are detailed in Note 1 to the accounts below.

(VI) Human Resources

The Group has 1,658 employees at 30 September 2005 (31/3/2005: 693). The increase of 965 employees is mainly due to the inclusion of Hamptons' employees after it became a subsidiary of the Group in April 2005. Employees are remunerated according to nature of the job and market trends, with a built-in merit component incorporated in the annual increment to reward and motivate individual performance. The Group also sponsors external training programmes that are complementary to certain job functions. Total staff costs for the period ended 30 September 2005 amounted to HK$248.8 million.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the financial period under review, the Company has complied with all those code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") which became applicable to the Company in respect of the period under review, except for one code provision with respect to the roles of chairman and chief executive officer to be performed by different individuals. The deviation is deemed appropriate as it is considered to be more efficient to have one single person to be the Chairman of the Company as well as to discharge the executive functions of a chief executive officer. The Board of Directors believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high calibre individuals.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 September 2005

	Note	Unaudited 30/9/2005 HK$ Million	(Restated) Unaudited 30/9/2004 HK$ Million
Turnover	2 & 3	**3,387.7**	1,482.0
Other net income	4	**289.0**	6.4
		3,676.7	1,488.4
Direct costs and operating expenses		**(2,103.6)**	(1,004.2)
Selling and marketing expenses		**(210.6)**	(40.9)
Administrative expenses		**(121.7)**	(28.6)
Operating profit before increase in fair value of investment properties and property provision write-back	2 & 3	**1,240.8**	414.7
Increase in fair value of investment properties		**1,481.1**	–
Write-back of provision for properties	5	**–**	1,327.0
Operating profit after increase in fair value of investment properties and property provision write-back		**2,721.9**	1,741.7
Borrowing costs	6	**(94.6)**	(36.4)
Share of profits less losses of associates	2	**4,555.9**	898.3
Profit before taxation		**7,183.2**	2,603.6
Income tax	7	**(319.7)**	(44.5)
Profit for the period		**6,863.5**	2,559.1
Attributable to:			
Shareholders		**6,302.9**	2,051.6
Minority interests		**560.6**	507.5
		6,863.5	2,559.1
Interim dividend declared after the balance sheet date	8	**50.8**	50.8
Earnings per share	9	**HK$3.10**	HK$1.01
Interim dividend per share	8	**2.5 cents**	2.5 cents

CONSOLIDATED BALANCE SHEET

At 30 September 2005

	Note	Unaudited 30/9/2005 HK$ Million		(Restated) Audited 31/3/2005 HK$ Million	
Non-current assets					
Fixed assets			**6,634.9**		5,326.4
Goodwill and other intangible assets			**234.0**		–
Associates			**30,435.9**		26,561.7
Available for sale investments			**1,236.3**		1,488.0
Deferred debtors			**310.4**		370.6
			38,851.5		33,746.7
Current assets					
Properties under development for sale		**5,240.2**		9,583.6	
Properties held for sale		**2,631.9**		620.1	
Trade and other receivables	10	**2,515.5**		1,301.7	
Bank balances and deposits		**3,908.7**		3,502.1	
		14,296.3		15,007.5	
Current liabilities					
Bank loans and overdrafts		**(734.3)**		(607.6)	
Trade and other payables	11	**(1,502.8)**		(1,286.3)	
Deposits from sale of properties		**(338.4)**		(2,046.2)	
Current tax		**(154.0)**		(132.1)	
		(2,729.5)		(4,072.2)	
Net current assets			**11,566.8**		10,935.3
Total assets less current liabilities			**50,418.3**		44,682.0
Non-current liabilities					
Long-term loans		**(6,441.4)**		(7,414.9)	
Deferred tax		**(409.0)**		(134.5)	
Deferred items		**(443.4)**		(467.0)	
			(7,293.8)		(8,016.4)
Net assets			**43,124.5**		36,665.6
Capital and reserves					
Share capital			**1,015.9**		1,015.9
Reserves			**36,411.7**		30,418.8
Shareholders' equity			**37,427.6**		31,434.7
Minority interests			**5,696.9**		5,230.9
Total equity	12		**43,124.5**		36,665.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2005

		Unaudited 30/9/2005 HK$ Million		(Restated) Unaudited 30/9/2004 HK$ Million
Total equity at 1 April				
As previously reported				
Shareholders' equity		**36,279.9**		26,544.2
Minority interests		**5,356.0**		4,093.4
		41,635.9		30,637.6
Prior year adjustments arising from changes in accounting policies (Note 1)		**(4,970.3)**		(3,738.6)
		36,665.6		26,899.0
Adjustment in respect of changes in accounting policy for goodwill (Note 1)		**135.1**		–
Total equity at 1 April, as restated		**36,800.7**		26,899.0
Shareholders' equity		**31,532.3**		22,850.4
Minority interests		**5,268.4**		4,048.6
Company and subsidiaries				
Surplus on revaluation of available for sale investments	**149.4**		81.6	
Exchange difference on translation of accounts of foreign entities	**(196.6)**		(34.3)	
Associates				
Deficit on revaluation of available for sale investments	**(2.0)**		(31.3)	
Others	**(144.2)**		(0.9)	
Net (loss)/gain not recognised in the profit and loss account		**(193.4)**		15.1
Company and subsidiaries				
Profit for the period		**6,863.5**		2,559.1
Reserves transferred to the profit and loss account on disposal of:				
Available for sale investments		**(110.8)**		2.2
Properties		**–**		(1.2)
Associates				
Reserves transferred to the profit and loss account on disposal of available for sale investments		**(14.7)**		(11.0)
Total recognised gain for the period		**6,544.6**		2,564.2
Shareholders' equity		**6,068.0**		2,050.5
Minority interests		**476.6**		513.7
Final dividend approved in respect of the previous year		**(172.7)**		(132.1)
Dividend to minority interests		**(48.1)**		(55.0)
Total equity at 30 September		**43,124.5**		29,276.1
Attributable to:				
Shareholders' equity		**37,427.6**		24,768.8
Minority interests		**5,696.9**		4,507.3
		43,124.5		29,276.1

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2005

	Unaudited 30/9/2005 HK$ Million	Unaudited 30/9/2004 HK$ Million
Net cash inflow/(outflow) relating to operating activities	**1,006.7**	(168.5)
Net cash generated from/(used in) investing activities	**437.2**	(104.1)
Net cash (used in)/generated from financing activities	**(966.7)**	358.1
Net (repayment)/drawdown of loans	**(745.9)**	553.2
Others	**(220.8)**	(195.1)
Net increase in cash and cash equivalents	**477.2**	85.5
Cash and cash equivalents at 1 April	**3,502.1**	2,017.2
Effect of foreign exchange rate changes	**(70.6)**	(12.7)
Cash and cash equivalents at 30 September	**3,908.7**	2,090.0
Analysis of the balances of cash and cash equivalents		
Bank balances and deposits	**3,908.7**	2,090.0

NOTES TO INTERIM ACCOUNTS

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The unaudited consolidated interim accounts have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and applicable discloseable provisions of Appendix 16 of the Listing Rules of the Stock Exchange.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The accounting policies and methods of computation used in the preparation of the interim accounts are consistent with those described in the annual accounts for the year ended 31 March 2005 except for those changes following the Group's adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRS"), including HKASs and relevant Interpretations ("HK(SIC)-INTs" and "HK-INTs") which took effect on 1 January 2005. The changes in accounting policies, which have significant impacts on the Group's accounts are summarised as follows:

(a) HKAS 40 "Investment property"

In prior years, investment properties other than those with unexpired lease term of 20 years or less were stated at fair value. Changes in the value of investment properties were dealt with as movements in the investment property revaluation reserves. Deficits arising on revaluation on a portfolio basis were set off against previous revaluation surpluses and thereafter charged to the profit and loss account. Investment properties with unexpired lease term of 20 years or less were stated at carrying value less accumulated depreciation and impairment provision, if any.

With effect from 1 April 2005, upon the adoption of HKAS 40, all the Group's and its associates' investment properties, including those with unexpired lease term of 20 years or less, are stated at fair values with all the changes in fair value recognised directly in the profit and loss account. This new accounting policy has been applied retrospectively. Revenue reserves as at 1 April 2005 increased by HK$15,855.4 million (1/4/2004: HK$10,671.0 million), representing the Group's share of accumulated post-acquisition revaluation surplus of the associates, previously recorded in the investment property revaluation reserve, being transferred to the revenue reserves. The shareholders' equity as at 1 April 2005 increased by HK$5.3 million, because of an adjustment made by the associates for restating certain investment properties with unexpired lease term of 20 years or less at fair value under HKAS 40.

The effect of the change on the Group and its associates has increased the Group's profit attributable to Shareholders and minority interests for the six-month period ended 30 September 2005 by HK$5,532.0 million and HK$267.2 million respectively. This change has no impact in the Group's results for the period ended 30 September 2004 as no revaluation of the Group's and its associates' investment properties was done at 30 September 2004.

(b) HK(SIC)-INT 21 "Income taxes – recovery of revalued non-depreciable assets"

In prior years, deferred taxation was recognised on revaluation changes of investment properties of the Group and its associates on the basis that the recovery of the carrying amount of the investment properties would be through sales and no deferred taxation was provided on the revaluation changes of the properties located in Hong Kong and Singapore, as the capital gain tax rate was nil.

With effect from 1 April 2005, HK(SIC)-INT 21 requires deferred taxation to be recognised on any revaluation changes on investment properties on the basis that the recovery of the carrying amount of the investment properties would be through use and calculated at the applicable profits tax rate and charged to the profit and loss account. This new accounting policy has been applied retrospectively. Shareholders' equity and minority interests as at 1 April 2005 were restated and decreased by HK$3,654.2 million and HK$133.6 million (1/4/2004: HK$2,642.7 million and HK$50.8 million), respectively. The adjustment represented net deferred tax liabilities of the revaluation of the Group's and its associates' investment properties.

As a result of this change, the Group's profit attributable to Shareholders for the six-month period ended 30 September 2005 decreased by HK$978.6 million, representing the Group's and its share of associates' net deferred tax charge (net of minority interests) for the period of HK$239.8 million and HK$738.8 million respectively. This change has no impact on the Group's results for the period ended 30 September 2004 as no revaluation of the Group's and its associates' investment properties was done at 30 September 2004.

(c) HK-INT 2 "The appropriate accounting policies for hotel properties"

In prior years, the hotel and club properties of the Group's associates were stated at their open market value based on an annual professional valuation. No depreciation was provided by the associates on the hotel and club properties as they were maintained in continuous state of sound repair and given the estimated life of the hotel properties and their residual values, any depreciation would be immaterial.

With effect from 1 January 2005, upon the adoption of HK-INT 2 by the associates, the hotel and club properties are stated at cost less accumulated depreciation and impairment provision. The effect of adopting the new accounting policy has been applied retrospectively. Shareholders' equity as at 1 April 2005 was restated and decreased by HK$1,206.6 million (1/4/2004: HK$1,051.1 million) whereas minority interests as at 1 April 2005 was restated and increased by HK$0.2 million (1/4/2004: HK$6.0 million).

The change has increased the associates' depreciation charge and reduced the profit attributable to Group and minority interests for the period ended 30 September 2005 by HK$5.8 million and HK$0.2 million (2004/05: HK$5.8 million and HK$0.2 million), respectively.

(d) HKFRS 3 "Business Combinations"

In prior years, the Group recognised negative goodwill arising on acquisition of a subsidiary or an associate after 1 April 2001 as deferred item and this was released to the profit and loss account on a proportional basis, when the relevant assets acquired are sold or otherwise realised. For negative goodwill arising on acquisition prior to 1 April 2001, the Group relied upon the transitional provisions set out in Statement of Standard Accounting Practice 30 "Business Combinations" such that negative goodwill was taken to capital reserves in the period in which it arose and had not been restated. In respect of positive goodwill, arising on or after 1 April 2001, was capitalised as an asset and amortised on a straight line basis over its estimated useful life and was subject to impairment testing whether there were indications of impairment.

With effect from 1 April 2005, in accordance with HKFRS 3 "Business Combinations" and HKAS 36 "Impairment of Assets", amortisation of positive goodwill is no longer allowed. Such goodwill was tested annually for impairment, including in the year of its initial recognition, as well as when there are indications of impairment. Impairment losses are recognised when the carrying amount of the cash generating units to which the goodwill has been allocated exceeds its recoverable amount. The new HKFRS 3 requires negative goodwill be recognised in the profit and loss account immediately. Under the transitional arrangements of HKFRS 3, the Group's existing negative goodwill classified as deferred item or taken to capital reserves were derecognised by way of an adjustment to the retained earnings at 1 April 2005. The change in accounting policy has been adopted prospectively from 1 April 2005. No comparative figures are required to be adjusted.

As a result of the change, the Group's net assets and retained earnings as at 1 April 2005 increased by HK$97.6 million and HK$210.1 million respectively while the Group's other capital reserves as at 1 April 2005 decreased by HK$112.5 million. In addition, the Group's associates has transferred its goodwill, previously credited to or eliminated against other capital reserves, to revenue reserves. The net effect of the transfers has reduced the Group's revenue reserves retained in associates by HK$1,442.4 million while the Group's share of other capital reserves of associates increased by the same amount. Furthermore, the cessation and amortisation of goodwill by the associates has increased the Group's profit attributable to Shareholders for the period ended 30 September 2005 by HK$12.0 million.

(e) HKAS 16 "Property, Plant and Equipment"

In prior years, the rental income earned while the property is still under its development stage, was capitalised to the development cost of the property.

With effect from 1 April 2005, upon the adoption of HKAS 16, capitalisation of such rental income is no longer allowed and the rental income is required to be recognised in the profit and loss account. As a result of this change, the Shareholders' equity as at 1 April 2005 increased by HK$10.3 million. Attributable rental (after minority interests) earned from property held for redevelopment during the current six-month period amounted to HK$12.2 million (2004/05: Nil).

(f) HKAS 32 "Financial instruments: Disclosure and Presentation", and HKAS 39 "Financial instruments: Recognition and Measurement"

The application of HKAS 32 and 39 has resulted in a change in accounting policy relating to the classification of financial assets and liabilities and their measurement. The principal effects of the change on the Group are summarised as below:

i. Classification and measurement of financial assets and financial liabilities
From 1 April 2005 onwards, the Group classifies and measures its financial assets and financial liabilities in accordance with the requirements of HKAS 39. Financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss" including trading securities, "loans and receivables", "held-to-maturity financial assets" or "available-for-sale financial assets" including non-trading investments. Financial assets at fair value through profit or loss are initially recognised and remeasured at fair value through the profit and loss account. Other financial assets are generally measured at amortised cost using the effective interest method. Available-for-sale financial assets are carried at fair value with any unrealised gains and losses recognised in equity.

Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" and "other financial liabilities" carried at amortised cost using the effective interest method.

The change has resulted in reclassifications of certain financial assets and liabilities together with the corresponding comparatives and has no significant impacts on the Group's results and equity.

ii. Derivatives and hedging
From 1 April 2005 onwards, all derivatives are initially recognised at fair value on the date of entering the derivative contract and are subsequently remeasured at fair value at each balance sheet date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and the nature of the item being hedged. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the profit and loss account.

In accordance with HKAS 39, there are three types of hedge relationships, including fair value hedges, cash flow hedges and net investment hedges.

– Fair value hedges
Changes in the fair value of derivatives that are designated and qualify as fair value hedges together with any changes in the fair value of the corresponding hedged asset or liability are recorded in the profit and loss account.

– Cash flow hedges
Changes in the fair value of derivatives held as hedging instruments that are designated and qualify as cash flow hedges are recognised in equity to the extent that the hedge is effective. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any related cumulative gain or loss existing in equity is recognised in the profit and loss account. When a forecast transaction is no longer expected to occur, the related cumulative gain or loss in equity is immediately transferred to the profit and loss account.

– Net investment hedges

Changes in the fair value of the effective portion of hedging instruments are recognised initially in equity. Changes in the fair value of the ineffective portion of hedging instruments are recognised directly in the profit and loss account. On disposal of a foreign operation, the gain or loss on the hedging instrument remaining in equity will be transferred to the profit and loss account for the period in which the disposal takes place.

At 31 March 2005, the Group's derivative financial instruments, mainly forward currency contracts, were used to manage the Group's exposure to foreign exchange rate fluctuation. The notional amounts of derivatives were previously recorded off balance sheet.

The Group has applied the relevant transitional provisions of HKAS 39 and adopted hedge accounting in accordance with the standard with effect from 1 April 2005 onwards. As a result of the change, the fair values of the Group's financial derivative assets totalling HK$3.1 million has been recognised, whereas the hedged assets have been decreased by HK$3.1 million and are reflected in the balance sheet at 30 September 2005. This change has no significant impact in the Group's results and equity.

(g) Presentational changes

The application of the new HKFRSs has also resulted in changes in the presentation of the accounts retrospectively with comparatives restated to conform to the current period's presentation, in particular of below:

i. In prior years, minority interests were presented in the consolidated balance sheet separately from liabilities and as a deduction from net assets. Financial results shared by minority interests were separately presented in the consolidated profit and loss account as a deduction before arriving at the profit attributable to Shareholders.

   With effect from 1 April 2005, in order to comply with HKAS 1 "Presentation of Financial Statements" and HKAS 27 "Consolidated and Separate Financial Statements", minority interests are presented in the consolidated balance sheet as an element of total equity, separately from the equity attributable to the Shareholders of the Company, and the results shared by minority interests are presented on the face of the consolidated profit and loss account as an allocation of the attributable profit between the minority interests and the Shareholders of the Company.

ii. In prior years, shares of associates' tax was presented as a component of taxation in the profit and loss account. On adoption of the HKAS 1, share of associates' tax is presented net of the share of associates' profit.

(h) **Summary of the effect of changes in the accounting policies**

i. Effect on opening balance of total equity at 1 April 2005 and 1 April 2004 (as adjusted)

	Shareholders' equity				
	Revenue reserves HK$ Million	Other reserves HK$ Million	Total HK$ Million	Minority interests HK$ Million	Total equity HK$ Million
At 1 April 2005					
Prior year adjustments					
HKAS 40 – Associates	15,855.4	(15,850.1)	5.3	0.2	5.5
HK(SIC)-INT 21	(3,654.2)	–	(3,654.2)	(133.6)	(3,787.8)
Company and subsidiaries	(102.3)	–	(102.3)	(0.5)	(102.8)
Associates	(3,551.9)	–	(3,551.9)	(133.1)	(3,685.0)
HK-INT 2 – Associates	(106.3)	(1,100.3)	(1,206.6)	0.2	(1,206.4)
HKAS 16 – Company and subsidiaries	10.2	0.1	10.3	8.1	18.4
	12,105.1	(16,950.3)	(4,845.2)	(125.1)	(4,970.3)
Opening adjustment					
HKFRS 3	(1,232.3)	1,329.9	97.6	37.5	135.1
Company and subsidiaries	210.1	(112.5)	97.6	37.5	135.1
Associates	(1,442.4)	1,442.4	–	–	–
Increase/(decrease) in total equity	10,872.8	(15,620.4)	(4,747.6)	(87.6)	(4,835.2)
At 1 April 2004					
Prior year adjustments					
HKAS 40 – Associates	10,671.0	(10,671.0)	–	–	–
HK(SIC)-INT 21	(2,642.7)	–	(2,642.7)	(50.8)	(2,693.5)
Company and subsidiaries	26.1	–	26.1	49.1	75.2
Associates	(2,668.8)	–	(2,668.8)	(99.9)	(2,768.7)
HK-INT 2 – Associates	(93.3)	(957.8)	(1,051.1)	6.0	(1,045.1)
Increase/(decrease) in total equity	7,935.0	(11,628.8)	(3,693.8)	(44.8)	(3,738.6)

ii. Effect on profit after taxation for the six months ended 30 September 2005

	Attributable to shareholders HK$ Million	Minority interests HK$ Million	Total HK$ Million
HKAS 40	5,532.0	267.2	5,799.2
Company and subsidiaries	1,369.9	111.2	1,481.1
Associates	4,162.1	156.0	4,318.1
HK(SIC)-INT 21	(978.6)	(47.1)	(1,025.7)
Company and subsidiaries	(239.8)	(19.4)	(259.2)
Associates	(738.8)	(27.7)	(766.5)
HKAS 16 – Company and subsidiaries	12.2	8.7	20.9
HK-INT 2 – Associates	(5.8)	(0.2)	(6.0)
HKFRS 3 – Associates	12.0	0.5	12.5
Increase in profit after taxation	4,571.8	229.1	4,800.9

2. SEGMENT INFORMATION

(a) Business segments

	Segment Revenue		Segment Results	
				(Restated)
	30/9/2005 HK$ Million	30/9/2004 HK$ Million	**30/9/2005 HK$ Million**	30/9/2004 HK$ Million
Property investment	**227.7**	161.2	**142.9**	110.6
Property development	**2,626.6**	1,218.3	**678.8**	157.6
Property management and agency	**435.8**	27.7	**32.0**	15.9
Investment and others	**157.5**	165.2	**397.2**	135.0
	3,447.6	1,572.4	**1,250.9**	419.1
Inter-segment revenue (Note i)	**(59.9)**	(90.4)	**–**	–
	3,387.7	1,482.0	**1,250.9**	419.1
Unallocated expenses			**(10.1)**	(4.4)
Operating profit before increase in fair value of investment properties and property provision write-back			**1,240.8**	414.7
Increase in fair value of investment properties			**1,481.1**	–
Write-back of provision for properties			**–**	1,327.0
Operating profit after increase in fair value of investment properties and property provision write-back			**2,721.9**	1,741.7
Borrowing costs			**(94.6)**	(36.4)
Share of results of associates (Note ii)			**4,555.9**	898.3
Profit before taxation			**7,183.2**	2,603.6

Notes:

(i) Inter-segment revenue eliminated on consolidation includes:

	30/9/2005 HK$ Million	30/9/2004 HK$ Million
Property management and agency	**4.4**	4.9
Investment and others	**55.5**	85.5
	59.9	90.4

(ii) Share of results of associates

	Segment Results	
		(Restated)
	30/9/2005 HK$ Million	30/9/2004 HK$ Million
Property investment	**862.9**	767.4
Property development	**52.7**	111.6
Communications, media and entertainment	**128.9**	111.3
Pay television	**97.4**	117.3
Internet and multimedia	**15.5**	(13.5)
Telecommunications	**23.0**	5.5
Others	**(7.0)**	2.0
Logistics	**498.9**	431.5
Terminals	**469.9**	403.0
Other logistics business	**29.0**	28.5
Investment and others	**62.4**	37.3
Increase in fair value of investment properties	**4,318.1**	–
Borrowing costs	**(89.9)**	(65.4)
Income tax	**(975.2)**	(215.9)
Unallocated expenses and other items	**(302.9)**	(279.5)
	4,555.9	898.3

(b) Geographical segments

	Segment Revenue		Segment Results (Operating Profit)	
	30/9/2005 HK$ Million	30/9/2004 HK$ Million	**30/9/2005 HK$ Million**	30/9/2004 HK$ Million
Hong Kong	**2,607.5**	552.3	**879.7**	189.1
Singapore	**346.7**	929.7	**319.1**	225.6
United Kingdom and others	**433.5**	–	**42.0**	–
	3,387.7	1,482.0	**1,240.8**	414.7

3. TURNOVER AND OPERATING PROFIT

(a) Turnover

The principal activities of the Group are property investment, property development, property management and agency, and investment holding. Analysis of the Group's turnover is as follows:

	30/9/2005 HK$ Million	30/9/2004 HK$ Million
Property investment	**227.7**	161.2
Property development	**2,626.6**	1,218.3
Property management and agency	**431.4**	22.8
Investment and others	**102.0**	79.7
	3,387.7	1,482.0

(b) Operating profit

	30/9/2005 HK$ Million	30/9/2004 HK$ Million
Operating profit is arrived at:		
after charging:		
Staff costs	**237.3**	59.8
– including contributions to defined contribution retirement schemes of HK$15.2 million (2004/05: HK$3.6 million)		
Cost of properties sold	**1,799.6**	926.5
Depreciation	**8.7**	0.8
after crediting:		
Dividend income from listed investments	**10.6**	15.2

In addition to the above staff costs charged directly to the profit and loss account, staff costs of HK$11.5 million (2004/05: HK$3.8 million) were capitalised as part of the costs of properties under development for sale.

4. OTHER NET INCOME

	30/9/2005 HK$ Million	30/9/2004 HK$ Million
Net profit on disposal of available for sale investments	**235.4**	0.5
Profit on disposal of investment properties	**51.8**	–
Amortisation of negative goodwill	**–**	4.1
Others	**1.8**	1.8
	289.0	6.4

5. WRITE-BACK OF PROVISION FOR PROPERTIES

The property provision HK$1,327.0 million made for the diminution in value of the Bellagio development project in previous years was written back in the first half results of 2004/05.

6. BORROWING COSTS

	30/9/2005 HK$ Million	30/9/2004 HK$ Million
Interest payable on		
Bank loans and overdrafts	**107.6**	33.6
Other loans repayable within 5 years	**0.2**	0.4
Other borrowing costs	**5.1**	14.5
	112.9	48.5
Less: Amount capitalised	**(18.3)**	(12.1)
	94.6	36.4

The Group's effective borrowing interest rate for the six-month period was approximately 2.9% (2004/05: 1.0%) per annum.

7. INCOME TAX

(a) The provision for Hong Kong profits tax is based on the profit for the period as adjusted for tax purposes at the rate of 17.5% (2004/05: 17.5%). Overseas taxation is calculated at rates of tax applicable in countries in which the Group is assessed for tax. The taxation charge is made up as follows:

	30/9/2005 HK$ Million	30/9/2004 HK$ Million
Current tax		
Hong Kong profits tax for the period	**20.2**	32.8
Overseas taxation for the period	**25.7**	9.1
	45.9	41.9
Deferred tax		
Change in fair value of investment properties	**259.2**	–
Reversal on disposal of investment properties	**(10.3)**	–
Origination and reversal of temporary differences	**24.9**	2.6
	273.8	2.6
	319.7	44.5

(b) Share of associates' tax for the six months ended 30 September 2005 of HK$975.2 million (2004/05: HK$215.9 million) is included in the share of profits less losses of associates.

8. DIVIDENDS

(a) Dividends attributable to the period

	30/9/2005 HK$ Million	30/9/2004 HK$ Million
Interim dividend proposed after the balance sheet date of 2.5 cents (2004/05: 2.5 cents) per share	**50.8**	50.8

The interim dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividends attributable to the previous financial year, approved and paid during the period

	30/9/2005 HK$ Million	30/9/2004 HK$ Million
Final dividend in respect of the previous financial year, approved and paid during the period, of 8.5 cents (2004/05: 6.5 cents) per share	**172.7**	132.1

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to the Shareholders for the period of HK$6,302.9 million (2004/05: HK$2,051.6 million) and 2,031.8 million ordinary shares in issue throughout the financial period ended 30 September 2005 and the previous year's corresponding period.

10. TRADE AND OTHER RECEIVABLES

The Group maintains and closely monitors defined credit policies for its businesses and trade debtors in order to control the credit risk associated with trade debtors. Included in trade and other receivables are trade debtors with ageing analysis as at 30 September 2005 as follows:

	30/9/2005 HK$ Million	31/3/2005 HK$ Million
Current	**569.7**	256.1
31 – 60 days	**51.9**	54.4
61 – 90 days	**5.9**	22.8
Over 90 days	**1,314.4**	24.5
	1,941.9	357.8
Other debtors	**149.6**	200.0
Stakeholders' deposits	**424.0**	743.9
	2,515.5	1,301.7

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with an ageing analysis as at 30 September 2005 as follows:

	30/9/2005 HK$ Million	31/3/2005 HK$ Million
Amounts payable in the next:		
0 – 30 days	**246.5**	197.6
31 – 60 days	**114.3**	113.9
61 – 90 days	**238.3**	208.4
Over 90 days	**478.6**	449.0
	1,077.7	968.9
Other creditors and provisions	**425.1**	317.4
	1,502.8	1,286.3

12. TOTAL EQUITY

	Share capital HK$ Million	Share premium HK$ Million	Capital redemption reserve HK$ Million	Investment property revaluation reserves HK$ Million	Investment revaluation reserves HK$ Million	Other capital reserves HK$ Million	Revenue reserves HK$ Million	Shareholders' equity HK$ Million	Minority interests HK$ Million	Total equity HK$ Million
Company and subsidiaries										
Balance at 1 April 2005										
As previously reported	1,015.9	1,913.6	19.5	–	316.3	323.7	11,777.4	15,366.4	4,881.6	20,248.0
Prior year adjustments in respect of:										
Deferred tax on investment property revaluation surplus (HK(SIC)-INT 21)	–	–	–	–	–	–	(102.3)	(102.3)	(0.5)	(102.8)
Rental earned for property held for redevelopment (HKAS 16)	–	–	–	–	–	0.1	10.2	10.3	8.1	18.4
As restated	1,015.9	1,913.6	19.5	–	316.3	323.8	11,685.3	15,274.4	4,889.2	20,163.6
Negative goodwill derecognised to retained earnings (HKFRS 3)	–	–	–	–	–	(112.5)	210.1	97.6	37.5	135.1
Final dividend approved in respect of the previous year (Note 8b)	–	–	–	–	–	–	(172.7)	(172.7)	–	(172.7)
Dividend to minority interests	–	–	–	–	–	–	–	–	(48.1)	(48.1)
Revaluation surplus	–	–	–	–	112.8	–	–	112.8	36.6	149.4
Transferred to the profit and loss account on disposal of available for sale investments	–	–	–	–	(81.2)	–	–	(81.2)	(29.6)	(110.8)
Reclassification	–	–	–	–	–	28.8	(23.9)	4.9	7.3	12.2
Exchange differences	–	–	–	–	–	(112.8)	–	(112.8)	(88.0)	(200.8)
Profit for the period retained	–	–	–	–	–	–	2,509.8	2,509.8	450.4	2,960.2
Balance at 30 September 2005	1,015.9	1,913.6	19.5	–	347.9	127.3	14,208.6	17,632.8	5,255.3	22,888.1
Associates										
Balance at 1 April 2005										
As previously reported	–	–	–	15,850.1	225.9	(143.0)	4,980.5	20,913.5	474.4	21,387.9
Prior year adjustments in respect of:										
Investment properties (HKAS 40)	–	–	–	(15,850.1)	–	–	15,855.4	5.3	0.2	5.5
Hotel and club properties (HK-INT 2)	–	–	–	–	–	(1,100.3)	(106.3)	(1,206.6)	0.2	(1,206.4)
Deferred tax on investment property revaluation surplus (HK(SIC)-INT 21)	–	–	–	–	–	–	(3,551.9)	(3,551.9)	(133.1)	(3,685.0)
As restated	–	–	–	–	225.9	(1,243.3)	17,177.7	16,160.3	341.7	16,502.0
Opening adjustment for goodwill	–	–	–	–	–	1,442.4	(1,442.4)	–	–	–
Revaluation deficit	–	–	–	–	(1.9)	–	–	(1.9)	(0.1)	(2.0)
Transferred to the profit and loss account on disposal of available for sale investments	–	–	–	–	(14.1)	–	–	(14.1)	(0.6)	(14.7)
Reclassification	–	–	–	–	–	(28.6)	23.7	(4.9)	(3.1)	(8.0)
Others	–	–	–	–	–	(66.5)	(71.2)	(137.7)	(6.5)	(144.2)
Profit for the period retained	–	–	–	–	–	–	3,793.1	3,793.1	110.2	3,903.3
Balance at 30 September 2005	–	–	–	–	209.9	104.0	19,480.9	19,794.8	441.6	20,236.4
Total equity at 30 September 2005	**1,015.9**	**1,913.6**	**19.5**	**–**	**557.8**	**231.3**	**33,689.5**	**37,427.6**	**5,696.9**	**43,124.5**
Total equity at 31 March 2005 (Restated)	1,015.9	1,913.6	19.5	–	542.2	(919.5)	28,863.0	31,434.7	5,230.9	36,665.6

13. CONTINGENT LIABILITIES

At 31 March 2005 and 30 September 2005, there was no guarantees given by the Group in respect of banking facilities available to associates (31/3/2005: Nil).

14. COMMITMENTS

		30/9/2005 HK$ Million	31/3/2005 HK$ Million
(a)	Acquisition of and future development expenditure relating to properties Contracted but not provided for	**1,318.2**	1,705.8
(b)	Forward exchange contracts Forward exchange contracts outstanding	**556.1**	120.7
(c)	Operating lease commitment	**221.5**	–

15. RELATED PARTY TRANSACTIONS

Except for the transactions noted below, the Group has not been a party to any material related party transactions during the six-month period ended 30 September 2005:

(a) Included in interest in associates is an advance of HK$1,278.1 million (31/3/2005: HK$1,387.6 million) contributed by an associate in proportion to its equity interest in the Bellagio property development project. The advance bears interest at such rate as may from time to time be agreed by the shareholders of the property holding company. For the current financial period, the advance is unsecured and interest free.

(b) In respect of the six-month period ended 30 September 2005, the Group earned rental income totalling HK$10.2 million (2004/05: HK$17.1 million) from the Lane Crawford group, which are wholly owned by a trust of which the Chairman of the Company is the settlor, in respect of the leasing of the Group's certain retail premises at Shop C, Wheelock House and the Basement, Ground Floor to Fourth Floor, a portion of the Sixth Floor and Rooms 706-8A of Lane Crawford House. The above lease at Lane Crawford House (except Rooms 706-8A) expired at the end of June 2005. These transactions are considered to be related party transactions and also constitute connected transactions as defined under the Listing Rules.

(c) On 28 June 2005, the Group and its listed subsidiary, Wheelock Properties Limited, entered into agreements with The Wharf (Holdings) Limited group to sell their interest in 107,623,761 i-CABLE Communications Limited ("i-CABLE") shares and 17,619,827 i-CABLE shares at consideration of HK$277.1 million and HK$45.4 million respectively. Profit recognised by the Group amounted to HK$98.9 million.

16. REVIEW OF UNAUDITED INTERIM ACCOUNTS

The unaudited interim accounts for the six months ended 30 September 2005 have been reviewed with no disagreement by the Audit Committee of the Company.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' DEALING IN SECURITIES

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors and all the Directors have complied with the required standard set out in the Model Code and its code of conduct regarding Directors' securities transactions.

DIRECTORS' INTERESTS IN SHARES

At 30 September 2005, Directors of the Company had the following beneficial interests, all being long positions, in the share capitals of the Company, of an associate of the Company, namely, The Wharf (Holdings) Limited ("Wharf"), and of two subsidiaries of the Company, namely, Wheelock Properties Limited ("WPL") and Wheelock Properties (Singapore) Limited ("WP(S)L"), and the percentages which the relevant shares represented to the issued share capitals of the four companies respectively are also set out below:

	No. of Ordinary Shares (percentage of issued capital)		**Nature of Interest**
The Company			
Peter K. C. Woo	1,204,934,330	(59.3023%)	Personal Interest in 8,847,510 shares, Corporate Interest in 200,865,142 shares and Other Interest in 995,221,678 shares
B. M. Chang	8,629,575	(0.4247%)	Corporate Interest
G. W. J. Li	1,486,491	(0.0732%)	Personal Interest
S. T. H. Ng	300,000	(0.0148%)	Personal Interest
Wharf			
G. W. J. Li	686,549	(0.0280%)	Personal Interest
S. T. H. Ng	650,057	(0.0266%)	Personal Interest
WPL			
G. W. J. Li	2,900	(0.0001%)	Personal Interest
WP(S)L			
D. J. Lawrence	250,000	(0.0627%)	Personal Interest

Notes:

(1) The 995,221,678 shares of the Company stated above as "Other Interest" against the name of Mr. Peter K. C. Woo represented an interest comprised in certain trust properties in which Mr. Woo was taken, under certain provisions in Part XV of the Securities and Futures Ordinance (the "SFO") which are applicable to a director or chief executive of a listed company, to be interested.

(2) The shareholdings classified as "Corporate Interest" in which the Directors concerned were taken to be interested as stated above were interests of corporations at respective general meetings of which the relevant Directors were respectively either entitled to exercise (or taken under Part XV of the SFO to be able to exercise) or control the exercise of one-third or more of the voting power in general meetings of such corporations.

(3) *The shareholding interests stated above as "Personal Interest" and "Corporate Interest" against the name of Mr. Peter K. C. Woo totalling 209,712,652 shares of the Company represented the same block of shares as that of the shareholding interest of Mrs. Bessie P. Y. Woo stated below in the section headed "Substantial Shareholders' Interests".*

(4) *The 995,221,678 shares of the Company as referred to under Note (1) above are entirely duplicated or included in the shareholding interest of HSBC Trustee (Guernsey) Limited stated below under the section headed "Substantial Shareholders' Interests".*

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the SFO in respect of information required to be notified to the Company and the Stock Exchange pursuant to the SFO or to the Model Code for Securities Transactions by Directors of Listed Issuers:

(i) there were no interests, both long and short positions, held as at 30 September 2005 by any of the Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO); and

(ii) there existed during the financial period no rights to subscribe for any shares, underlying shares or debentures of the Company which were held by any of the Directors or Chief Executive of the Company or any of their spouses or children under 18 years of age nor had there been any exercises during the financial year of any such rights by any of them.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties, other than person(s) who is/are Director(s) of the Company, who/which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company as at 30 September 2005, the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at that date as recorded in the register kept by the Company under section 336 of the SFO (the "Register"), and the percentages which the shares represented to the issued share capital of the Company:

	Names	**No. of Ordinary Shares** (percentage of issued capital)
(i)	Mrs. Bessie P. Y. Woo	209,712,652 (10.32%)
(ii)	HSBC Trustee (Guernsey) Limited	1,095,300,362 (53.91%)
(iii)	JPMorgan Chase & Co	143,184,100 (7.05%)

Notes:

(1) *Duplication occurred in respect of the shareholding interests under (i) and (ii) above, as set out above in Notes (3) and (4) under the section headed "Directors' Interests in Shares".*

(2) *Due to the amalgamation of Bermuda Trust (Guernsey) Limited with HSBC Trustee (Guernsey) Limited into one company known as HSBC Trustee (Guernsey) Limited with effect from 1 January 2005, the name of Bermuda Trust (Guernsey) Limited, which appeared in the Register prior to 1 January 2005, has been accordingly amended to become HSBC Trustee (Guernsey) Limited.*

All the interests stated above represented long positions and as at 30 September 2005, there were no short positions recorded in the Register.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the financial period under review.

BOOK CLOSURE

The Register of Members will be closed from Tuesday, 3 January 2006 to Friday, 6 January 2006, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to qualify for the abovementioned interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrars, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 30 December 2005.

By Order of the Board
Wilson W. S. Chan
Secretary

Hong Kong, 8 December 2005

As at the date of this interim report, the Board of Directors of the Company comprises of Mr. Peter K. C. Woo, Mr. Gonzaga W. J. Li, Mr. Stephen T. H. Ng, Mr. Paul Y. C. Tsui and Mr. David J. Lawrence, together with four independent Non-executive Directors, namely, Mr. Alexander S. K. Au, Mr. B. M. Chang, Mr. Kenneth W. S. Ting and Mr. William Turnbull.