WHEELOCK PROPERTIES LIMITED
會德豐地產有限公司

Stock Code 股份代號 : 49

Annual Report 2007 二零零七年年報

WHEELOCK PROPERTIES

CONTENTS

CORPORATE INFORMATION

Board of Directors
Peter K C Woo, *GBS, JP* *(Chairman)*
Joseph M K Chow, *OBE, JP*
Herald L F Lau*
Gonzaga W J Li
Roger K H Luk, *BBS, JP**
T Y Ng
Paul Y C Tsui
Ricky K Y Wong
Glenn S Yee*

* *Independent Non-executive Directors*

Secretary
Wilson W S Chan, *FCIS*

General Managers
Wheelock Corporate Services Limited

Registered Office
23rd Floor, Wheelock House
20 Pedder Street
Hong Kong

Registrars
Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Principal Bankers
The Hongkong and Shanghai Banking Corporation Limited

Auditors
KPMG

CHAIRMAN'S STATEMENT

In 2007, Hong Kong's economy remained in good shape, with a 6.3% year-on-year growth in real terms, thanks to upbeat domestic demand, a robust financial sector and strong exports. Unemployment rate fell to a ten-year low of 3.4%, reflecting the fundamental strength of the economy. The low interest rate environment together with tight supply of residential units boosted property-buying sentiment and triggered an active residential market during the year. Accordingly, prices in the mass and luxury residential sectors registered considerable growth. The retail sector remained buoyant, propelled by strong domestic consumption, an improved job market, and rising tourist spending. The office sector continued to be fuelled by strong demand for Grade A offices from tenants during the year.

As at the end of 2007, the Group has acquired up to 96% interest in the residential units at 211-215C Prince Edward Road West for HK$330 million. The project is planned for residential re-development. In accordance with its policy of disposing of various non-core properties, the Group has during the period sold off the office units in South Seas Centre and some units in Wing On Plaza, as well as various industrial units at My Loft and Metro Loft. The Group has also pre-sold nine storeys of the Heung Yip Road project in November 2007.

The Group has been looking for suitable property opportunities in China and has succeeded in acquiring two sites in Foshan of Guangdong Province at public auctions for residential development. One of these sites is in Xincheng District (新城區) and the other one is in Chancheng (禪城). Each of these projects is undertaken through a 50:50 joint venture with the China Merchants Property group.

Wheelock Properties (Singapore) Limited ("WPSL")

In Singapore, the economy grew by 7.7% during the year, driven by healthy services and manufacturing as well as strong construction. WPSL performed in line with the property market where private residential prices increased by some 33% and office rents by 56% based on the latest figures released by Singapore Urban Redevelopment Authority. All sectors of the real estate market performed well. Demand for high-end residential homes is expected to be maintained but at a moderate rate.

WPSL successfully pre-sold various properties in Singapore, including all units of The Cosmopolitan, The Sea View and Ardmore II as well as 67% of units at Scotts Square by the end of 2007. Turnover and profits, however, will not be recognised by the Group until project completion, in accordance with the current accounting standard. The Sea View and The Cosmopolitan are scheduled for completion in 2008, while profits from Ardmore II and Scotts Square would be recognised at a later stage.

WPSL's investment property, Wheelock Place, continued to maintain full occupancy at satisfactory rental rates in the current strong leasing market.

During 2007, WPSL acquired a 12% interest in SC Global Developments Ltd ("SC Global") which is listed in Singapore. The principal activities of SC Global are property development, investment holding and provision of project management and marketing services.

CHAIRMAN'S STATEMENT

RESULTS

The Company has changed its financial year end date from 31 March to 31 December to coincide with the financial year end date of the ultimate holding company. Accordingly, the financial period under review covers a period of nine months from 1 April 2007 to 31 December 2007 (2006/07: 12 months from 1 April 2006 to 31 March 2007).

On the Group's investment properties, despite higher occupancy and rental rates achieved at Wheelock House in Hong Kong and Wheelock Place in Singapore, operating profit from the property investment segment dropped as a result of the loss of rental income following the disposal of Oakwood Residence Azabujuban ("Oakwood") in Tokyo and the redevelopment of Scotts Square in Singapore in the previous financial year. Operating profit from the investment segment was also affected by the loss of a one-off profit of HK$119 million on the sale of Oakwood in the previous year.

Including net investment property revaluation surplus, Group profit for the nine months ended 31 December 2007 was HK$1,540 million (2006/07: HK$1,450 million for 12 months). Earnings per share were HK$0.74 (2006/07: HK$0.70). Excluding the revaluation surplus, Group profit was HK$570 million (2006/07: HK$1,169 million). The decrease in profit was mainly due to a shorter reporting period, as well as the lack of non-recurring profits from the disposal of Hamptons Group Limited and Oakwood a year earlier.

Consolidated net asset value per share rose by 17% to HK$12.02 as at 31 December 2007 (31/3/2007: HK$10.25)

A final dividend of 8.0 cents per share has been recommended to bring the total dividend for the nine months ended 31 December 2007 to 10.0 cents per share (2006/07: 10.0 cents per share for 12 months).

OUTLOOK

Given its role as a hub for China-related business and its strengthened economic interlock with the Mainland, Hong Kong's economy is expected to be in good shape. Spurred by healthy tourist arrivals, robust consumer spending and strong demand in the service sector, the economic outlook for Hong Kong remained promising. Despite growing concerns over a slow-down in the global economy, China's booming economy is helping to support global growth, given China has been the world's focal point. Hong Kong will continue to benefit from CEPA and its role as a platform for the "bringing in, going out" process for Mainland enterprises.

The economy in Singapore remained healthy, given the Government's latest forecast economic growth of between 4.0% and 6.0% in 2008. The Group will continue to look for investment opportunities in Hong Kong and the Asia Pacific region to enhance value to Shareholders.

Peter K C Woo
Chairman

Hong Kong, 18 March 2008

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENT REVIEW

Given below is a review of the various segments of the Group.

Re-development of 6D-6E Babington Path, Mid-levels and 2 Heung Yip Road, Aberdeen, is underway. The former will comprise 47 deluxe apartments and the latter will be redeveloped into a high rise industrial building. In November 2007, the Group pre-sold nine storeys of the Heung Yip Road project.

Wheelock House and Fitfort were 92% and 95% leased respectively at satisfactory rental rates at the end of December 2007.

In line with the Group's policy of disposing of non-core assets, the Group has during the period sold off the office units in South Seas Centre and some units in Wing On Plaza, as well as various industrial units at My Loft and Metro Loft.

By the end of December 2007, the Group has acquired up to 96% interest in the residential units at 211-215C Prince Edward Road West for HK$330 million. The project is planned for residential re-development.

In 2007, the Group, together with the China Merchants Property ("CMP") group, acquired two pieces of residential land in Foshan of Guangdong Province at public auctions. The first piece of land is situated at Xincheng District (新城區) with site area and plot ratio GFA of 2.88 million square feet and 4.86 million square feet respectively (Plot ratio GFA attributable to the Group is 2.43 million square feet). The second piece of land is situated at Chancheng (禪城) and the site area and plot ratio GFA are 1.15 million square feet and 2.89 million square feet respectively (Plot ratio GFA attributable to the Group is 1.45 million square feet). The Group has formed two 50:50 joint venture companies with the CMP group for the purpose of developing the two pieces of land. Completion of the first development is scheduled to be in 2012 whereas completion for the second development will be in 2011.

Wheelock Properties (Singapore) Limited (a 76%-owned Singapore listed subsidiary)

Profit for Wheelock Properties (Singapore) Limited ("WPSL") amounted to S$273.5 million for the period under review (2006/07: S$297.9 million).

During the financial period under review, WPSL acquired a 12% interest in SC Global Developments Ltd ("SC Global") which is listed in Singapore. The principal activities of SC Global are property development, investment holding and provision of project management and marketing services.

Development Properties

The Sea View is a residential condominium development of six tower blocks with 546 apartments. Main construction work is in progress and development completion is scheduled in the first half of 2008. All of the 546 units have been pre-sold at satisfactory prices by December 2007.

The Cosmopolitan is a residential condominium development with 228 apartments on the former Times House site. Main construction work is in progress and the project is scheduled for completion in the middle of 2008. All of the 228 units have been pre-sold at satisfactory prices by December 2007.

Ardmore II is a prime residential condominium development with 118 apartments. Main construction work is in progress and development completion is scheduled in 2010. All of the 118 units have been pre-sold at satisfactory prices by December 2007.

Orchard View is a luxury 36-storey residential development, with 30 units of four-bedroom apartments, located in the tree-lined serene enclave of Angullia Park, just off Orchard Turn. Main construction work is in progress and the project is scheduled for completion by 2009. Orchard View is expected for pre-selling in 2009.

Scotts Square is a prime residential condominium development with 338 apartments, plus a retail annex. Retail podium is held for long term investment purposes. Pre-sales of apartments was met with favourable response and has reached 67% by December 2007. Piling work for the project is in progress and development completion is scheduled in 2010.

Ardmore 3 is planned for redevelopment and sale. Piling work for the project is in progress and the project is scheduled for completion in 2012. Ardmore 3 is expected to start pre-selling in 2009.

Investment Properties
Wheelock Place, a commercial development at Orchard Road, Singapore, was 100% committed at satisfactory rental rates at the end of December 2007.

FINANCIAL REVIEW

(I) Results Review

Change of financial year end date
To coincide with the financial year end date of the ultimate holding company, the Company has changed its financial year end date from 31 March to 31 December. Accordingly, the financial period under review covers a period of nine months from 1 April 2007 to 31 December 2007 (2006/07: 12 months from 1 April 2006 to 31 March 2007).

Turnover
Group turnover from continuing operations for the period under review fell slightly to HK$840 million (2006/07: HK$862 million), mainly due to lower rental revenue recorded by the Property Investment segment, which was partly compensated by higher property sales revenue recognised by the Property Development segment and increase in investment income.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating profit

Group operating profit from continuing operations was HK$597 million (2006/07: HK$706 million).

Property Development

Revenue and operating profit from Property Development segment were HK$170 million and HK$33 million (2006/07: HK$74 million and HK$34 million) respectively, mainly derived from sales of properties in Hong Kong, comprising office units at 4/F South Seas Centre and 12/F Wing On Plaza, and various industrial units at My Loft and Metro Loft as well as some carparking spaces.

WPSL recognises profits on pre-sales of properties under development by stages using the percentage of completion method in accordance with generally accepted accounting principles in Singapore. The Group prepares its consolidated financial statements under Hong Kong Financial Reporting Standards which recognises revenue and profit on pre-sales of properties upon their completion. Accordingly, profits recognised by WPSL in respect of its pre-sales of The Sea View, The Cosmopolitan and Ardmore II units were reversed and excluded from the Group's consolidated results. The cumulative profits attributable to the Group reversed amounted to approximately HK$875 million by the end of December 2007.

As at 31 December 2007, WPSL sold all the units at The Sea View, The Cosmopolitan and Ardmore II, and 225 residential units (67% sold) at Scotts Square. No profit from pre-sale of Scotts Square was recognised by WPSL as the project is still in its initial stage of construction, in accordance with its accounting policies.

In addition, the Group also pre-sold nine storeys of the Heung Yip Road project in November 2007.

Property Investment

Revenue and operating profit from Property Investment segment were HK$244 million and HK$168 million (2006/07: HK$399 million and HK$242 million) respectively. The decline in rental revenue was mainly caused by the loss of rental income following the disposal of Oakwood Residence Azabujuban ("Oakwood") as well as the redevelopment of Scotts Square commenced by the end of December 2006. During the financial period under review, higher occupancy and rental rates were achieved by the Group's investment properties, which mainly comprised Wheelock House in Hong Kong and Wheelock Place in Singapore.

Investment and Others

Investment revenue, comprising mainly dividend income from the Group's long-term investment portfolio and interest income, was up by HK$37 million to HK$426 million (2006/07: HK$389 million). Conversely, operating profits was down by HK$44 million to HK$410 million (2006/07: HK$454 million), which was mainly due to the inclusion in the previous year's results of a one-off profit on sale of Oakwood of HK$119 million. In addition, there was a profit of HK$118 million (2006/07: HK$61 million) on disposal of investments.

MANAGEMENT DISCUSSION AND ANALYSIS

Increase in fair value of investment properties

Included in the Group's results was a revaluation surplus of HK$1,446 million (2006/07: HK$406 million) on revaluation of the Group's investment properties.

Finance costs

Finance costs charged to the profit and loss account was HK$16 million (2006/07: HK$72 million), which was incurred by WPSL. Finance costs capitalised for properties under development amounted to HK$55 million (2006/07: HK$81 million). For the period under review, the Group's effective borrowing interest rate was approximately 3.0% per annum (2006/07: 3.9% per annum).

Share of results after tax of associates

Share of profit of associates was HK$96 million (2006/07: HK$176 million). The decrease in share of associates' results was mainly due to lower development profit from sales of Bellagio units and Parc Palais units undertaken by associates.

Taxation

Taxation charge of HK$329 million (2006/07: HK$66 million) included the deferred tax of HK$262 million (2006/07: HK$76 million) provided against the current period's revaluation surplus of the Group's investment properties.

Discontinued operation

Hamptons Group Limited ("Hamptons") was disposed of by WPSL in August 2006. The results of Hamptons, which formerly formed a significant business segment of the Group, were reported as a discontinued operation. The profit on the disposal recognised by WPSL was HK$475 million (HK$360 million attributable to the Group).

Minority interests

Profit shared by minority interests was HK$254 million (2006/07: HK$256 million), which was related to the profit of WPSL. The profit shared by minority interests in prior year included the attributable profit on disposal of Hamptons.

Profit attributable to equity shareholders

The Group's profit attributable to equity shareholders for the nine months period was HK$1,540 million (2006/07: HK$1,450 million for 12 months). Earnings per share were HK$0.74 (2006/07: HK$0.70).

Excluding the net investment property surplus of HK$970 million (2006/07: HK$281 million), represented by revaluation surplus of HK$1,446 million (2006/07: HK$406 million) less related deferred tax and minority interests of HK$476 million (2006/07: HK$125 million), the Group's net profit attributable to equity shareholders was HK$570 million (2006/07: HK$1,169 million). The decrease in profit was largely attributable to a shorter reporting period and the non-recurring profits on disposal of Hamptons and Oakwood in the previous year.

(II) Liquidity and Financial Resources

Equity

The Shareholders' equity amounted to HK$24,874 million or HK$12.02 per share as at 31 December 2007, compared to HK$21,216 million or HK$10.25 per share as at 31 March 2007. The Group's total equity, including minority interests, was HK$27,470 million (31/3/2007: HK$23,592 million).

Net cash

The Group's net cash decreased to HK$2,585 million as at 31 December 2007, which was made up of bank deposits and cash of HK$5,314 million and debts of HK$2,729 million, compared to a net cash of HK$3,296 million as at 31 March 2007.

Excluding WPSL, the Company and its subsidiaries together had a net cash of HK$2,291 million (31/3/2007: HK$2,919 million). The major cash outflows for the period included payments made for the acquisition of Prince Edward Road properties and investment in the two 50%-owned joint ventures, which acquired two sites in Foshan for property development in January 2007 and October 2007 respectively.

WPSL's net cash amounted to HK$294 million as at 31 December 2007, compared to a net cash of HK$377 million as at 31 March 2007. WPSL's major cash outflow in the period under review was mainly attributable to the acquisition of 12% interest in SC Global, which was offset by proceeds received from sale of properties.

Finance and availability of facilities

(a) The Group's available loan facilities totalled HK$5.1 billion, comprising committed and uncommitted loan facilities of HK$4.8 billion and HK$0.3 billion respectively. The debt maturity profile of the Group as at 31 December 2007 was analysed below:

	31/12/2007 HK$ Million	31/3/2007 HK$ Million
Within 1 year	**–**	515
After 1 year but within 2 years	**790**	–
After 2 years, but within 3 years	**1,377**	1,124
After 3 years, but within 4 years	**562**	1,498
	2,729	3,137
Undrawn facilities	**2,400**	2,614
Total loan facilities	**5,129**	5,751

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

	31/12/2007 HK$ Million	31/3/2007 HK$ Million
Properties under development	622	560
Properties under development for sale	4,544	7,435
	5,166	7,995

(c) As at 31 December 2007, WPSL's borrowings for financing its properties in Singapore were primarily denominated in Singapore Dollars. The Group entered into certain forward exchange contracts primarily for management of its foreign currency assets and related interest rate exposures. These contracts were marked to market value at the balance sheet date and reported a net liability of HK$24 million. The Group has no other significant exposure to foreign exchange fluctuation except for the net investments in its Singapore subsidiaries and China jointly controlled entities.

(d) *Available-for-sale investments*
The Group maintained a portfolio of available-for-sale investments with a total market value of HK$11,849 million as at 31 December 2007 (31/3/2007: HK$9,025 million), which primarily comprised a 7% interest in Wharf, WPSL's 20% interest in Hotel Properties Limited and 12% interest in SC Global, and other blue chip securities. The cumulative attributable surplus of the investments amounted to HK$5,686 million as at 31 December 2007 (31/3/2007: HK$3,759 million) and is retained in reserves until the related investments are sold. Performance of the portfolio was satisfactory.

Contingent liabilities

There were no material contingent liabilities as at 31 December and 31 March 2007.

(III) Acquisition of Property/Investment

211-215C Prince Edward Road West

As at 31 December 2007, the Group has acquired 96% interest in the property situated at 211-215C Prince Edward Road West at a consideration of approximately HK$330 million. The property is planned for redevelopment into residential properties for sale.

50% interest in Foshan Joint Ventures

As reported in the Annual Report 2006/07, the Group together with CMP group acquired a site (50%-owned by the Group) in Xincheng District (新城區), Foshan of Guangdong Province for RMB950 million (about HK$982 million) in January 2007. The site will be developed into residential properties for sale.

On 12 October 2007, the Group together with CMP group acquired another site (50%-owned by the Group) in Chancheng (禪城), Foshan for RMB1,505 million (about HK$1,556 million). The site will be developed into residential properties for sale.

12% interest in SC Global

During the financial period under review, WPSL acquired 12% interest in SC Global, a company listed in Singapore. The principal activities of SC Global are property development, investment holding and provision of project management and marketing services.

(IV) Human Resources

The Group had 110 employees as at 31 December 2007 (31/3/2007: 105). Employees are remunerated according to the nature of their jobs and market trends, with a built-in merit component incorporated in the annual increment to reward and motivate individual performance. Total staff costs for the period ended 31 December 2007 amounted to HK$68 million.

CORPORATE GOVERNANCE REPORT

(A) CORPORATE GOVERNANCE PRACTICES

During the nine months from 1 April to 31 December 2007, all the code provisions as set out in the Code on Corporate Governance Practices in Appendix 14 (the "Code") of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") were met by the Company, with the exception of one deviation as set out under section (D) below. The application of the relevant principles, and the reasons for the abovementioned deviation from a Code provision, are stated in the following sections.

(B) DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors of the Company who were in office during the nine months ended 31 December 2007, they have confirmed that they have complied with the Model Code during the financial period.

(C) BOARD OF DIRECTORS

(i) Composition of the Board, number of Board meetings and Directors' attendance

The Company's Board has a balance of skills and experience and a balance composition of executive and non-executive directors. Three Board meetings were held during the nine months ended 31 December 2007. The composition of the Board and attendance of the Directors are set out below:

Directors	Attendance at Meetings
Chairman	
Peter K C Woo	3
Non-executive Directors	
Joseph M K Chow	2
Gonzaga W J Li	2
T Y Ng	2
Paul Y C Tsui	3
Ricky K Y Wong	3
Independent Non-executive Directors	
Herald L F Lau	2
David T C Lie-A-Cheong (resigned on 25 February 2008)	2
Glenn S Yee	2
Roger K H Luk (appointed on 25 February 2008)	N/A

Each Director of the Company has been appointed on the strength of his calibre, experience and stature, and his potential to contribute to the proper guidance of the Group and its businesses. Apart from formal meetings, matters requiring board approval were arranged by means of circulation of written resolutions.

(ii) Operation of the Board

The Company is headed by an effective Board which takes decisions objectively in the interests of the Company. The Company's management has closely monitored changes to regulations that affect its corporate affairs and businesses, and changes to accounting standards, and adopted appropriate reporting format in its interim report, annual report and other related documents to present a balanced, clear and comprehensible assessment of the Group's performance, position and prospects. Where these changes are pertinent to the Company or Directors' disclosure obligations, the Directors are either briefed during Board meetings or issued with regular updates and materials to keep them abreast of their responsibilities and of the conduct, business activities and development of the Group. Newly appointed Directors receive briefings and orientation on their legal and other responsibilities as a Director and the role of the Board. The Company has also provided appropriate information in a timely manner to the Directors to enable them to make an informed decision and to discharge their duties and responsibilities as Directors of the Company.

There is a clear division of responsibilities between the Board and the management. Decisions on important matters are specifically reserved to the Board while decisions on the Group's general operations are delegated to the management. Important matters include those affecting the Group's strategic policies, major investment and funding decisions and major commitments relating to the Group's operations.

(D) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr Peter K C Woo serves as the Chairman and also as the *de facto* chief executive officer of the Company. This is a deviation from the Code provision with respect to the roles of chairman and chief executive officer to be performed by different individuals. Such 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, a substantial proportion thereof being independent Non-executive Directors.

(E) NON-EXECUTIVE DIRECTORS

All those existing Directors of the Company who do not hold any executive office of the Company have their respective terms of appointment coming to an end normally three years after their appointment to the Board or (in the case of Directors who were re-elected to the Board at previous Annual General Meetings) their last re-election as Directors.

(F) REMUNERATION OF DIRECTORS

The Company has set up a Remuneration Committee consisting of the Chairman of the Company and two other independent Non-executive Directors, namely, Mr David T C Lie-A-Cheong (resigned on 25 February 2008), Mr Roger K H Luk (appointed on 25 February 2008) and Mr Glenn S Yee. Given that meeting of the Remuneration Committee of the Company is usually held once a year in February or March, and that the fiscal period under review cover only nine months from 1 April to 31 December 2007, being before the date on which a meeting of the Remuneration Committee would normally be held, no Remuneration Committee meeting was held during the nine months ended 31 December 2007.

The terms of reference of the Remuneration Committee are aligned with the provisions set out in the Code. Given below are the main duties of the Remuneration Committee:

(a) to consider the Company's policy and structure for all remuneration of Directors and senior management;

(b) to determine the specific remuneration packages of all executive Directors and senior management;

(c) to review performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

(d) to review the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment; and

(e) to review compensation arrangements relating to dismissal or removal of Directors for misconduct.

The work normally performed by the Remuneration Committee is summarised below:

(a) review of the Company's policy and structure for all remuneration of Directors and senior management;

(b) consideration of the emoluments for all Directors and senior management; and

(c) review of the level of fees for Directors and Audit Committee Members.

The basis of determining the emoluments payable to its Directors and senior management by the Company is by reference to the level of emoluments normally granted by a listed company in Hong Kong to directors and senior executives of comparable calibre and job responsibilities so as to ensure a fair and competitive remuneration package as is fit and appropriate. The basis of determining the Directors' fees, currently at the rate of HK$30,000 per annum per Director (proposed to be increased to HK$40,000 per annum with retrospective effect from 1 April 2007), payable to Directors of the Company, and the Audit Committee Members' fees, currently at the rate of HK$15,000 per annum per Member (proposed to be increased to HK$20,000 per annum with retrospective effect from 1 April 2007), payable to those Directors of the Company who are also Members of the Audit Committee of the Company is by reference to the level of fees of similar nature normally paid by a listed company in Hong Kong to its directors.

(G) NOMINATION OF DIRECTORS

The Company does not have a nomination committee as the role and function of such committee are performed by the Board.

The Board is responsible for the formulation of the nomination policies, making recommendations to Shareholders on Directors standing for re-election, providing sufficient biographical details of Directors to enable Shareholders to make an informed decision on the re-election, and where necessary, nominate Directors to fill casual vacancies. The Chairman from time to time reviews the composition of the Board with particular regard to ensuring that there is an appropriate number of Directors on the Board independent of management. He also identifies and nominates qualified individuals for appointment as new Directors of the Company. New Directors of the Company will be appointed by the Board. Any and all new Directors are subject to retirement from the Board at the Annual General Meeting of the Company immediately following his or her appointment and may stand for re-election at the Annual General Meeting.

(H) AUDITORS' REMUNERATION

The fees in relation to the audit and other services provided by KPMG, the external auditors of the Company, amounted to HK$3 million and HK$1 million respectively.

(I) AUDIT COMMITTEE

The Audit Committee of the Company consists of one Non-executive Director and two independent Non-executive Directors.

All Members have sufficient experience in reviewing audited financial statements as aided by the auditors of the Group whenever required. In addition, Mr Herald L F Lau has the appropriate professional qualifications and experience in financial matters.

Two Audit Committee meetings were held during the nine months ended 31 December 2007. Attendance of the Members is set out below:

Members	**Attendance at Meetings**
Glenn S Yee, *Chairman*	1
Joseph M K Chow	2
Herald L F Lau	2

(i) The terms of reference of the Audit Committee are aligned with the recommendations set out in "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants. Given below are the main duties of the Audit Committee:

(a) to consider the appointment of the external auditors and any questions of resignation or dismissal;

(b) to discuss with the external auditors before the audit commences, the nature and scope of the audit;

(c) to review the half-year and annual financial statements before submission to the Board, focusing particularly on:

(1) any changes in accounting policies and practices;
(2) major judgmental areas;
(3) significant adjustments resulting from the audit;
(4) the going concern assumption;
(5) compliance with accounting standards; and
(6) compliance with Stock Exchange and legal requirements;

(d) to discuss problems and reservations arising from the audits, and any matters the external auditors may wish to discuss (in the absence of management where necessary); and

(e) to review the audit programme, and ensure co-ordination with external auditors, of the internal audit function.

(ii) The work performed by the Audit Committee for the nine months ended 31 December 2007 is summarised below:

(a) approval of the remuneration and terms of engagement of the external auditors;

(b) review of the external auditors' independence and objectivity and the effectiveness of audit process in accordance with applicable standards;

(c) review of the half-year and annual financial statements before submission to the Board, with particular consideration of the points mentioned in paragraph (i)(c) above regarding the duties of the Audit Committee;

(d) discussion with the external auditors before the audit commences, the nature and scope of the audit;

(e) review of the audit programme and co-ordination between the external auditors and the internal audit function;

(f) review of the Group's financial controls, internal control and risk management systems; and

(g) meeting with the external auditors without executive Board members present.

(J) INTERNAL CONTROL

The Directors are ultimately responsible for the internal control system of the Group and, through the Audit Committee, have reviewed the effectiveness of the system. The internal control system comprises a well-defined organisational structure with specified limits of authority in place. Areas of responsibility of each business and operational units are also clearly defined to ensure effective checks and balances.

Procedures have been designed for safeguarding assets against unauthorised use or disposition, maintenance of proper accounting records, assurance of the reliability of financial information for internal use or publication and compliance with relevant legislation and regulations. Such procedures are designed to manage risks of failure in operational systems and can provide reasonable assurance against material errors, losses or fraud.

The internal audit function monitors compliance with policies and standards and the effectiveness of internal control structures across the whole Group. The head of Internal Audit Department reports to the Audit Committee. A full set of internal audit reports will also be provided to the external auditors.

A review of the effectiveness of the Group's internal control system and procedures covering all controls, including financial, operational and compliance and risk management, was conducted by the Audit Committee and subsequently reported to the Board during the nine months ended 31 December 2007. Based on the result of the review, in respect of the nine months ended 31 December 2007, the Directors considered that the internal control system and procedures of the Group were effective and adequate.

(K) DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of financial statements for the nine months from 1 April to 31 December 2007, which give a true and fair view of the affairs of the Company and of the Group and of the Group's results and cash flows for the period then ended and in compliance with the requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules.

In preparing the financial statements for the nine months ended 31 December 2007:

(i) appropriate accounting policies are selected, applied consistently and in accordance with the Hong Kong Financial Reporting Standards;

(ii) prudent and reasonable judgements and estimates are made; and

(iii) the reasons for any significant departure from applicable accounting standards are stated, if applicable.

(L) COMMUNICATION WITH SHAREHOLDERS

The Group uses several formal channels to ensure fair disclosure and comprehensive and transparent reporting of its performances and activities. Annual and interim reports are printed and sent to all Shareholders. Press releases are posted on the Company's corporate website www.wheelockproperties.com. The Company's website provides email address, postal address, fax number and telephone number by which enquiries may be put to the Company's Board. Constantly being updated in a timely manner, the website also contains a wide range of additional information on the Group's business activities. As a standard part of the investor relations programme to maintain a constant dialogue on the Group's performance and objectives, senior executives hold regular briefings and attend conferences with institutional investors and financial analysts.

The Company encourages its Shareholders to attend Annual General Meetings to ensure a high level of accountability and to stay informed of the Group's strategy and goals.

The Company keeps Shareholders informed of the procedure for voting by poll in all circulars to Shareholders which are from time to time despatched to Shareholders together with notices of general meetings of the Company. The Board and external auditors attend the Annual General Meetings to answer Shareholders' questions.

(M) SHAREHOLDERS' RIGHTS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

Pursuant to the Hong Kong Companies Ordinance, on requisition by one or more Shareholders in aggregate holding not less than 5% of the paid-up capital of the Company carrying the right to vote at general meetings, the Directors of the Company must convene an extraordinary general meeting.

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their Report and the Audited Financial Statements for the nine months from 1 April 2007 to 31 December 2007.

CHANGE OF FINANCIAL YEAR END DATE

As a result of the recent change of the financial year end date from 31 March to 31 December, the financial statements and this report of the Directors now presented cover a period of nine months from 1 April 2007 to 31 December 2007.

PRINCIPAL ACTIVITIES AND TRADING OPERATIONS

The principal activity of the Company is investment holding and those of its principal subsidiaries are set out on page 87.

An analysis of the principal activities and geographical locations of trading operations of the Company and its subsidiaries during the nine-month period is set out in Note 2 to the Financial Statements on pages 39 to 42.

RESULTS, APPROPRIATIONS AND RESERVES

The results of the Group for the nine months ended 31 December 2007 are set out in the Consolidated Profit and Loss Account on page 32.

Appropriations of profits and movements in reserves during the period are set out in Note 26 to the Financial Statements on page 62.

DIVIDENDS

An interim dividend of 2.0 cents per share was paid on 2 January 2008. The Directors have now recommended for adoption at the Annual General Meeting to be held on Wednesday, 21 May 2008 the payment on 28 May 2008 to Shareholders on record as at 21 May 2008 of a final dividend of 8.0 cents per share in respect of the nine months ended 31 December 2007. This recommendation has been disclosed in the Financial Statements.

FIXED ASSETS

Movements in fixed assets during the nine months ended 31 December 2007 are set out in Note 12 to the Financial Statements on page 51.

DONATIONS

The Group made donations during the period totalling HK$1 million.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors of the Company during the nine months ended 31 December 2007 were Mr P K C Woo, Dr J M K Chow, Mr H L F Lau, Mr G W J Li, Mr D T C Lie-A-Cheong (resigned on 25 February 2008), Mr T Y Ng, Mr P Y C Tsui, Mr R K Y Wong and Mr G S Yee.

Subsequent to the end of the financial period, Mr R K H Luk was appointed an independent Non-executive Director of the Company in place of Mr D T C Lie-A-Cheong, who resigned as a Director of the Company, both with effect from 25 February 2008.

Mr R K H Luk, being appointed as a Director of the Company after the last Annual General Meeting, is due to retire from the Board in accordance with Article 94 of the Company's Articles of Association, and Mr P Y C Tsui and Mr G S Yee are also due to retire from the Board by rotation in accordance with Article 103(A), at the forthcoming Annual General Meeting. Being eligible, they offer themselves for re-election. None of the retiring Directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

INTERESTS IN CONTRACTS

No contract of significance in relation to the Company's business to which the Company, its subsidiaries or its ultimate holding company or any subsidiary of that ultimate holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the nine months ended 31 December 2007 or at any time during that financial period.

MANAGEMENT CONTRACTS

There was in existence during the financial period an agreement dated 31 March 1992 between the Company and Wheelock Corporate Services Limited ("WCSL"), whereby WCSL were appointed the General Managers of the Company. The said appointment has become effective since 31 March 1992 and subject to certain terms and conditions as stipulated in a Master Services Agreement dated 22 December 2004 between the Company and Wheelock and Company Limited as revised by a supplemental agreement dated 7 February 2007 (relevant details thereof are set out on page 29 of this Annual Report), shall continue in force until it is terminated by WCSL by the giving of six months' prior notice in writing. Messrs P Y C Tsui and T Y Ng are directors of WCSL and are accordingly regarded as interested in the said agreement.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the financial period was the Company, its subsidiaries or its ultimate holding company or any subsidiary of that ultimate holding company a party to any arrangement to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

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.

AUDITORS

The Financial Statements now presented have been audited by KPMG, Certified Public Accountants, who retire and being eligible, offer themselves for re-appointment.

By Order of the Board
Wilson W S Chan
Secretary

Hong Kong, 18 March 2008

REPORT OF THE DIRECTORS

SUPPLEMENTARY CORPORATE INFORMATION

(A) Biographical Details of Directors and Senior Managers

(I) Directors

Peter K C WOO, *GBS, JP, Chairman* (Age: 61)
Mr Woo has resumed the role of Chairman of the Company since May 2006 after having also served in that capacity from 1985 to 1990. He also serves as a member and the chairman of the Company's Remuneration Committee. He is the chairman and a substantial shareholder of the Company's parent company, namely, Wheelock and Company Limited ("Wheelock") and also the chairman of The Wharf (Holdings) Limited ("Wharf"), and Wheelock Properties (Singapore) Limited ("WPSL") in Singapore.

Mr Woo was appointed a Justice of the Peace in 1993 and awarded the Gold Bauhinia Star in 1998 by the Hong Kong SAR Government. He has for many years been actively engaged in community and related services, both locally and in the international arena, and has held various Government appointments. He has been appointed a non-official member of the Commission on Strategic Development since June 2007. He had served as the chairman of Hospital Authority from 1995 to 2000, the council chairman of Hong Kong Polytechnic University from 1993 to 1997 and the Government-appointed chairman of the Hong Kong Trade Development Council from 2000 to 2007. He was the chairman of the Hong Kong Environment and Conservation Fund Committee set up in 1994 which he co-funded with the Government. He also served as a deputy chairman in 1991 to Prince of Wales Business Leaders Forum, and as a member of the International Advisory Council of JPMorgan Chase & Co., National Westminster Bank, Banca Nazionale del Lavoro, Elf Aquitaine of France and General Electric of America. He has received Honorary Doctorates from various universities in Australia, Hong Kong and the United States.

Joseph M K CHOW, *OBE, JP, Director* (Age: 66)
Dr Chow has been a Director of the Company since 2003. He also serves as a member of the Company's Audit Committee. Dr Chow is a professional civil and structural engineer. He is also a fellow of the Hong Kong Institution of Engineers, the Institution of Civil Engineers and the Institution of Structural Engineers. He is the chairman of the Hong Kong Construction Workers Registration Authority, a member of Chinese People's Political Consultative Conference of Shanghai and a Hon. Senior Superintendent of the Hong Kong Auxiliary Police Force. Dr Chow is the chairman of Joseph Chow & Partners Limited as well as an independent non-executive director of the publicly-listed Chevalier International Holdings Limited, Build King Holdings Limited and PYI Corporation Limited.

Herald L F LAU, *Director* (Age: 67)
Mr Lau has been an independent Non-executive Director of the Company since 2004. He also serves as a member of the Company's Audit Committee. Mr Lau has been practicing as a certified public accountant in Hong Kong for over 30 years and has extensive experience in auditing, finance, taxation and management. He was formerly a partner of a professional accountants firm PricewaterhouseCoopers, Hong Kong, until his retirement from the firm in June 2001. He is also an independent non-executive director of Fairwood Holdings Limited, Kerry Properties Limited and China World Trade Center Company, Limited (Beijing). Mr Lau is a fellow member of The Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Gonzaga W J LI, *Director* (Age: 78)
Mr Li has been a Director of the Company since 1997. He was elected the Chairman of the Company in 1997 and stepped downed as the Chairman in May 2006. He is also the senior deputy chairman of Wheelock and Wharf, the chairman of Harbour Centre Development Limited ("HCDL") and the chief executive officer and a director of Wharf China Limited. Furthermore, he is a director of Joyce Boutique Holdings Limited ("Joyce").

Roger K H LUK, *BBS, JP, Director* (Age: 56)
Mr Luk has been an independent Non-executive Director of the Company since 25 February 2008. He also serves as a member of the Company's Remuneration Committee. Mr Luk has over 30 years of comprehensive experience in accounting and financial management. He joined Hang Seng Bank in 1975, became the bank's director and deputy chief executive in 1994 and then became managing director and deputy chief executive of the bank in 1996 until his retirement in May 2005. Currently, Mr Luk is an independent non-executive director of two companies publicly-listed in Hong Kong, namely, China Properties Group Limited and Computime Group Limited, of AXA General Insurance Hong Kong Limited, and also of Wharf T&T Limited, which is a fellow subsidiary of the Company. He also serves as a council member and the treasurer of The Chinese University of Hong Kong, a member of the Barristers Disciplinary Tribunal Panel and a non-official member of the Operations Review Committee of ICAC. Mr Luk also served in the past on the Court and Council of Hong Kong Baptist University, the Advisory Committee on New Broad-based Taxes, the Personal Data (Privacy) Advisory Committee, the Central Policy Unit of the Hong Kong Government, the Statistics Advisory Board, the Broadcasting Authority, and the Advisory Committee and the Investor Education Advisory Committee of the Securities and Futures Commission. He was an appointed member of the Hong Kong Legislative Council from 1992 to 1995, and also a member of the first Election Committee of the Legislative Council.

Mr Luk is a fellow of the Hong Kong Institute of Bankers and the Hong Kong Institute of Directors. He is also a Non-official Justice of the Peace and was awarded the honour of Bronze Bauhinia Star in 2004 in recognition of his contributions to public services.

T Y NG, *Director* (Age: 60)
Mr Ng has been a Director of the Company since 1998. He is also a director of Wharf, HCDL, Joyce and WCSL. Mr Ng is an associate member of both the HKICPA and the Chartered Institute of Management Accountants ("CIMA").

Paul Y C TSUI, *Director* (Age: 61)
Mr Tsui has been a Director of the Company since 2005. He is also an executive director of Wheelock and a director of Joyce and WPSL. Furthermore, he is the managing director of WCSL and a director of Myers Investments Limited ("Myers"). Mr Tsui is a fellow member of the HKICPA, The Association of Chartered Certified Accountants and the CIMA.

Ricky K Y WONG, *Director* (Age: 43)
Mr Wong has been a Director of the Company since 2006. He joined the Wharf group in 1989. He has been in continuous employment of the Wheelock and Wharf group since 1989 and has been responsible for various property-related matters of the Wheelock and Wharf group. He is currently the executive director of Wheelock Properties (Hong Kong) Limited, which is a wholly-owned subsidiary of Wheelock, and is presently responsible for overseeing the property development and related business of the Wheelock and Wharf group. Mr Wong graduated from University of Wisconsin in the United States with a Master Degree in Business Administration.

Glenn S YEE, *Director* (Age: 57)
Mr Yee has been an independent Non-executive Director of the Company since 2003. He also serves as a member and the chairman of the Company's Audit Committee and a member of the Company's Remuneration Committee. Mr Yee is the managing director of Pacific Can Company Limited.

Notes:

(1) Wheelock, WCSL and Myers (of which Mr P K C Woo, Mr G W J Li, Mr T Y Ng and/or Mr P Y C Tsui is/are director(s)) have interests in the share capital of the Company discloseable to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO").

(2) The Company confirms that it has received written confirmation from each of the independent Non-executive Directors confirming their independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and considers them independent.

(II) Senior Managers

During the period, the senior management responsibilities of the Group were vested with the General Managers of the Company, namely, WCSL (as referred to in the Report of the Directors under the section headed "Management Contracts" on page 20), and none of the employees of the Group are regarded as Senior Managers.

(B) Directors' Interests in Shares

At 31 December 2007, Directors of the Company had the following beneficial interests, all being long positions, in the share capitals of the Company, the Company's parent company, namely, Wheelock, and two subsidiaries of Wheelock, namely, Wharf and i-CABLE Communications Limited ("i-CABLE"), 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		
G W J Li	2,900 (0.0001%)	Personal Interest
Wheelock		
P 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
G W J Li	1,486,491 (0.0732%)	Personal Interest
T Y Ng	70,000 (0.0034%)	Personal Interest
Wharf		
G W J Li (Note (c))	686,549 (0.0280%)	Personal Interest
T Y Ng (Note (c))	178,016 (0.0073%)	Personal Interest
i-CABLE		
G W J Li	68,655 (0.0034%)	Personal Interest

Notes:

(a) *The 995,221,678 shares of Wheelock stated above as "Other Interest" against the name of Mr P 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 SFO which are applicable to a director or chief executive of a listed company, to be interested.*

(b) *The shareholdings classified as "Corporate Interest" in which the Director concerned was taken to be interested as stated above were interests of corporations at respective general meetings of which the Director was 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.*

(c) *Subsequent to the financial period end, Mr G W J Li and Mr T Y Ng fully subscribed for their pro rata rights entitlements under a 1-for-8 rights issue by Wharf and they were accordingly allotted 85,818 shares and 22,252 shares of Wharf respectively on 16 January 2008. Consequently, Mr Li and Mr Ng were interested in 772,367 shares and 200,268 shares of Wharf respectively following such allotments.*

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 by the Directors and/or Chief Executive of the Company pursuant to the SFO or to the Model Code for Securities Transactions by Directors of Listed Issuers, there were no interests, both long and short positions, held during the financial period from 1 April 2007 to 31 December 2007 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), nor had there been any exercises during the financial period of any rights to subscribe for any shares, underlying shares or debentures of the Company.

(C) Substantial Shareholders' Interests

Given below are the names of all parties 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 31 December 2007, 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)	Myers Investments Limited	1,536,058,277 (74.22%)
(ii)	Wheelock Corporate Services Limited	1,536,058,277 (74.22%)
(iii)	Wheelock and Company Limited	1,536,058,277 (74.22%)
(iv)	HSBC Trustee (Guernsey) Limited	1,536,058,277 (74.22%)

Note: For the avoidance of doubt and double counting, it should be noted that duplication occurs in respect of all of the above-stated shareholdings to the extent that the shareholdings stated against parties (i) to (iv) above represent the same block of shares.

All the interests stated above represented long positions and as at 31 December 2007, there were no short position interests recorded in the Register.

(D) Pension Schemes

As at 31 December 2007, no pension scheme of the Group was operated for any employee of the Group. The retirement benefit scheme in which the Group's employees participated was the Central Provident Fund in Singapore.

The employers' pension cost charged to the profit and loss account during the nine months ended 31 December 2007 in respect of the above retirement benefit scheme amounted to HK$1 million.

(E) Directors' Interests in Competing Business

Set out below is information disclosed pursuant to Rule 8.10 of the Listing Rules.

Five Directors of the Company, namely, Messrs P K C Woo, G W J Li, T Y Ng, P Y C Tsui and R K Y Wong, being also directors of the Company's parent company, namely, Wheelock, and/or certain subsidiaries of Wheelock, are considered as having an interest in Wheelock under Rule 8.10 of the Listing Rules.

The ownership of commercial premises by Wheelock group for rental purposes is considered as competing with the commercial premises owned by the Group for letting. Since the Group's commercial premises are not in close proximity to those owned by the Wheelock group and the customers and tenants for the Group's properties are somewhat different from those for the properties owned by the Wheelock group, the Group considers that its interest regarding the business of owning and letting of commercial premises is adequately safeguarded.

For safeguarding the interests of the Group, the independent Non-executive Directors and the Audit Committee of the Company would on a regular basis review the business and operational results of the Group to ensure, *inter alia*, that the Group's property leasing business is and continues to be run on the basis that it is independent of, and at arm's length from, that of the Wheelock group.

(F) Major Customers & Suppliers

For the nine months ended 31 December 2007:

(a) the aggregate amount of purchases (not including the purchases of items which are of a capital nature) attributable to the Group's five largest suppliers represented 35% of the Group's total purchases;

(b) the largest supplier accounted for 12% of the Group's total purchases;

(c) none of the Directors of the Company or their associates holds, nor does any Shareholder owning (to the knowledge of the Directors) more than 5% of the Company's equity capital hold, any interests in any of the Group's five largest suppliers; and

(d) the aggregate amount of turnover attributable to the Group's five largest customers represented less than 30% of the Group's total turnover.

(G) Bank Loans, Overdrafts and Other Borrowings

Particulars of any and all bank loans, overdrafts and/or other borrowings of the Company and of the Group as at 31 December 2007 which are repayable on demand or within a period not exceeding one year or after one year are set out in Note 22 to the Financial Statements on page 59.

(H) Interest Capitalised

The amount of interest capitalised by the Group during the financial period is set out in Note 5 to the Financial Statements on page 46.

(I) Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules throughout the nine months ended 31 December 2007.

(J) Disclosure of Connected Transactions

Set out below is information in relation to certain connected transactions involving the Company and/or its subsidiaries, particulars of which were previously disclosed in the announcements of the Company dated 7 February 2007, 20 August 2007 and 9 November 2007 respectively and are required under the Listing Rules to be disclosed in the Annual Report and Financial Statements of the Company:

(i) Tenancy Agreement with Wheelock Properties (Hong Kong) Limited

On 20 August 2007, a renewal tenancy agreement (the "Renewal Tenancy Agreement") in respect of the whole of 5th Floor, Wheelock House, 20 Pedder Street, Hong Kong (the "Property") for a term of three years from 1 September 2007 to 31 August 2010 was entered into between Marnav Holdings Limited ("Marnav"), a wholly-owned subsidiary of the Company, as the landlord, and Wheelock Properties (Hong Kong) Limited ("WPHK"), a wholly-owned subsidiary of Wheelock, as the tenant. The letting of the Property to WPHK by the Group is for the purpose of earning rental revenue.

As the Company is a 74%-owned subsidiary of Wheelock, the transaction (the "WH Transaction") constitutes a continuing connected transaction for the Company under the Listing Rules.

The rental receivable by Marnav from WPHK under the Renewal Tenancy Agreement is subject to a fixed monthly rent previously disclosed in an announcement of the Company dated 20 August 2007 and the rent received by Marnav for the nine months ended 31 December 2007 was HK$2.3 million.

(ii) Master Services Agreement with Wheelock and Company Limited

During the financial period under review, there existed, *inter alia*, a master services agreement dated 22 December 2004 as supplemented by a supplemental agreement dated 7 February 2007 (the "Supplemental Agreement") between the Company and Wheelock for the provision by the latter of general managerial and/or administrative services, including legal, secretarial, human resources, accounting and financial and information technology services (the "General Management Services"), and property management and/or leasing and other property related services (the "Property Services"). The provision of the services to the Group under such arrangements are needed for the running of the Group's business operations, particularly given that the Group itself has no employees in Hong Kong.

As the Company is a 74%-owned subsidiary of Wheelock, the transactions (the "MS Transactions") constitute continuing connected transactions for the Company under the Listing Rules.

Under the Supplemental Agreement, the aggregate amount of remuneration payable by the Group for the General Management Services and for the Property Services are subject to annual cap amounts previously disclosed in an announcement of the Company dated 7 February 2007. The remuneration paid by the Group for the General Management Services and for the Property Services were HK$28.2 million and HK$7.0 million respectively for the nine months ended 31 December 2007.

(iii) Disposal of certain units at 2 Heung Yip Road by Samover Company Limited

On 9 November 2007, a legally binding letter (the "Letter") in respect of an offer by Samover Company Limited ("Samover"), a wholly-owned subsidiary of the Company, to sell the premises located at 22nd to 23rd, and 25th to 31st Floors together with Flat Roofs attached to 29th and 30th Floors and Portion of the Main Roof of the building (the "Units") to be erected on 2 Heung Yip Road, Hong Kong was entered into between Samover and Lucky Ever International Limited ("Lucky Ever"), and Lucky Ever accepted to purchase the Units on terms set out in the Letter which provides that, among other things, Samover and Lucky Ever shall enter into the formal sale and purchase agreement (the "Agreement") at a later date. The sale of the Units under the abovementioned transaction (the "Heung Yip Transaction") to Lucky Ever, which is in the same group of companies as Lane Crawford, a reputable up-market department store operator based in Hong Kong, is expected to improve the image of the entire building, which is being developed by the Group, and will facilitate or is for the purpose of facilitating the future sale of other units in the building.

As Lucky Ever is indirectly wholly-owned by a trust of which Mr P K C Woo, the Chairman of the Company, is the settlor, the Heung Yip Transaction constitutes a connected transaction for the Company under the Listing Rules.

The aggregate consideration for the Heung Yip Transaction is HK$449.8 million (subject to adjustments based on the final gross floor area of the Units to be determined and confirmed by Samover after the issuance of Occupation Permit). Lucky Ever has paid to Samover HK$22.5 million (representing 5% of the aggregate consideration) on 9 November 2007, being the date of acceptance of the Letter, with the balance of the consideration settled or to be settled in the following manner:

(a) HK$22.5 million (representing 5% of the aggregate consideration) on or before 15 February 2008; and

(b) HK$404.8 million (representing 90% of the aggregate consideration) on completion of the Agreement, which will take place in March 2010 or thereabout.

(iv) With regard to the Related Party Transactions as disclosed under Note 30 to the Financial Statements on page 68, the transaction stated under paragraph (d) therein does not constitute a connected transaction for the Company under the Listing Rules.

(v) ***Confirmation from Directors Etc.***

The Directors, including the independent Non-executive Directors, of the Company have reviewed the WH Transaction and the MS Transactions (collectively, the "Transactions") mentioned under Section J(i) and J(ii) above and confirmed that the Transactions were entered into:

(a) by the Group in the ordinary and usual course of its business;

(b) either on normal commercial terms or, if there are not sufficient comparable transactions, on terms that are no less favourable than those available to or from (as appropriate) independent third parties; and

(c) in accordance with the relevant agreements governing such Transactions on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

Furthermore, the auditors of the Company have advised the following:

(1) the Transactions had been approved by the Company's Board of Directors;

(2) nothing came to the attention of the auditors of the Company that caused them to believe that the Transactions were not entered into in accordance with the terms of the related agreements governing the Transactions; or, where there was no agreement, on terms no less favourable than those for similar transactions undertaken by the Group with independent third parties where available; and

(3) the relevant cap amounts have not been exceeded during the nine months ended 31 December 2007.

REPORT OF THE INDEPENDENT AUDITOR

KPMG

To the Shareholders of Wheelock Properties Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Wheelock Properties Limited (the "Company") set out on pages 32 to 87, which comprise the consolidated and company balance sheets as at 31 December 2007, and the consolidated profit and loss account, the consolidated statement of changes in equity and the consolidated cash flow statement for the period from 1 April 2007 to 31 December 2007, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and of the Group's profit and cash flows for the period from 1 April 2007 to 31 December 2007 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

18 March 2008

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the nine months ended 31 December 2007

	Note	Period from 1/4/2007 to 31/12/2007 HK$ Million	Year ended 31/3/2007 HK$ Million
Continuing operations			
Turnover	2	840	862
Other net income	4	123	152
		963	1,014
Direct costs and operating expenses		(246)	(154)
Selling and marketing expenses		(8)	(6)
Administrative and corporate expenses		(112)	(148)
Operating profit	3	597	706
Increase in fair value of investment properties	12	1,446	406
Write back of provision for properties		–	23
		2,043	1,135
Finance costs	5	(16)	(72)
Share of results after tax of associates	6	96	176
Profit before taxation		2,123	1,239
Taxation	7	(329)	(66)
Profit for the period/year		1,794	1,173
Discontinued operation	8		
Profit for the period/year		–	58
Net profit on disposal of subsidiaries		–	475
Total profit from a discontinued operation		–	533
Total profit for the period/year		1,794	1,706
Profit attributable to:			
Equity shareholders	9	1,540	1,450
Minority interests		254	256
		1,794	1,706
Dividends attributable to equity shareholders	10		
Interim dividend declared		41	41
Final dividend proposed		166	166
		207	207
Earnings per share	11		
Continuing operations		HK$0.74	HK$0.51
Discontinued operation		–	HK$0.19
		HK$0.74	HK$0.70

The notes and principal accounting policies on pages 39 to 87 form part of these financial statements.

CONSOLIDATED BALANCE SHEET At 31 December 2007

	Note	31/12/2007 HK$ Million	31/3/2007 HK$ Million
Non-current assets			
Fixed assets	12		
Investment properties		6,964	5,392
Other property, plant and equipment		718	651
		7,682	6,043
Interest in associates	14	136	363
Interest in jointly controlled entities	15	943	–
Available-for-sale investments	16	11,849	9,025
Deferred debtors	17	15	24
		20,625	15,455
Current assets			
Properties under development for sale	18	9,947	8,344
Properties held for sale	18	234	390
Trade and other receivables	19	329	244
Bank deposits and cash	20	5,314	6,433
		15,824	15,411
Current liabilities			
Trade and other payables	21	(571)	(492)
Bank loans	22	–	(515)
Deposits from sale of properties	23	(4,472)	(2,713)
Amounts due to fellow subsidiaries		(34)	(32)
Taxation payable	7(c)	(304)	(276)
Dividend payable	10	(41)	–
		(5,422)	(4,028)
Net current assets		10,402	11,383
Total assets less current liabilities		31,027	26,838
Non-current liabilities			
Bank loans	22	(2,729)	(2,622)
Deferred taxation	24	(828)	(624)
		(3,557)	(3,246)
NET ASSETS		27,470	23,592
Capital and reserves			
Share capital	25	414	414
Reserves		24,460	20,802
Shareholders' equity	26(a)	24,874	21,216
Minority interests	26(a)	2,596	2,376
TOTAL EQUITY	26(a)	27,470	23,592

The notes and principal accounting policies on pages 39 to 87 form part of these financial statements.

Peter K C Woo
Chairman

Paul Y C Tsui
Director

COMPANY BALANCE SHEET At 31 December 2007

	Note	31/12/2007 HK$ Million	31/3/2007 HK$ Million
Non-current assets			
Interest in subsidiaries	13	**2,053**	2,210
Current assets			
Bank deposits and cash		**1**	–
Current liabilities			
Trade and other payables		**(3)**	(3)
Dividend payable	10	**(41)**	–
		(44)	(3)
Net current liabilities		**(43)**	(3)
NET ASSETS		**2,010**	2,207
Capital and reserves			
Share capital	25	**414**	414
Reserves		**1,596**	1,793
SHAREHOLDERS' EQUITY	26(b)	**2,010**	2,207

The notes and principal accounting policies on pages 39 to 87 form part of these financial statements.

Peter K C Woo
Chairman

Paul Y C Tsui
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2007

	Note	Period from 1/4/2007 to 31/12/2007 HK$ Million	Year ended 31/3/2007 HK$ Million
Total equity at 1 April			
Attributable to equity shareholders		**21,216**	18,159
Attributable to minority interests		**2,376**	1,699
		23,592	19,858
Surplus on revaluation of available-for-sale investments		**1,923**	1,645
Exchange difference on translation of financial statements of foreign entities		**521**	604
Others		**–**	(6)
Net gains not recognised in the consolidated profit and loss account		**2,444**	2,243
Profit for the period/year		**1,794**	1,706
Reserves transferred to the consolidated profit and loss account on disposal of:			
Available-for-sale investments		**(113)**	(7)
Properties		**–**	(4)
Total recognised income for the period/year			
Attributable to equity shareholders		**3,865**	3,243
Attributable to minority interests		**260**	695
		4,125	3,938
Final dividend attributable to the previous year	10	**(166)**	(145)
Interim dividend declared in respect of the current period/year	10	**(41)**	(41)
Dividends paid to minority interests	26(a)	**(40)**	(18)
Total equity at 31 December/31 March		**27,470**	23,592
Total equity attributable to:			
Equity shareholders		**24,874**	21,216
Minority interests		**2,596**	2,376
		27,470	23,592

The notes and principal accounting policies on pages 39 to 87 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT For the nine months ended 31 December 2007

	Note	Period from 1/4/2007 to 31/12/2007 HK$ Million	Year ended 31/3/2007 HK$ Million
Cash generated from operations	a	**602**	117
Interest received		**114**	196
Interest paid		**(70)**	(155)
Dividends received from listed investments		**337**	193
Dividends received from associates		**108**	221
Hong Kong profits tax paid		**(2)**	(8)
Overseas profits tax paid		**(18)**	(62)
Net cash generated from operating activities		**1,071**	502
Investing activities			
Proceeds from disposal of available-for-sale investments		**190**	154
Proceeds from disposal of investment properties		**–**	892
Proceeds from disposal of subsidiaries	b	**–**	1,037
Purchase of available-for-sale investments		**(1,047)**	(52)
Purchase of fixed assets		**(38)**	(123)
Decrease in deferred debtors		**9**	12
Net decrease in associates		**215**	544
Increase in jointly controlled entities		**(924)**	–
Net cash (used in)/generated from investing activities		**(1,595)**	2,464
Financing activities			
Net repayment of short term loans		**(540)**	(390)
Net repayment of long term loans		**(19)**	(643)
Dividends paid to equity shareholders		**(166)**	(186)
Dividends paid to minority shareholders		**(40)**	(18)
Net cash used in financing activities		**(765)**	(1,237)
Net (decrease)/increase in cash and cash equivalents		**(1,289)**	1,729
Cash and cash equivalents at 1 April		**6,433**	4,498
Effect of foreign exchange rate changes		**170**	206
Cash and cash equivalents at 31 December/31 March		**5,314**	6,433
Analysis of the balances of cash and cash equivalents at 31 December/31 March			
Bank deposits and cash		**5,314**	6,433

Notes to the consolidated cash flow statement

(a) Reconciliation of profit before taxation to cash generated from operations

	Period from 1/4/2007 to 31/12/2007 HK$ Million	Year ended 31/3/2007 HK$ Million
Profit before taxation		
From continuing operations	**2,123**	1,239
From a discontinued operation	**–**	678
Adjustments for:		
Share of results after tax of associates	**(96)**	(186)
Interest income	**(113)**	(197)
Interest expenses	**16**	73
Depreciation	**2**	10
Dividend income from listed investments	**(313)**	(197)
Net profit on disposal of available-for-sale investments	**(118)**	(61)
Increase in fair value of investment properties	**(1,446)**	(406)
Write back of provision for properties	**–**	(23)
Net profit on disposal of investment properties	**–**	(119)
Net profit on disposal of subsidiaries	**–**	(597)
Exchange differences	**239**	354
Operating profit before working capital changes	**294**	568
Increase in properties under development for sale	**(1,551)**	(2,166)
Decrease in properties held for sale	**156**	36
Increase in trade and other receivables	**(110)**	(161)
Increase/(decrease) in amounts due to fellow subsidiaries	**2**	(4)
Increase in trade and other payables	**52**	172
Increase in deposits from sale of properties	**1,759**	1,672
Cash generated from operations	**602**	117

(b) Disposal of subsidiaries

On 24 August 2006, Wheelock Properties (Singapore) Limited ("WPSL") completed the disposal of its 100% interest in Hamptons Group Limited ("Hamptons") at a cash consideration of £82 million (about HK$1,182 million). Hamptons' principal business is estate agency services in the residential property market in the United Kingdom.

The cash flow and the net assets of subsidiaries disposed of are provided below:

	Year ended 31/3/2007 HK$ Million
Non-current assets	377
Current assets	407
Current liabilities	(294)
Minority interests	(6)
Net assets disposed	484
Goodwill on acquisition	101
Profit on disposal	597
Cash consideration received, satisfied in cash	1,182
Less: Cash of subsidiaries disposed	(145)
Net cash inflow in respect of the disposal of subsidiaries	1,037

1. FINANCIAL YEAR END DATE

To coincide with the financial year end date of the ultimate holding company, the Company has changed its financial year end date from 31 March to 31 December. Accordingly, the financial period under review covers a period of nine months from 1 April 2007 to 31 December 2007. The comparative figures (which cover a period of twelve months from 1 April 2006 to 31 March 2007) for the consolidated profit and loss account, consolidated cash flow statement, consolidated statement of changes in equity and related notes are therefore not comparable with those of the current period.

2. SEGMENT INFORMATION

(a) Business segments

(i) Revenue and results

	Segment revenue		Segment results	
	Period from 1/4/2007 to 31/12/2007 HK$ Million	Year ended 31/3/2007 HK$ Million	**Period from 1/4/2007 to 31/12/2007 HK$ Million**	Year ended 31/3/2007 HK$ Million
Continuing operations				
Property development	**170**	74	**33**	34
Property investment	**244**	399	**168**	242
Investment and others	**426**	389	**410**	454
	840	862	**611**	730
Unallocated expenses			**(14)**	(24)
Operating profit			**597**	706
Increase in fair value of investment properties			**1,446**	406
Write back of provision for properties			**–**	23
			2,043	1,135
Finance costs			**(16)**	(72)
Share of results after tax of associates				
Property development			**96**	176
			2,123	1,239
Taxation			**(329)**	(66)
Profit for the period/year			**1,794**	1,173

	Segment revenue		Segment results	
	Period from 1/4/2007 to 31/12/2007 HK$ Million	Year ended 31/3/2007 HK$ Million	**Period from 1/4/2007 to 31/12/2007 HK$ Million**	Year ended 31/3/2007 HK$ Million
Discontinued operation (Note 8)				
Property agency	–	447	–	68
Investment and others	–	5	–	4
	–	452	–	72
Finance costs			–	(1)
Share of results after tax of associates				
Property agency			–	10
			–	81
Taxation			–	(23)
Profit for the period/year			–	58
Net profit on disposal of subsidiaries			–	475
Total profit from a discontinued operation			–	533
Total profit for the period/year			**1,794**	1,706

(ii) Assets and liabilities

	Assets		Liabilities	
	31/12/2007	31/3/2007	**31/12/2007**	31/3/2007
	HK$ Million	HK$ Million	**HK$ Million**	HK$ Million
Continuing operations				
Property development	**10,495**	8,944	**4,778**	2,973
Property investment	**7,609**	5,968	**235**	208
Investment and others	**11,952**	9,158	**30**	24
Segment assets and liabilities	**30,056**	24,070	**5,043**	3,205
Associates				
Property development	**136**	359	**–**	–
Investment and others	**–**	4	**–**	–
Jointly controlled entities				
Property development	**943**	–	**–**	–
Unallocated items	**5,314**	6,433	**3,936**	4,069
Total assets and liabilities	**36,449**	30,866	**8,979**	7,274

Unallocated items mainly comprise financial and corporate assets, interest-bearing borrowings and corporate and financing expenses.

During the nine months ended 31 December 2007, the Group incurred capital expenditure of HK$38 million (2006/07: HK$123 million) mainly in respect of development costs for property under development and other fixed assets (2006/07: acquisition of properties). The Group has no significant depreciation and amortisation.

(b) Geographical segments

(i) Revenue and results

	Segment revenue Period from 1/4/2007 to 31/12/2007 HK$ Million	Segment revenue Year ended 31/3/2007 HK$ Million	Segment results (Operating profit) Period from 1/4/2007 to 31/12/2007 HK$ Million	Segment results (Operating profit) Year ended 31/3/2007 HK$ Million
Continuing operations				
Hong Kong	**507**	460	**233**	308
Singapore	**333**	362	**364**	245
Others	**–**	40	**–**	153
	840	862	**597**	706
Discontinued operation (Note 8)				
United Kingdom	**–**	450	**–**	71
Others	**–**	2	**–**	1
	–	452	**–**	72
	840	1,314	**597**	778

(ii) Assets

	31/12/2007 HK$ Million	31/3/2007 HK$ Million
Segment assets		
Hong Kong	**12,603**	9,382
Singapore	**17,453**	14,688
	30,056	24,070
Associates and jointly controlled entities		
Hong Kong	**136**	363
China	**943**	–
Unallocated items	**5,314**	6,433
Total assets	**36,449**	30,866

3. OPERATING PROFIT

(a) Operating profit

	Period from 1/4/2007 to 31/12/2007 HK$ Million	Year ended 31/3/2007 HK$ Million
Operating profit is arrived at:		
Continuing operations		
after charging:		
Staff costs (Note a)	**42**	64
– including contributions to defined contribution retirement schemes of HK$1 million (2006/07: HK$3 million)		
Cost of trading properties sold	**129**	34
Operating lease charges: minimum lease payments		
Properties	**–**	24
Depreciation	**2**	10
Exchange loss on financial instruments (Note b)	**25**	–
Auditors' remuneration		
Audit services	**3**	3
Other services	**1**	1
and crediting:		
Rental income from operating leases less outgoings	**173**	268
Dividend income from listed investments	**313**	197
Interest income	**113**	192
Discontinued operation (Note 8)		
after charging:		
Staff costs	**–**	157
– including contributions to defined contribution retirement schemes of HK$Nil (2006/07: HK$12 million)		
and crediting:		
Interest income	**–**	5

Notes:

(a) In addition to the above staff costs charged directly to the consolidated profit and loss account, staff costs of HK$26 million (2006/07: HK$26 million) were capitalised as part of the costs of properties under development for sale.

(b) During the period, total exchange gain arising from the translation of the net investments in WPSL and China jointly controlled entities amounted to HK$521 million (2006/07: HK$604 million) for the Group, which has been dealt with as an equity movement.

(b) Directors' emoluments

	Fees HK$000	Basic salaries, housing and other allowances, and benefits in kind HK$000	Discretionary bonuses and/or performance related bonuses HK$000	Contributions to pension schemes HK$000	Compensation for loss of office/ inducement for joining the Group HK$000	Period from 1/4/2007 to 31/12/2007 Total emoluments HK$000	Year ended 31/3/2007 Total emoluments HK$000
Board of Directors							
Peter K C Woo	34	–	–	–	–	34	38
Gonzaga W J Li	22	–	–	–	–	22	32
Paul Y C Tsui	34	–	–	–	–	34	45
T Y Ng	22	–	–	–	–	22	32
Joseph M K Chow	34 *	–	–	–	–	34	45
Ricky K Y Wong	22	–	–	–	–	22	30
Independent Non-executive Directors							
Glenn S Yee	34 *	–	–	–	–	34	45
Herald L F Lau	34 *	–	–	–	–	34	45
David T C Lie-A-Cheong	22	–	–	–	–	22	30
	258	–	–	–	–	258	342
Total for 2006/07	342	–	–	–	–		342

* Includes Audit Committee Member's fee for the nine months ended 31 December 2007 of HK$11,250 (2006/07: HK$15,000) received by each of the relevant Directors.

(c) Five highest paid employees

Set out below are analysis of the emoluments (excluding amounts paid or payable by way of commissions on sales generated by the employees concerned) for the nine months ended 31 December 2007 of the five highest paid employees of the Group.

(i) Aggregate emoluments

	Period from 1/4/2007 to 31/12/2007 HK$ Million	Year ended 31/3/2007 HK$ Million
Basic salaries, housing and other allowances, and benefits in kind	**10**	16
Discretionary bonuses and/or performance related bonuses	**17**	42
	27	58

(ii) Bandings

Bands (in HK$)	**Period from 1/4/2007 to 31/12/2007 Number**	Year ended 31/3/2007 Number
$1,000,001 - $1,500,000	**3**	–
$1,500,001 - $2,000,000	**–**	2
$2,000,001 - $2,500,000	**1**	–
$8,000,001 - $8,500,000	**–**	1
$8,500,001 - $9,000,000	**–**	1
$21,000,001 - $21,500,000	**1**	–
$37,000,001 - $37,500,000	**–**	1
	5	5

4. OTHER NET INCOME

	Period from 1/4/2007 to 31/12/2007 HK$ Million	Year ended 31/3/2007 HK$ Million
Continuing operations		
Net profit on disposal of available-for-sale investments	**118**	61
Net profit on disposal of investment properties	**–**	119
Others	**5**	(28)
	123	152
Discontinued operation (Note 8)		
Others	**–**	(1)
	123	151

Included in the net profit on disposal of available-for-sale investments is a net revaluation surplus, before deduction of minority interests, of HK$113 million (2006/07: HK$7 million) transferred from the investment revaluation reserves.

5. FINANCE COSTS

	Period from 1/4/2007 to 31/12/2007 HK$ Million	Year ended 31/3/2007 HK$ Million
Continuing operations		
Interest on bank loans, bonds and overdrafts	68	148
Other finance costs	3	5
	71	153
Less: Amount capitalised	(55)	(81)
	16	72
Discontinued operation (Note 8)		
Interest on bank loans and overdrafts	–	1
	16	73

The Group's effective borrowing interest rate for the period was approximately 3.0% (2006/07: 3.9%) per annum.

6. SHARE OF RESULTS AFTER TAX OF ASSOCIATES

	Period from 1/4/2007 to 31/12/2007 HK$ Million	Year ended 31/3/2007 HK$ Million
Continuing operations	96	176
Discontinued operation (Note 8)	–	10
	96	186

Share of results after tax of associates from continuing operations comprises mainly attributable profits from sale of Bellagio and Parc Palais units undertaken by associates.

7. TAXATION

Taxation charged to the consolidated profit and loss account represents:

	Period from 1/4/2007 to 31/12/2007 HK$ Million	Year ended 31/3/2007 HK$ Million
Continuing operations		
Current income tax		
Hong Kong profits tax	**13**	13
Overseas taxation	**51**	53
Overprovision in respect of prior years	**–**	(5)
	64	61
Deferred tax (Note 24)		
Change in fair value of investment properties	**262**	76
Origination and reversal of temporary differences	**3**	(2)
Reversal on disposal of investment properties	**–**	(68)
Effect of change in tax rate	**–**	(1)
	265	5
	329	66
Discontinued operation (Note 8)		
Current income tax		
Overseas taxation	**–**	22
Underprovision in respect of prior years	**–**	3
Taxation on profit on disposal of subsidiaries	**–**	122
	–	147
Deferred tax (Note 24)		
Origination and reversal of temporary differences	**–**	(2)
	–	145
	329	211

(a) The provisions for Hong Kong and Singapore profits taxes are based on the profit for the period as adjusted for tax purposes at the rates of 17.5% (2006/07: 17.5%) and 18% (2006/07: 18%) respectively.

On 27 February 2008, the Hong Kong SAR Government announced a proposed reduction in the profits tax rate from 17.5% to 16.5% applicable to the operations in Hong Kong with effect from the year of assessment 2008/09. This will trigger a recalculation of the net deferred tax liabilities, mainly for the revaluation surplus on the investment properties, as at 1 January 2008, which would likely be reduced by approximately HK$20 million and will impact the Group's 2008 financial statements.

(b) Other overseas taxation is calculated at rates of tax applicable in countries in which the Group is assessed for tax.

(c) The taxation payable in the consolidated balance sheet is expected to be settled within one year.

(d) Tax attributable to associates for the nine months ended 31 December 2007 of HK$20 million (2006/07: HK$34 million) is included in the share of results after tax of associates.

(e) **Reconciliation between the actual total tax charge and profit before taxation at applicable tax rates**

	Period from 1/4/2007 to 31/12/2007 HK$ Million	Year ended 31/3/2007 HK$ Million
Profit before taxation (including profit from a discontinued operation)	**2,123**	1,917
Notional tax on profit before taxation calculated at applicable tax rates	**377**	286
Notional tax on share of results after tax of associates	**(17)**	(31)
Tax effect of non-deductible expenses	**31**	45
Tax effect of non-taxable revenue	**(61)**	(78)
Tax effect of tax losses not recognised	**6**	2
Tax effect of prior year's tax losses utilised	**(7)**	(10)
Overprovision in respect of prior years	**–**	(2)
Effect of change in tax rate on deferred tax balances	**–**	(1)
Actual total tax charge	**329**	211
Tax charge attributable to a discontinued operation	**–**	(145)
Tax charge attributable to continuing operations	**329**	66

8. DISCONTINUED OPERATION

	Year ended 31/3/2007 HK$ Million
Profit on disposal of subsidiaries	597
Taxation on profit on disposal of subsidiaries	(122)
Net profit on disposal of subsidiaries	475
Profit for the year	58
Total profit from a discontinued operation	533

On 24 August 2006, WPSL completed the disposal of its 100% interest in Hamptons at a cash consideration of £82 million (about HK$1,182 million) and realised a profit of HK$475 million (HK$360 million attributable to the Group). Hamptons' principal business is estate agency services in the residential property market in the United Kingdom.

The results of Hamptons are presented below:

	Year ended 31/3/2007 HK$ Million
Turnover	452
Other net loss	(1)
	451
Direct costs and operating expenses	(164)
Selling and marketing expenses	(139)
Administrative expenses	(76)
Operating profit	72
Finance costs	(1)
Share of results after tax of associates	10
Profit before taxation	81
Taxation	(23)
Profit for the year	58
Profit attributable to:	
Equity shareholders	44
Minority interests	14
	58
The net cash flows incurred by the disposed subsidiaries are as follows:	
Operating activities	51
Investing activities	1,027
Financing activities	44
Net cashflow inflow	1,122

9. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS

Profit attributable to equity shareholders for the period is dealt with in the financial statements of the Company to the extent of a profit of HK$10 million (2006/07: HK$227 million).

10. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

	Period from 1/4/2007 to 31/12/2007 HK$ Million	Year ended 31/3/2007 HK$ Million
Interim dividend declared and payable of 2.0 cents (2006/07: declared and paid of 2.0 cents) per share	**41**	41
Final dividend of 8.0 cents proposed after the balance sheet date (2006/07: 8.0 cents) per share	**166**	166
	207	207

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

(b) The final dividend of HK$166 million for year ended 31 March 2007 was approved and paid in 2007.

11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to equity shareholders for the period of HK$1,540 million (2006/07: HK$1,450 million) and 2,070 million ordinary shares in issue throughout the nine months ended 31 December 2007 and year ended 31 March 2007. The profit for the period/year is analysed as follows:

	Period from 1/4/2007 to 31/12/2007 HK$ Million	Year ended 31/3/2007 HK$ Million
Profit attributable to:		
Continuing operations	**1,540**	1,046
Discontinued operation (Note 8)	**–**	404
	1,540	1,450

12. FIXED ASSETS

	Investment properties HK$ Million	Property under development HK$ Million	Other properties HK$ Million	Other fixed assets HK$ Million	Total HK$ Million
(a) Cost or valuation					
At 1 April 2007	5,392	560	85	12	6,049
Exchange differences	126	27	3	1	157
Additions	–	35	1	2	38
Revaluation surplus	1,446	–	–	–	1,446
At 31 December 2007	6,964	622	89	15	7,690
Accumulated depreciation					
At 1 April 2007	–	–	1	5	6
Charge for the period	–	–	–	2	2
At 31 December 2007	–	–	1	7	8
Net book value					
At 31 December 2007	6,964	622	88	8	7,682
Cost or valuation					
At 1 April 2006	5,554	–	53	68	5,675
Exchange differences	161	–	8	7	176
Additions	16	–	86	21	123
Reclassification	–	560	–	–	560
Disposals	(745)	–	–	(9)	(754)
Disposal of subsidiaries	–	–	(62)	(75)	(137)
Revaluation surplus	406	–	–	–	406
At 31 March 2007	5,392	560	85	12	6,049
Accumulated depreciation					
At 1 April 2006	–	–	–	20	20
Exchange differences	–	–	–	2	2
Charge for the year	–	–	1	9	10
Written back on disposals	–	–	–	(3)	(3)
Disposal of subsidiaries	–	–	–	(23)	(23)
At 31 March 2007	–	–	1	5	6
Net book value					
At 31 March 2007	5,392	560	84	7	6,043

(b) **The analysis of cost or valuation of the above assets is as follows:**

	Investment properties HK$ Million	Property under development HK$ Million	Other properties HK$ Million	Other fixed assets HK$ Million	Total HK$ Million
At 31 December 2007					
2007 valuation	**6,964**	**–**	**–**	**–**	**6,964**
At cost	**–**	**622**	**89**	**15**	**726**
	6,964	**622**	**89**	**15**	**7,690**
At 31 March 2007					
2006/07 valuation	5,392	–	–	–	5,392
At cost	–	560	85	12	657
	5,392	560	85	12	6,049

(c) **Tenure of title to properties:**

	31/12/2007 HK$ Million	31/3/2007 HK$ Million
Investment properties		
Held in Hong Kong – Long lease	**3,170**	2,807
Held outside Hong Kong – Long lease	**3,794**	2,585
	6,964	5,392
Property under development held outside Hong Kong – Freehold	**622**	560
Other properties held outside Hong Kong – Long lease	**–**	84
– Medium lease	**88**	–
	88	84

(d) **Properties revaluation**

The Group's investment properties in Hong Kong and Singapore have been revalued as at 31 December 2007 by Knight Frank Petty Limited and CB Richard Ellis (Pte) Ltd, respectively, independent firms of property consultants, who have appropriate qualifications and experience in the valuation of properties in the relevant locations, on a market value basis, after taking into consideration the net rental income allowing for reversionary potential and the redevelopment potential of the properties where appropriate.

The surplus arising on revaluation is dealt with in the consolidated profit and loss account in accordance with the Group's accounting policies.

(e) The gross amount of fixed assets of the Group held for use in operating leases was HK$6,964 million (31/3/2007: HK$5,392 million).

(f) The Group leases out properties under operating leases, which generally run for an initial period of one to six years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease income may be varied periodically to reflect market rentals and may contain a contingent rental element which is based on various percentages of tenants' sales receipts.

(g) **The Group's total future minimum lease income under non-cancellable operating leases is receivable as follows:**

	Group	
	31/12/2007	31/3/2007
	HK$ Million	HK$ Million
Within 1 year	**259**	228
After 1 year but within 5 years	**281**	277
After 5 years	**4**	11
	544	516

(h) During the year ended 31 March 2007, WPSL reclassified the retail podium of Scotts Square from properties under development for sale to property under development of fixed assets as the intention of the management is to hold the retail podium of the properties for long-term purposes. Upon receipt of the Temporary Occupation Permit, it will be transferred to investment properties.

(i) Property under development amounting to HK$622 million (31/3/2007: HK$560 million) has been pledged as security to obtain bank loans.

13. INTEREST IN SUBSIDIARIES

	Company	
	31/12/2007	31/3/2007
	HK$ Million	HK$ Million
Unlisted shares, at cost	**2,545**	2,545
Amounts due to subsidiaries	**(492)**	(335)
	2,053	2,210

Details of principal subsidiaries as at 31 December 2007 are shown on page 87.

Amounts due to subsidiaries are unsecured, non-interest bearing and classified as non-current as these are not expected to be payable within the next twelve months.

14. INTEREST IN ASSOCIATES

	Group 31/12/2007 HK$ Million	31/3/2007 HK$ Million
Share of net assets	**67**	79
Amounts due from associates	**140**	333
Amounts due to associates	**(71)**	(49)
	136	363

(a) Details of principal associates as at 31 December 2007 are shown on page 87.

(b) Included in the amounts due from associates is a loan made by the Group to an associate involved in the Bellagio project of HK$119 million (31/3/2007: HK$308 million). Such loan is in proportion to the Group's equity interest in the associate. The loan bears interest at rates as determined by shareholders of the associate with reference to the prevailing market rates which were between 3.8% to 6.1% (2006/07: 4.4% to 5.0%) per annum for the current financial period. Interest income in respect of the loan to the associate for the nine months ended 31 December 2007 amounted to HK$8 million (2006/07: HK$25 million). The loan is unsecured and has no fixed terms of repayment.

(c) **Summary financial information on associates:**

	31/12/2007 Total HK$ Million	31/12/2007 Attributable interest HK$ Million	31/3/2007 Total HK$ Million	31/3/2007 Attributable interest HK$ Million
Balance sheets				
Assets	**1,240**	**376**	1,881	583
Liabilities	**(905)**	**(309)**	(1,486)	(504)
Equity	**335**	**67**	395	79
Profit and loss accounts				
Revenue	**1,104**	**327**	2,325	722
Profit before taxation	**430**	**116**	730	210
Taxation	**(74)**	**(20)**	(121)	(34)
Profit after taxation	**356**	**96**	609	176

15. INTEREST IN JOINTLY CONTROLLED ENTITIES

	Group 31/12/2007 HK$ Million
Share of net assets	514
Amounts due from jointly controlled entities	429
	943

(a) Details of jointly controlled entities at 31 December 2007 are shown on page 87.

(b) Amounts due from jointly controlled entities are unsecured, interest free and have no fixed terms of repayment.

(c) **The Group's share of assets, liabilities and results of jointly controlled entities are summarised below:**

	31/12/2007	
	Total HK$ Million	Attributable interest HK$ Million
Balance sheets		
Property under development for sale in China	2,064	1,032
Other current assets	7	3
Total assets	2,071	1,035
Current liabilities	(1,042)	(521)
Equity	1,029	514
Profit and loss accounts		
Revenue	–	–
Profit for the period	–	–

16. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	31/12/2007	31/3/2007
	HK$ Million	HK$ Million
Equity securities, at market value		
Listed in Hong Kong	**7,563**	5,053
Listed outside Hong Kong	**4,286**	3,972
	11,849	9,025

(a) Included in the above equity securities are investments in a listed company, the carrying value of which constituted more than 10% of the Group's total assets at 31 December 2007. Details of this listed company are shown as follows:

Name of company	**Place of incorporation**	**Percentage of total issued ordinary shares held**
The Wharf (Holdings) Limited	Hong Kong	7.0

On 28 November 2007, the Group undertook to subscribe, on a pro-rata basis, 21,542,128 rights shares of The Wharf (Holdings) Limited ("Wharf") at HK$30 per rights share for a total consideration of HK$646 million. Subsequent to year end, the above rights share were allotted to the Group on 16 January 2008.

(b) Equity securities listed outside Hong Kong include the Group's 20% (31/3/2007: 20%) interest in Hotel Properties Limited ("HPL"), a company incorporated and listed in Singapore. This equity interest is not classified as an associate as the Group does not have significant influence in HPL. The Group does not have representation on the board of directors and does not participate in the policy-making processes of HPL.

17. DEFERRED DEBTORS

Deferred debtors represent receivables due after more than one year.

18. PROPERTIES UNDER DEVELOPMENT FOR SALE AND PROPERTIES HELD FOR SALE

(a) The amount of properties under development for sale and held for sale carried at net realisable value is HK$204 million (31/3/2007: HK$230 million).

(b) Properties under development for sale in the amount of HK$6,054 million (31/3/2007: HK$4,942 million) are expected to be substantially completed and recovered after more than one year.

(c) Properties under development for sale with a carrying value of HK$4,544 million (31/3/2007: HK$7,435 million) are pledged as security for banking facilities made available to the Group.

(d) **The carrying value of leasehold land and freehold land included in properties under development for sale and held for sale is summarised as follows:**

	Group	
	31/12/2007	31/3/2007
	HK$ Million	HK$ Million
Held in Hong Kong		
Long lease	**1,330**	898
Medium lease	**216**	207
	1,546	1,105
Held outside Hong Kong		
Freehold	**6,584**	6,201
	8,130	7,306

19. TRADE AND OTHER RECEIVABLES

Included in this item are trade receivables with an ageing analysis as at 31 December 2007 as follows:

	Group	
	31/12/2007	31/3/2007
	HK$ Million	HK$ Million
Trade receivables		
Current	**214**	14
31 – 60 days	**5**	–
Over 90 days	**1**	1
	220	15
Deposits paid for properties acquisition	**97**	160
Other receivables	**12**	69
	329	244

The Group maintains and closely monitors defined credit policies for its businesses and trade receivables in order to control the credit risk associated with trade receivables.

At 31 December and 31 March 2007, all trade receivables of the Group are neither past due nor impaired. These receivables relate to a wide range of customers for whom there is no recent history of default.

20. BANK DEPOSITS AND CASH

Included in bank deposits and cash is an amount of HK$1,706 million (31/3/2007: HK$1,062 million) in respect of certain proceeds received from the pre-sale of properties in Singapore held under the "Project Account Rules-1997 Ed", withdrawals from which are designated for payments for expenditure incurred for respective projects.

21. TRADE AND OTHER PAYABLES

Included in this item are trade payables with an ageing analysis as at 31 December 2007 as follows:

	Group	
	31/12/2007	31/3/2007
	HK$ Million	HK$ Million
Amounts payable in the next:		
0 – 30 days	**226**	246
31 – 60 days	**10**	5
61 – 90 days	**6**	–
Over 90 days	**6**	6
	248	257
Rental deposits	**93**	81
Derivative financial liabilities (Note 27(b))	**24**	–
Other payables	**206**	154
	571	492

The amount of trade and other payables that is expected to be settled after more than one year is HK$72 million (31/3/2007: HK$56 million), which mainly for rental deposits. The Group considers the effect of discounting these would be immaterial. All of the other trade and other payables are expected to be settled within one year or are payable on demand.

22. BANK LOANS

	Group	
	31/12/2007	31/3/2007
	HK$ Million	HK$ Million
Secured bank loans repayable:		
Within 1 year	**–**	515
After 1 year, but within 2 years	**167**	–
After 2 years, but within 5 years	**1,939**	1,950
	2,106	2,465
Unsecured bank loans repayable:		
After 1 year, but within 2 years	**623**	–
After 2 years, but within 5 years	**–**	672
	623	672
Total loans	**2,729**	3,137
Less: Amounts repayable within 1 year	**–**	(515)
Total long term loans	**2,729**	2,622

23. DEPOSITS FROM SALE OF PROPERTIES

Deposits from sale of properties in the amount of HK$1,702 million (31/3/2007: HK$2,713 million) are expected to be recognised as income in the consolidated profit and loss account after more than one year.

24. DEFERRED TAXATION

(a) The components of deferred tax assets and liabilities and the movements during the period/year are as follows:

	Revaluation of investment properties HK$ Million	Revaluation of investment HK$ Million	Depreciation allowances in excess of the related depreciation HK$ Million	Intangible assets HK$ Million	Others HK$ Million	Total HK$ Million
Group						
At 1 April 2007	**283**	**280**	**63**	**–**	**(2)**	**624**
Exchange differences	**1**	**14**	**2**	**–**	**–**	**17**
Charged to the profit and loss account	**262**	**–**	**2**	**–**	**1**	**265**
Credited to reserves	**–**	**(78)**	**–**	**–**	**–**	**(78)**
At 31 December 2007	**546**	**216**	**67**	**–**	**(1)**	**828**
At 1 April 2006	276	–	60	64	(3)	397
Exchange differences	–	–	3	5	–	8
Charged/(credited) to the profit and loss account	7	–	–	–	(4)	3
Charged to reserves	–	280	–	–	–	280
Disposal of subsidiaries	–	–	–	(69)	5	(64)
At 31 March 2007	283	280	63	–	(2)	624

(b) Deferred tax assets unrecognised

The Group has not accounted for deferred tax assets in respect of accumulated tax losses of HK$695 million (31/3/2007: HK$678 million) and certain deductible temporary differences of HK$Nil (31/3/2007: HK$22 million), with details below.

	Group	
	31/12/2007	31/3/2007
	HK$ Million	HK$ Million
Deductible temporary differences	**–**	4
Future benefit of tax losses	**122**	119
	122	123

Deferred tax assets have not been recognised as the Directors consider it is not probable that taxable profits will be available against which the tax losses and the deductible temporary differences can be utilised. The deductible temporary differences and tax losses do not expire under current tax legislation.

25. SHARE CAPITAL

	31/12/2007 No. of shares Million	31/3/2007 No. of shares Million	**31/12/2007 HK$ Million**	31/3/2007 HK$ Million
Authorised:				
Ordinary shares of HK$0.2 each	**3,000**	3,000	**600**	600
Issued and fully paid:				
Ordinary shares of HK$0.2 each	**2,070**	2,070	**414**	414

26. TOTAL EQUITY

	Shareholders' equity						
	Share capital HK$ Million	Investment revaluation reserves HK$ Million	Exchange and other reserves HK$ Million	Revenue reserves HK$ Million	Total HK$ Million	Minority interests HK$ Million	Total equity HK$ Million
(a) Group							
At 1 April 2007	414	3,759	595	16,448	21,216	2,376	23,592
Final dividend approved in respect of the previous year (Note 10)	–	–	–	(166)	(166)	–	(166)
Dividends paid to minority interests	–	–	–	–	–	(40)	(40)
Revaluation surplus/(deficit)	–	2,040	–	–	2,040	(117)	1,923
Realised on disposal	–	(113)	–	–	(113)	–	(113)
Exchange differences	–	–	398	–	398	123	521
Profit for the period retained	–	–	–	1,540	1,540	254	1,794
Interim dividend payable (Note 10)	–	–	–	(41)	(41)	–	(41)
At 31 December 2007	414	5,686	993	17,781	24,874	2,596	27,470
At 1 April 2006	414	2,420	177	15,148	18,159	1,699	19,858
Final dividend approved in respect of the previous year	–	–	–	(145)	(145)	–	(145)
Dividends paid to minority interests	–	–	–	–	–	(18)	(18)
Revaluation surplus	–	1,346	–	–	1,346	299	1,645
Realised on disposal	–	(7)	(4)	–	(11)	–	(11)
Exchange differences	–	–	458	–	458	146	604
Disposal of subsidiaries	–	–	(36)	36	–	(6)	(6)
Profit for the year retained	–	–	–	1,450	1,450	256	1,706
Interim dividend paid (Note 10)	–	–	–	(41)	(41)	–	(41)
At 31 March 2007	414	3,759	595	16,448	21,216	2,376	23,592
(b) Company							
At 1 April 2007	414	–	55	1,738	2,207	–	2,207
Final dividend approved in respect of the previous year (Note 10)	–	–	–	(166)	(166)	–	(166)
Profit for the period retained	–	–	–	10	10	–	10
Interim dividend payable (Note 10)	–	–	–	(41)	(41)	–	(41)
At 31 December 2007	414	–	55	1,541	2,010	–	2,010
At 1 April 2006	414	–	55	1,697	2,166	–	2,166
Final dividend approved in respect of the previous year	–	–	–	(145)	(145)	–	(145)
Profit for the year retained	–	–	–	227	227	–	227
Interim dividend paid (Note 10)	–	–	–	(41)	(41)	–	(41)
At 31 March 2007	414	–	55	1,738	2,207	–	2,207

(c) Reserves of the Company available for distribution to equity shareholders at 31 December 2007 amount to HK$1,541 million (31/3/2007: HK$1,738 million). The application of the capital redemption reserve account is governed by section 49H of the Hong Kong Companies Ordinance. The investment revaluation reserves have been set up and will be dealt with in accordance with the accounting policies adopted for the revaluation of available-for-sale investments. The exchange and other reserves mainly comprise exchange differences arising from the translation of the financial statements of foreign operations.

(d) Included in exchange and other reserves is capital redemption reserve of HK$5 million (31/3/2007: HK$5 million).

(e) **Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern to meet its financial obligations and continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in the Group's business portfolio and economic conditions.

The Group monitors its capital structure by reviewing its net debt-to-equity ratio and cash flow requirements, taking into account its future financial obligations and commitments. For this purpose, the Group defines net debt as total loans less deposits and cash. Shareholders' equity comprises issued share capital and reserves attributable to equity shareholders of the Company. Total equity comprises shareholders' equity and minority interests.

As at 31 December 2007, the Group had a net cash of HK$2,585 million (31/3/2007: HK$3,296 million).

27. FINANCIAL INSTRUMENTS

Exposure to interest rate, foreign currency, liquidity and credit risks arises in the normal course of the Group's business. These risks are managed by the Group's financial management policies and practices described below:

(a) **Interest rate risk**

(i) The Group's exposure to interest rate risk relates principally to the Group's bank deposits and loans from banks. Interest rates on bank deposits and loans are determined based on prevailing market rates. The Group does not use derivative financial instruments to hedge interest rate risks.

(ii) In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates profile at the balance sheet date.

	31/12/2007		31/3/2007	
	Effective interest rates %	**HK$ Million**	Effective interest rates %	HK$ Million
Group				
Floating rate financial assets				
Bank deposits and cash	**0.69-5.45**	**5,314**	2.35-5.24	6,433
Floating rate financial liabilities				
Bank loans				
secured	**2.18-2.35**	**(2,106)**	3.27-4.00	(2,465)
unsecured	**2.38**	**(623)**	3.83	(672)
		(2,729)		(3,137)
Total		**2,585**		3,296

(iii) Sensitivity analysis

At 31 December 2007, it is estimated that a general increase/decrease of 1% in interest rates, with all other variables held constant, would increase/decrease the Group's profit and total equity by approximately HK$25 million (2006/07: HK$33 million). This takes into account the effect of bank deposits and cash as at 31 December 2007.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The analysis is performed on the same basis for 2006/07.

(b) Foreign currency risk

The Group's primary foreign currency exposures arise mainly from its investments in subsidiaries and jointly controlled entities operating in Singapore and China respectively. The currencies giving rise to this risk are primarily Singapore Dollars and Renminbi. During the period, total exchange gain arising from the translation of the net investments in these Singapore subsidiaries and China entities amounted to HK$521 million (2006/07: HK$604 million) for the Group, which has been dealt with as an equity movement.

At 31 December and 31 March 2007, the Group is not exposed to significant foreign currency risk as the Group's monetary assets and liabilities are primarily denominated in the functional currency of the entity to which they relate.

The Group uses forward foreign exchange contracts and local currency borrowings to hedge its foreign currency risk except its net investments in Singapore subsidiaries and China jointly controlled entities. Most of the forward foreign exchange contracts have maturities of less than three months after the balance sheet date. Where necessary, the forward foreign exchange contracts are rolled over at maturity.

The notional amounts of the outstanding forward foreign exchange contracts at 31 December 2007 is HK$566 million (31/3/2007: HK$129 million). The net fair value of forward foreign exchange contracts at 31 December 2007 is HK$24 million (31/3/2007: HK$Nil) recognised as derivative financial liabilities. The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

(c) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as available-for-sale investments.

Listed investments held in the available-for-sale portfolio have been chosen taking reference to their long term growth potential and returns and are monitored regularly for performance. Given that the volatility of the stock markets may not have direct correlation with the Group's investment portfolio, it is impractical to determine the impact that the changes in stock market indices would have on the Group's portfolio of equity investments.

At 31 December 2007, it is estimated that an increase/decrease of 10% in the market value of the Group's available-for-sale investments, with all other variables held constant, would not affect the Group's profit unless there are impairments. The Group's total equity would increase/decrease by HK$1,146 million (31/3/2007: HK$859 million). The analysis is performed on the same basis for 2006/07.

(d) Liquidity risk

Cash management of the Company and wholly-owned subsidiaries of the Group are substantially centralised at the Group level. The non-wholly-owned subsidiaries are responsible for their own cash management, including the short term investment of cash surpluses with creditworthy financial institutions and the raising of loans to cover expected cash demands, in accordance with the established policies and strategies with the concurrence by the Company. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables detail the remaining contractual maturities at the balance sheet date of the Group's derivative and non-derivative liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay:

		Contractual undiscounted cashflow				
	Carrying amount HK$ Million	Total HK$ Million	Within 1 year or on demand HK$ Million	More than 1 year but less than 2 years HK$ Million	More than 2 years but less than 5 years HK$ Million	More than 5 years HK$ Million
At 31 December 2007						
Trade and other payables	**571**	**571**	**499**	**32**	**37**	**3**
Bank loans	**2,729**	**2,888**	**62**	**842**	**1,984**	**–**
Amounts due to fellow subsidiaries	**34**	**34**	**34**	**–**	**–**	**–**
Dividend payable	**41**	**41**	**41**	**–**	**–**	**–**
	3,375	**3,534**	**636**	**874**	**2,021**	**3**
At 31 March 2007						
Trade and other payables	492	492	436	27	29	–
Bank loans	3,137	3,455	622	94	2,739	–
Amounts due to fellow subsidiaries	32	32	32	–	–	–
	3,661	3,979	1,090	121	2,768	–

(e) Credit risk

The Group's credit risk is primarily attributable to rental, other trade and service receivables and over-the-counter derivative financial instruments. The exposures to these credit risks are closely monitored on an ongoing basis by established credit policies in each of its core businesses. In respect of rental receivables, sufficient rental deposits from tenants are held to cover potential exposure to credit risk. Further, evaluations are made for the customers with reference to their repayment history and financial strength, as well as the economic environment in which the customer operates.

Investments and transactions involving derivative financial instruments are with counter parties with sound credit ratings to minimise credit exposure.

The Group has no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet. Except for the financial guarantees given by the Company as set out in note 28, the Group does not provide any other guarantee which would expose the Group or the Company to material credit risk.

(f) **Fair values**

Listed investments are stated at market prices.

The fair values of receivables, bank balances and other current assets, payables and accruals, current borrowings, and provisions are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

All financial instruments are carried at amounts not materially different from their fair values as at 31 December and 31 March 2007. Amounts due (to)/from subsidiaries, associates and jointly controlled entities are unsecured, interest free or at prevailing market rates, and have no fixed repayment terms. Given these terms, it is not meaningful to disclose fair values.

28. CONTINGENT LIABILITIES

(a) At 31 December and 31 March 2007, there is no guarantee given by the Group in respect of the banking facilities available to associates and jointly controlled entities.

(b) At 31 December 2007, there are contingent liabilities in respect of guarantees given by the Company on behalf of subsidiaries relating to banking facilities up to HK$225 million (31/3/2007: HK$225 million).

(c) The Company has not recognised any deferred income for the guarantees given in respect of borrowings and other banking facilities for subsidiaries as their fair value cannot be reliably measured and their transaction price is HK$Nil.

29. COMMITMENTS

	Group	
	31/12/2007	31/3/2007
	HK$ Million	HK$ Million
(a) **Properties under development for sale:**		
Contracted but not provided for	**1,875**	1,827
Authorised but not contracted for	**580**	562
	2,455	2,389

(b) **Properties under development for sale in China undertaken by jointly controlled entities (attributable):**

	Group	
	31/12/2007	31/3/2007
	HK$ Million	HK$ Million
Contracted but not provided for	**322**	456
Authorised but not contracted for	**1,420**	750
	1,742	1,206

(c) On 28 November 2007, the Group undertook to subscribe for rights shares of Wharf for a total consideration of HK$646 million with details shown in note 16(a) to the financial statements.

30. MATERIAL RELATED PARTY TRANSACTIONS

Except for the transactions noted below, the Group and the Company have not been a party to any material related party transactions during the nine months ended 31 December 2007:

(a) **Bellagio project**
Included in interest in associates is a loan of HK$119 million (31/3/2007: HK$308 million) made by the Group to an associate involved in the Bellagio project. The loan bears interest at rates as determined by shareholders of the associate with reference to prevailing market rates which were between 3.8 % and 6.1% (2006/07: 4.4% and 5.0%) per annum for the current financial period. Interest income in respect of the loan to the associate for the nine months ended 31 December 2007 amount to HK$8 million (2006/07: HK$25 million). The loan is unsecured and has no fixed terms of repayment.

The above is considered to be a related party transaction and also constitutes a connected transaction as defined under the Listing Rules. A waiver from complying with the relevant connected transaction requirements was granted by the Stock Exchange in 1994.

(b) The Group paid to a related party General Managers' Commission of HK$28 million (2006/07: HK$30 million) for the provision of management services to the Group during the period under review. The payment of such an amount to the General Managers is in accordance with an agreement dated 31 March 1992.

The above is considered to be a related party transaction and also constitutes a continuing connected transaction as defined under the Listing Rules.

(c) The Group paid to certain related parties property management and agency fees totalling HK$7 million (2006/07: HK$7 million) for the provision of property management and property leasing and related services to the Group during the period under review. The payment of such property managing and agency fees are in accordance with various agreements previously entered into between the Group and certain related companies.

The above are considered to be related party transactions and also constitute continuing connected transactions as defined under the Listing Rules.

(d) The Group received dividend income in the amount of HK$138 million (2006/07: HK$138 million) during the nine months ended 31 December 2007 in respect of its 7% interest in Wharf.

(e) The Group sold 9 storeys of Heung Yip Road project at a consideration of HK$450 million to a related company on 9 November 2007.

The above is considered to be a related party transaction and also constitutes a connected transaction as defined under the Listing Rules.

31. CHANGES IN ACCOUNTING POLICIES

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") and Interpretations that are first effective or available for early adoption for the current accounting period of the Group.

The "Principal accounting policies" set out on pages 71 to 86 summarises the accounting policies of the Group after the adoption of these policies to the extent that they are relevant to the Group.

The adoption of the new and revised HKFRSs has no significant impacts to the financial statements of the Group for the nine months ended 31 December 2007 and year ended 31 March 2007, except for the presentation requirements following the adoption of HKFRS 7, Financial instruments: Disclosures and the amendment to HKAS 1, Presentation of financial statements: Capital disclosures.

(a) **HKFRS 7, Financial instruments: Disclosures**
As a result of the adoption of HKFRS 7, the financial statements included expanded disclosure about the significance of the financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, Financial instruments: Disclosure and presentation. These disclosures are provided in note 27 to the financial statements.

(b) **HKAS 1, Presentation of financial statements: Capital disclosures**
The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Company's objectives, policies and processes for managing capital. These new disclosures are set out in note 26 to the financial statements.

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact to the classification, recognition and measurement of the amounts recognised in the financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 33).

32. POST BALANCE SHEET EVENTS

After the balance sheet date the Directors proposed a final dividend. Further details are disclosed in note 10 to the financial statements.

33. FUTURE CHANGES IN ACCOUNTING POLICIES

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations, which have not been adopted since they are only effective after 31 December 2007.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of the new standards and interpretations is unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, the following developments may result in new or amended disclosures in the financial statements:

	Effective for accounting periods beginning on or after
HK(IFRIC) – Int 12, Service concession arrangements	1 January 2008
HK(IFRIC) – Int 13, Customer loyalty programmes	1 July 2008
HK(IFRIC) – Int 14, HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2008
Revised HKAS 1, Presentation of financial statements	1 January 2009
Revised HKAS 23, Borrowing costs	1 January 2009
HKFRS 8, Operating segments	1 January 2009

34. PARENT AND ULTIMATE HOLDING COMPANY

The Directors consider the parent and ultimate holding company at 31 December 2007 to be Wheelock and Company Limited, incorporated and listed in Hong Kong. Wheelock and Company Limited produces financial statements available for public use.

35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 18 March 2008.

(a) STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the principal accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 31 to the Financial Statements provides information on the changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(b) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

As a result of the change of financial year end date of the Company from 31 March to 31 December (see note 1), the consolidated financial statements made up to 31 December, which comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities, are not comparable to the comparative figures in so far as they relate to a longer period than the current period.

The measurement basis used in the preparation of the financial statements is the historical cost basis except where stated otherwise in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note (y).

(c) BASIS OF CONSOLIDATION

(i) Subsidiaries and minority interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, to govern the financial and operating policies of an entity, so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated profit and loss account as an allocation of the total profit or loss for the period between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses.

(ii) Associates and jointly controlled entities

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group or Company and other parties, where the contractual arrangement establishes that the Group or Company and one or more of the other parties share joint control over the economic activity of the entity.

An investment in an associate or a jointly controlled entity is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's or the jointly controlled entity's net assets. The consolidated profit and loss account includes the Group's share of the post-acquisition, post-tax results of the associates and jointly controlled entities for the period, including any impairment loss on goodwill relating to the investment in associates and jointly controlled entities recognised for the period.

When the Group's share of losses exceeds its interest in the associate or the jointly controlled entity, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or the jointly controlled entity. For this purpose, the Group's interest in the associate or the jointly controlled entity is the carrying amount of the investment under the equity method together with the Group's long-term interests that, in substance, form part of the Group's net investment in the associate or the jointly controlled entity.

Unrealised profits and losses resulting from transactions between the Group and its associates and jointly controlled entities are eliminated to the extent of the Group's interest in the associate or the jointly controlled entity, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the consolidated profit and loss account.

In the individual company balance sheets, its investment in associates and jointly controlled entities are stated at cost less impairment losses.

(iii) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate or a jointly controlled entity over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. In respect of associates or jointly controlled entities, the carrying amount of goodwill is included in the carrying amount of the interest in the associate or jointly controlled entity.

Any excess of the Group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate or a jointly controlled entity is recognised immediately in the consolidated profit and loss account.

On disposal of a cash-generating unit, an associate or a jointly controlled entity during the period, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(d) PROPERTIES

(i) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

Investment properties are stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in the consolidated profit and loss account. Rental income from investment properties is accounted for as described in note (q)(i).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease, and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note (j).

Property that is being constructed or developed for future use as investment property is classified as other property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property at fair value. Any difference between the fair value of the property at that date and its previous carrying amount is recognised in the consolidated profit and loss account.

(ii) Other properties held for own use

Other properties held for own use are stated at cost less accumulated depreciation and impairment losses.

(iii) Properties under development for sale

Properties under development for sale are classified as current assets and stated at the lower of cost and net realisable value. Cost includes identified costs including the acquisition cost of land, aggregate cost of development, borrowing costs capitalised, material and supplies, wages, other direct expenses and an appropriate proportion of overheads. Net realisable value is estimated by the management, taking into account the expected selling price that can ultimately be achieved, based on prevailing market conditions and the anticipated costs to completion and costs to be incurred in selling the property.

The amount of any write down of or provision for properties under development for sale is recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down or provision arising from an increase in net realisable value is recognised in the consolidated profit and loss account in the period in which the reversal occurs.

(iv) Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by apportionment of the total development costs, including borrowing costs capitalised, attributable to unsold units. Net realisable value is estimated by the management, based on prevailing market conditions which represents the estimated selling price less costs to be incurred in selling the property. Costs of completed properties held for sale comprise all costs of purchase, costs of conversion and costs incurred in bringing the properties to their present location and condition.

The amount of any write down of or provision for properties held for sale is recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down or provision arising from an increase in net realisable value is recognised in the consolidated profit and loss account in the period in which the reversal occurs.

(e) OTHER FIXED ASSETS

Other fixed assets are stated at cost less accumulated depreciation and impairment losses (see note (k)(ii)).

(f) DEPRECIATION OF FIXED ASSETS

Depreciation is calculated to write-off the cost of items of fixed assets, less their estimated residual value, if any, using a straight line method over their estimated useful lives as follows:

(i) Investment properties
No depreciation is provided on investment properties.

(ii) Other properties held for own use
Depreciation is provided on the cost of other properties held for own use over the unexpired period of the lease of 50 years.

(iii) Other fixed assets
Depreciation is provided on a straight line basis on the cost of other fixed assets at rates determined by the estimated useful lives of these assets of between 3 to 10 years.

(g) INVESTMENTS IN DEBT AND EQUITY SECURITIES

(i) Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in the profit or loss as incurred. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in the consolidated profit and loss account.

(ii) Dated debt securities that the Group has the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are initially recognised in the balance sheet at fair value plus transaction costs. Subsequently, they are stated in the balance sheet at amortised cost less impairment losses.

(iii) Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses.

(iv) Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised directly in the investments revaluation reserves in equity, except foreign exchange gains and losses resulting from changes in the amortised cost of monetary items such as debt securities which are recognised directly in the consolidated profit and loss account. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the consolidated profit and loss account. When these investments are derecognised or impaired, the cumulative gain or loss previously recognised directly in the investments revaluation reserves in equity is recognised in the consolidated profit and loss account.

(v) Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(h) DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in the consolidated profit and loss account. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

(i) HEDGING

(i) Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the consolidated profit and loss account. The gain or loss from remeasuring the hedging instrument at fair value together with the gain or loss on the hedged item attributable to the hedged risk are recorded in the consolidated profit and loss account.

(ii) Cash flow hedge

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk of a committed future transaction, the effective portion of any gain or loss on remeasurement of the derivative financial instrument to fair value is recognised directly in equity. The ineffective portion of any gain or loss is recognised immediately in the consolidated profit and loss account.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is removed from equity and recognised in the consolidated profit and loss account in the same period or periods during which the asset acquired or liability assumed affects the consolidated profit and loss account (such as when interest income or expense is recognised).

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is removed from equity and recognised in the consolidated profit and loss account in the same period or periods during which the hedged forecast transaction affects the consolidated profit and loss account.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the consolidated profit and loss account.

(iii) Hedge of net investment in a foreign operation

The portion of the gain or loss on remeasurement to fair value of an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in equity until the disposal of the foreign operation, at which time the cumulative gain or loss recognised directly in equity is recognised in the consolidated profit and loss account. The ineffective portion is recognised immediately in the consolidated profit and loss account.

(j) LEASED ASSETS

(i) Classification of leased assets

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as an investment property, is accounted for as if held under a finance lease (see note(d)(i)); and

- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Assets held under operating leases

- Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the consolidated profit and loss account in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the consolidated profit and loss account as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the consolidated profit and loss account in the accounting period in which they are incurred.

- The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note (d)(i)) or is properties under development for sale (see note (d)(iii)).

(iii) Assets held under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note (f). Impairment losses are accounted for in accordance with the accounting policy as set out in note (k)(ii). Finance charges implicit in the lease payments are charged to the consolidated profit and loss account over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to the consolidated profit and loss account in the accounting period in which they are incurred.

(k) IMPAIRMENT OF ASSETS

(i) Impairment of financial assets

Investments in debt and equity securities (other than investments in subsidiaries, associates and jointly controlled entities) and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale investments are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised as follows:

- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses arising on equity securities are not reversed (including those provided during the interim financial reporting).

- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets) where the effect of discounting is material.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the consolidated profit and loss account. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

– For available-for-sale investments, the cumulative loss that has been recognised directly in equity is removed from equity and is recognised in the consolidated profit and loss account. The amount of the cumulative loss that is recognised in the consolidated profit and loss account is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in the consolidated profit and loss account.

Impairment losses recognised in the consolidated profit and loss account in respect of available-for-sale equity investments are not reversed through the consolidated profit and loss account. Any subsequent increase in the fair value of such assets is recognised directly in the investment revaluation reserves in equity.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes to the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the consolidated profit and loss account.

(ii) Impairment of other assets

The carrying amounts of non-current assets, other than properties carried at revalued amounts and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated.

– Recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised as an expense in the consolidated profit and loss account whenever the carrying amount exceeds the recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses
In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed (including those provided during the interim financial reporting).

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the consolidated profit and loss account in the period in which the reversals are recognised.

(l) TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of bad and doubtful debts.

(m) INTEREST-BEARING BORROWINGS

Interest-bearing borrowings are initially recognised at fair value less transaction costs. Subsequent to initial recognition, the interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the consolidated profit and loss account over the period of the borrowings together with any interest and fees payable using the effective interest method.

(n) TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(p) FOREIGN CURRENCIES

Foreign currency transactions during the period are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary foreign currency balances and the balance sheets of overseas subsidiaries, associates and jointly controlled entities are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. The profit and loss accounts of overseas subsidiaries, associates and jointly controlled entities are translated into Hong Kong dollars at the average exchange rates for the period. Differences arising from the translation of the financial statements of overseas subsidiaries, associates and jointly controlled entities, and those arising from foreign currency borrowings used to hedge a net investment in a foreign operation, are dealt with in a separate component of equity. The exchange differences arising from the financing of properties under development by foreign currency borrowings are capitalised as part of the development costs. All other exchange differences are dealt with in the consolidated profit and loss account. On disposal of an overseas subsidiary, associate or jointly controlled entity, the cumulative amount of the exchange differences recognised in equity which relate to that overseas subsidiary, associate or jointly controlled entity is included in the calculation of the profit or loss on disposal. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

(q) RECOGNITION OF REVENUE

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the consolidated profit and loss account as follows:

(i) Rental income under operating leases is recognised in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(ii) Income arising from the sale of properties held for sale is recognised upon the execution of the formal sale and purchase agreement or the issue of occupation permit by the relevant government authorities, whichever is the later. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheet under deposits from sale of properties.

(iii) Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(iv) Interest income is recognised as it accrues using the effective interest method.

(v) Residential agency income comprises fees and commissions which are brought into account on the exchange of contracts for the property to which they relate. Lettings income relates to fees for finding and renewing tenants for landlord of properties and are recognised on the commencement of the tenancy.

(r) BORROWING COSTS

Borrowing costs are expensed in the consolidated profit and loss account in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(s) INCOME TAX

(i) Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the consolidated profit and loss account except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

(ii) Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases respectively. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may capable to support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided that they are not part of a business combination).

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the Group has the legally enforceable right to set off current tax assets against current tax liabilities.

(t) RELATED PARTIES

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or vice versa, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(u) FINANCIAL GUARANTEES ISSUED, PROVISIONS AND CONTINGENT LIABILITIES

(i) **Financial guarantees issued**

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in the consolidated profit and loss account on initial recognition of any deferred income.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(v) SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment), or in providing products, or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group companies within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing borrowings and corporate and financing expenses.

(w) EMPLOYEE BENEFITS

(i) **Defined contribution retirement schemes**
Contributions to the schemes are expensed as incurred and may be reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions. The assets of the schemes are held separately from those of the Group in independently administered funds.

(ii) **Central Provident Fund in Singapore**
Contributions to the Central Provident Fund in Singapore as required under the Central Provident Fund Act are charged to the consolidated profit and loss account when incurred.

(iii) Salaries, annual bonuses, paid annual leave, leave passage and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(x) DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the consolidated profit and loss account, which comprises the post-tax profit or loss of the discontinued operation; and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation. When an operation is classified as a discontinued operation, the comparative consolidated profit and loss account is restated as if the operation had been discontinued from the start of the comparative period.

(y) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty
Note 27 contains information about the assumptions and their risk relating to financial instruments. Other key sources of estimation uncertainty are as follows:

– *Valuation of investment properties*
Investment properties are included in the balance sheet at their market value, which is assessed annually by independent qualified valuers, after taking into consideration the net income allowing for reversionary potential.

The assumptions adopted in the property valuations are based on the market conditions existing at the balance sheet date, with reference to current market sales prices and the appropriate capitalisation rate.

– *Assessment of useful economic lives for depreciation of fixed assets*

In assessing the estimated useful lives of fixed assets, management takes into account factors such as the expected usage of the asset by the Group based on past experience, the expected physical wear and tear (which depends on operational factors), technical obsolescence arising from changes or improvements in production or from a change in the market demand for the product or service output of the asset. The estimation of the useful life is a matter of judgement based on the experience of the Group.

Management reviews the useful lives of fixed assets annually, and if expectations are significantly different from previous estimates of useful economic lives, the useful lives and, therefore, the depreciation rate for the future periods will be adjusted accordingly.

– *Assessment of impairment of non-current assets*

Management assesses the recoverable amount of each asset based on its value in use (using relevant rates) or on its net selling price (by reference to market prices), depending upon the anticipated future plans for the asset. Estimating the value in use of an asset involves estimating the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and applying the appropriate discount rate to these future cash flows. Cash flow projections for remaining useful life of the asset and the most recent financial budgets/forecasts are approved by management.

– *Assessment of provision for properties held under development and for sale*

Management determines the net realisable value of properties held for sale by using (i) prevailing market data such as most recent sale transactions and market survey reports available from independent property valuers; and (ii) internal estimates of costs based on quotes by suppliers.

Management's assessment of net realisable value of properties under development for sale requires the application of a risk-adjusted discount rate to estimate future discounted cash flows to be derived from the properties under development for sale. These estimates require judgement as to the anticipated sale prices by reference to recent sale transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions. The Group's estimates may be inaccurate, and estimates may need to be adjusted in later periods.

– *Recognition of deferred tax assets*

The recognition of deferred tax assets requires formal assessment by the Group of the future profitability of related operations. In making this judgement, the Group evaluates, amongst other factors, the forecast financial performance, changes in technology and operational and financing cashflows.

PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

At 31 December 2007

Subsidiaries	Place of incorporation/ operation	Issued ordinary share capital (except otherwise stated)	Effective equity interest to the Company	Principal activities
Janeworth Company Limited	Hong Kong	550,000,000 HK$1 shares	100%	Property
Lynchpin Limited	British Virgin Islands/ International	500 US$1 shares	100%	Investment
Marnav Holdings Limited	Hong Kong	1,000,000 HK$1 shares	100%	Property
NART Finance Limited	Hong Kong	3 HK$10 shares	100%	Finance
Pachino Limited	Hong Kong	2 HK$10 shares	100%	Property
Pizzicato Limited	Hong Kong	2 HK$10 shares	100%	Property
Realty Development Corporation Limited (held directly)	Hong Kong	1,151,389,640 HK$0.2 shares	100%	Holding company
Samover Company Limited	Hong Kong	2 HK$1 shares	100%	Property
Titano Limited	Hong Kong	2 HK$1 shares	100%	Property
Total Up International Limited	Hong Kong	1 HK$1 share	100%	Holding company
Utmost Success Limited	Hong Kong	2 HK$1 shares	100%	Holding company
Wheelock Properties (China) Limited (held directly)	British Virgin Islands	500 US$1 shares	100%	Holding company
Wheelock WPL China Investments Limited	Hong Kong	2 HK$1 shares	100%	Investment
Wheelock Properties (Singapore) Limited	Singapore	398,853,292 S$1 shares & 797,706,584 shares issued at S$0.825 per share	76%	Holding company/ Property
Actbilt Pte Limited	Singapore	1,000,000 S$1 shares	76%	Property
Ardesia Developments Pte. Ltd.	Singapore	2 S$1 shares	76%	Investment
Belgravia Properties Pte. Ltd.	Singapore	1,000,000 S$1 shares	76%	Property
Bestbilt Pte. Ltd.	Singapore	1,000,000 S$1 shares	76%	Property
Botanica Pte. Ltd.	Singapore	1,000,000 S$1 shares	76%	Property
Everbilt Developers Pte Ltd	Singapore	160,000,000 S$1 shares	76%	Property
Mer Vue Developments Pte. Ltd.	Singapore	1,000,000 S$1 shares	76%	Property
Nassim Developments Pte. Ltd.	Singapore	2 S$1 shares	76%	Investment

Associates/Jointly controlled entities	Place of incorporation/ operation	Class of shares	Effective equity interest to the Company	Principal activities
Associates				
Salisburgh Company Limited	Hong Kong	Ordinary	33%	Property
Grace Sign Limited (Note a)	Hong Kong	Ordinary	20%	Property
Jointly controlled entities				
Harpen Company Limited	Hong Kong	Ordinary	50%	Holding company
佛山信捷房地產有限公司(Note a)	People Republic of China	Ordinary	50%	Property
佛山鑫城房地產有限公司(Note a)	People Republic of China	Ordinary	50%	Property

Notes:

(a) The financial statements of these associates and jointly controlled entities have been audited by a firm of accountants other than KPMG.

(b) Unless otherwise stated, the subsidiaries, associates and jointly controlled entities were held indirectly by the Company.

(c) The above list gives the principal subsidiaries, associates and jointly controlled entities of the Group which, in the opinion of the Directors, principally affected the profit and assets of the Group.

(d) The associates and jointly controlled entities are unlisted corporate entities.

SCHEDULE OF PRINCIPAL PROPERTIES At 31 December 2007

Address	Lot number	Lease expiry	Approx. gross floor area (sq.ft.)	Effective equity interest to the Company	Year of completion	Type/usage
Investment Properties in Hong Kong						
3/F-24/F, Wheelock House, 20 Pedder Street, Central	ML99 Sec. A,C, R.P. & ML 100 Sec. A,B, R.P.	2854	192,900	100%	1984	Office
Fitfort, Basement - 3/F, Healthy Gardens Podium, 560 King's Road, North Point	IL 3546	2086	125,400 & 353 car parks	100%	1979	Shopping arcade & car parks
Shops at Great Western Plaza, 100-142 Belcher's Street, Kennedy Town	IL 906 Sec. L,M & R.P.	2882	14,100	100%	1960s & 70s	Shops
Investment Property in Singapore						
Wheelock Place, 501 Orchard Road	–	2089	232,700 232,100	76% 76%	1993 1993	Office Shopping arcade
Other Property held for own use in England						
34 Grosvenor Square, London	–	2057	5,900	76%	–	Office

SCHEDULE OF PRINCIPAL PROPERTIES At 31 December 2007

Address	Lot number	Site area (sq.ft.)	Approx. gross floor area (sq.ft.)	Effective equity interest to the Company	Expected Year of completion	Type/usage	Stage of completion
Property Developments in Hong Kong							
2 Heung Yip Road, Wong Chuk Hang, Aberdeen	AIL 374	49,000	737,200 (224,900 s.f. pre-sold)	100%	2009	Industrial	Substructure in progress
6D-6E Babington Path, Mid-Levels	IL609C R.P. & Sec. D R.P.	5,837	46,700	100%	2010	Residential	Substructure in progress
Units at World Tech Centre, 95 How Ming Street, Kwun Tong	KTIL 195 R.P.	37,341	52,800	100%	–	Industrial	Completed
Units at 12/F Wing On Plaza, 62 Mody Road, Tsimshatsui	KIL 10586	–	13,700	100%	–	Office	Completed
Property Developments in Singapore							
The Sea View, Amber Road	–	381,803	796,100 (all units pre-sold)	76%	2008	Residential	Superstructure in progress
The Cosmopolitan, 390 Kim Seng Road	–	112,862	316,000 (all units pre-sold)	76%	2008	Residential	Superstructure in progress
Orchard View, 29 Anguilla Park	–	29,078	75,900	76%	2009	Residential	Superstructure in progress
Scotts Square, 6 Scotts Road	–	71,145	292,700 (215,100 s.f. pre-sold)	76%	2010	Residential	Substructure in progress
			130,700	76%	2010	Shopping arcade	Substructure in progress
Ardmore II, 1 & 2 Ardmore Park	–	89,630	238,700 (all units pre-sold)	76%	2010	Residential	Superstructure in progress
Ardmore 3, 3 Ardmore Park	–	54,981	169,300	76%	2012	Residential	Substructure in progress
Property Developments in Hong Kong (undertaken by associates)							
Units at Bellagio, 33 Castle Peak Road, Sham Tseng	Lot No. 269 R.P. in DD 390	566,090	24,800	33%	–	Residential	Completed
			10,400	33%	–	Shopping arcade	Completed
Units at Parc Palais, 18 Wylie Road, King's Park, Homantin	KIL 11118	387,569	5,000	20%	–	Residential	Completed
Property Developments in China (undertaken by jointly controlled entities)							
Foshan Chancheng Project North side of Kin Jin Lu, Chancheng District	–	1,155,000	1,328,200	50%	2011	Residential	Planning stage
			115,500	50%	2011	Retail	Planning stage
Foshan Xincheng Project South of Tian Hong Lu and North of Yu He Lu Xincheng District	–	2,867,600	2,268,000	50%	2012	Residential	Planning stage
			161,500	50%	2012	Retail	Planning stage

Notes:

(a) The gross floor area of completed properties for sale represents unsold area of the respective properties.

(b) The gross floor area of properties held through associates and jointly controlled entities are shown on an attributable basis.

FIVE-YEAR FINANCIAL SUMMARY

HK$ Million	Period ended 31/12/2007	Year ended 31/3/2007	Year ended 31/3/2006	Year ended 31/3/2005	Year ended 31/3/2004
	(Note a)				
Summary of Profit and Loss Account					
Turnover	840	1,314	1,788	2,189	1,602
Group profit attributable to equity shareholders	1,540	1,450	2,234	1,842	1,054
Dividends attributable to equity shareholders	207	207	186	166	145
Summary of Balance Sheet					
Fixed assets	7,682	6,043	5,655	4,365	3,274
Goodwill and other intangible assets	–	–	306	–	–
Interest in associates	136	363	957	1,550	1,758
Interest in jointly controlled entities	943	–	–	–	–
Available-for-sale investments	11,849	9,025	7,079	5,701	5,166
Deferred debtors	15	24	36	60	90
Current assets	15,824	15,411	11,898	8,735	6,407
Total assets	36,449	30,866	25,931	20,411	16,695
Current liabilities	(5,422)	(4,028)	(2,607)	(532)	(702)
Bank loans	(2,729)	(2,622)	(3,069)	(3,115)	(1,864)
Deferred taxation	(828)	(624)	(397)	(88)	(72)
Deferred item	–	–	–	(146)	(159)
Net assets	27,470	23,592	19,858	16,530	13,898
Share capital	414	414	414	414	414
Reserves	24,460	20,802	17,745	14,564	12,129
Shareholders' equity	24,874	21,216	18,159	14,978	12,543
Minority interests	2,596	2,376	1,699	1,552	1,355
Total equity	27,470	23,592	19,858	16,530	13,898
Financial Data					
Earnings per share (HK$)	0.74	0.70	1.08	0.89	0.51
Dividend per share (Cents)	10.0	10.0	9.0	8.0	7.0
Dividend cover (Times)	7.4	7.0	12.0	11.1	7.3
Net assets per share (HK$)	12.02	10.25	8.77	7.24	6.06

Notes:

(a) The Company changed its financial year end date from 31 March to 31 December.

(b) Certain figures have been reclassified or restated to comply with the prevailing HKFRSs.