



WHEELOCK PROPERTIES

# WHEELOCK PROPERTIES LIMITED

## 會德豐地產有限公司

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INTERIM REPORT TO SHAREHOLDERS

for the half-year period ended 30 September 2007

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致股東中期報告書

截至二〇〇七年九月三十日止半年度

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Stock Code 股份代號 : 49

## GROUP RESULTS

The Group reported an unaudited profit attributable to Shareholders for the six months ended 30 September 2007 of HK\$483 million, compared to HK\$812 million in the same period last year. Earnings per share were 23.3 cents (2006: 39.2 cents).

## INTERIM DIVIDEND

The Board has declared an interim dividend of 2.0 cents (2006: 2.0 cents) per share in respect of the half-year period ended 30 September 2007, payable on Wednesday, 2 January 2008 to Shareholders on record as at 21 December 2007.

## MANAGEMENT DISCUSSION AND ANALYSIS

### SEGMENT REVIEW

#### Associates

The Group effectively owns 33.3% of Bellagio and 20% of Parc Palais.

#### Bellagio (1/3 owned by the Group)

Bellagio is a residential development in Sham Tseng overlooking the Tsing Ma Bridge. Out of the total of 3,345 units in the development, cumulative sales have reached 3,240 units (or 97%) by the end of September 2007.

#### Parc Palais (20% owned by the Group)

Parc Palais is a one-million-square-foot GFA residential development in Homantin. 98% (or 684 units) of the 700 units have been sold by September 2007.

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 re-developed into a high rise industrial building. Foundation works of both projects are in progress and both projects are scheduled for completion in the fourth quarter of 2009.

By the end of September 2007, the Group has acquired up to 96% interest in the residential units at *211-215C Prince Edward Road West*. Application for a compulsory order for outstanding units has been filed to Lands Tribunal. This project is planned for residential re-development.

Average occupancy at *Wheelock House* and *Fitfort* reached 96% and 97% during the period. Both properties were leased at satisfactory rental rates.

Following the 50:50 joint venture with the China Merchants Property group set up for the acquisition in February 2007 of a site in *Xincheng District (新城區)*, *Foshan* of Guangdong Province, the Group, through another 50:50 joint venture with the same joint venture partner, successfully acquired in October 2007 at a public auction a land in *Chan Cheng (禪城)*, *Foshan*, at RMB1,505 million. The Chan Cheng land has a total site area of more than 1.15 million square feet and offers an attributable plot ratio GFA to the Group of approximately 1.5 million square feet. Planning is underway to develop the site into a residential project.

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

Profit for Wheelock Properties (Singapore) Limited ("WPSL") amounted to S\$55.9 million for the period under review (2006: S\$162.6 million which included a one-off gain from the disposal of Hamptons Group Limited ("Hamptons")).

In June 2007, WPSL completed the acquisition of 18.7 million shares in SC Global Developments Ltd ("SC Global"), which is listed in Singapore, for S\$112.1 million. Upon subsequent acquisition of additional shares, WPSL owned a total of 20.6 million shares, representing 10% interest, in SC Global at the end of September 2007.

**Development Properties**

*The Sea View* is a residential condominium development of 6 tower blocks with 546 apartments. Construction 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.

*The Cosmopolitan* is a residential condominium development with 228 apartments on the former Times House site. Construction is in progress and the project is scheduled for completion in the first half of 2008. All of the 228 units have been pre-sold at satisfactory prices.

*Ardmore II* is a prime residential condominium development with 118 apartments. Main building works have commenced in June 2007 and development completion is scheduled in 2010. All of the 118 units have been pre-sold by September 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 building works for the project have commenced in December 2006 and the project is scheduled for completion by 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 54% by September 2007. Development completion is scheduled in 2010.

*Ardmore 3* is planned for redevelopment and sale. Demolition work of the previous building, The Habitat One, has commenced and is expected to be completed by December 2007. The project is scheduled for completion by 2011.

**Investment Properties**

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

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**FINANCIAL REVIEW****(I) Results Review****Continuing operations****Turnover**

Group turnover from continuing operations for the six months period rose by 42% to HK\$642 million (2006: HK\$453 million), mainly due to higher property sales revenue recognised by the Property Development segment and increase in investment income. This was partly offset by decrease in rental revenue recorded by the Property Investment segment.

**Operating profit**

Group operating profit from continuing operations increased by 49% to HK\$352 million (2006: HK\$236 million), reflecting the favourable result recorded by the Investment and Others segment.

**Property Development**

Revenue of Property Development segment rose by HK\$124 million to HK\$159 million (2006: HK\$35 million); however, operating profit fell slightly to HK\$7 million (2006: HK\$10 million). This was mainly due to the comparatively lower profit margin generated from the properties sold during the period under review. In the first half of the financial year under review, property sale revenue 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 and The Cosmopolitan units were reversed and excluded from the Group's consolidated results. The cumulative attributable profits to the Group so reversed amounted to approximately HK\$660 million as at 30 September 2007.

As at 30 September 2007, WPSL has sold all the units at The Sea View, The Cosmopolitan and Ardmore II. In addition, WPSL has also pre-sold 183 residential units (54% sold) at Scotts Square. No profit from pre-sale of Ardmore II and Scotts Square was recognised by WPSL as both projects are still in their initial stage of construction, in accordance with its accounting policies.

**Property Investment**

Revenue and operating profit from the Property Investment segment fell to HK\$159 million (2006: HK\$214 million) and HK\$108 million (2006: HK\$125 million) respectively. The decrease in revenue was mainly caused by the loss of rental income following the disposal of Oakwood Residence Azabujuban as well as the redevelopment of Scotts Square commenced by the end of December 2006. For the Group's other investment properties, higher occupancy and rental rates were achieved.

#### Investment and Others

Investment and other revenue, comprising mainly dividends from the Group's long-term investment portfolio and interest income, was up by HK\$120 million to HK\$324 million (2006: HK\$204 million) while the operating profit by HK\$134 million to HK\$246 million (2006: HK\$112 million). The increase in revenue was largely due to higher dividend income recognised by WPSL from its 20% interest in Hotel Properties Limited ("HPL").

#### *Increase in fair value of investment properties*

Included in the interim results was a revaluation surplus of HK\$195 million (2006: HK\$50 million) on revaluation of the Group's investment properties.

#### *Borrowing costs*

Borrowing costs charged to the profit and loss account reduced to HK\$11 million (2006: HK\$46 million), which was incurred by WPSL. The reduction primarily resulted from the repayment of bank loans for Hamptons and Oakwood Residence Azabujuban following their disposals. Borrowing costs capitalised for properties under development amounted to HK\$40 million (2006: HK\$36 million). For the period under review, the Group's effective borrowing interest rate was approximately 3.1% per annum (2006: 4.0% per annum).

#### *Share of profits less losses of associates*

Share of profit of associates was HK\$65 million (2006: HK\$120 million). The share of associates' results was mainly derived from profit on sales of Bellagio units and Parc Palais units undertaken by associates.

#### *Income tax*

Taxation charge of HK\$86 million (2006: HK\$32 million) included the deferred tax of HK\$37 million (2006: HK\$9 million) provided against the current period's net revaluation surplus of the Group's investment properties.

#### **Discontinued operation**

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\$585 million (HK\$444 million attributable to the Group). Hamptons' profit for the first half of 2006 generated from its agency business was HK\$56 million.

#### **Minority interests**

Profit shared by minority interests was HK\$32 million (2006: HK\$157 million), which was related to the profit of WPSL. The profit shared by minority interests in the last corresponding period included the attributable profit on disposal of Hamptons.

#### **Profit attributable to Shareholders**

The Group's unaudited profit attributable to Shareholders was HK\$483 million (2006: HK\$812 million) for the six months ended 30 September 2007. Earnings per share were 23.3 cents (2006: 39.2 cents).

Excluding the net investment property surplus of HK\$158 million (2006: HK\$41 million), represented by revaluation surplus of HK\$194 million (2006: HK\$50 million) less related deferred tax of HK\$36 million (2006: HK\$9 million), the Group's net profit attributable to Shareholders was HK\$325 million (2006: HK\$771 million). The decrease in profit was largely attributable to the inclusion in the same period last year a one-off profit on disposal of Hamptons.

## (II) Liquidity and Financial Resources

### *Equity*

The Shareholders' equity amounted to HK\$23,224 million or HK\$11.22 per share as at 30 September 2007, compared to HK\$21,216 million or HK\$10.25 per share respectively as at 31 March 2007. The Group's total equity, including minority interests, was HK\$25,636 million (31/3/2007: HK\$23,592 million).

### *Net cash*

The Group's net cash decreased to HK\$2,792 million as at 30 September 2007, which was made up of bank deposits and cash of HK\$5,523 million and debts of HK\$2,731 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\$2,758 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 contribution to a 50%-owned joint venture, which acquired a site for property development in Foshan in February 2007.

WPSL's net cash amounted to HK\$34 million as at 30 September 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 10% interest in SC Global, which was partly offset by the proceeds from sale of properties.

### *Committed and uncommitted 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 30 September 2007 was analysed as follows:

|                                   | <b>30/9/2007</b>    | 31/3/2007    |
|-----------------------------------|---------------------|--------------|
|                                   | <b>HK\$ Million</b> | HK\$ Million |
| Within 1 year                     | —                   | 515          |
| After 1 year but within 2 years   | <b>843</b>          | —            |
| After 2 years, but within 3 years | <b>321</b>          | 1,124        |
| After 3 years, but within 4 years | <b>1,567</b>        | 1,498        |
|                                   | <b>2,731</b>        | 3,137        |
| Undrawn facilities                | <b>2,364</b>        | 2,614        |
| Total loan facilities             | <b>5,095</b>        | 5,751        |

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

|                                       | <b>30/9/2007</b>    | 31/3/2007    |
|---------------------------------------|---------------------|--------------|
|                                       | <b>HK\$ Million</b> | HK\$ Million |
| Properties under construction         | <b>588</b>          | 560          |
| Properties under development for sale | <b>4,343</b>        | 7,435        |
|                                       | <b><u>4,931</u></b> | <u>7,995</u> |

- (c) As at 30 September 2007, WPSL's borrowings for financing its properties in Singapore were primarily denominated in Singapore Dollar. Forward exchange contracts were entered into by WPSL mainly for hedging purpose. The Group has no other significant exposure to foreign exchange fluctuation except for the net investments in its Singapore subsidiaries.

***Available-for-sale investments***

The Group maintained a portfolio of available-for-sale investments with a total market value of HK\$11,315 million as at 30 September 2007 (31/3/2007: HK\$9,025 million), which primarily comprised a 7% interest in Wharf, WPSL's 20% interest in HPL and 10% interest in SC Global, and other blue chip securities.

In accordance with the Group's accounting policies, the long-term investments classified as available-for-sale investments are stated in the balance sheet at fair value. Changes in fair value are recognised in the investment revaluation reserves until the investment is sold. Such reserves had an attributable accumulated surplus of HK\$5,275 million as at 30 September 2007, compared to HK\$3,759 million as at 31 March 2007. Performance of the portfolio was satisfactory.

***Contingent liabilities***

There was no material contingent liabilities as at 30 September 2007 and 31 March 2007.

**(III) Acquisition of Property / Investment**

***211-215C Prince Edward Road West***

As at 30 September 2007, the Group has acquired 96% interest in the property situate at 211-215C Prince Edward Road West at a consideration of approximately HK\$320 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 China Merchants Property Development Co., Ltd. ("CMP") 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 February 2007. The site will be developed into residential properties for sale.

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

***10% interest in SC Global***

WPSL acquired 20,564,000 shares or 10% interest in SC Global, a company listed in Singapore, for S\$122 million (about HK\$644 million) during the six months period under review. The principal activities of SC Global are property development, investment holdings and provision of project management and marketing services.

**(IV) Human Resources**

The Group had 111 employees as at 30 September 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 six months ended 30 September 2007 amounted to HK\$43 million.

**CODE ON CORPORATE GOVERNANCE PRACTICES**

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



**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
for the six months ended 30 September 2007

|   | Note  | Unaudited<br>30/9/2007<br>HK\$ Million | Unaudited<br>30/9/2006<br>HK\$ Million |
|---|-------|--|--|
| <b>Continuing operations</b>                              |       |  |  |
| Turnover  | 2     | 642                                    | 453                                    |
| Other net loss  | 4     | (26)                                   | (38)                                   |
|   |       | <u>616</u>                             | <u>415</u>                             |
| Direct costs and operating expenses                       |       | (189)                                  | (90)                                   |
| Selling and marketing expenses                            |       | (6)                                    | (4)                                    |
| Administrative and corporate expenses                     |       | (69)                                   | (85)                                   |
| Operating profit  | 2 & 3 | <u>352</u>                             | <u>236</u>                             |
| Increase in fair value of investment properties           |       | <u>195</u>                             | <u>50</u>                              |
|   |       | <u>547</u>                             | <u>286</u>                             |
| Borrowing costs   | 5     | (11)                                   | (46)                                   |
| Share of profits less losses of associates                | 6     | <u>65</u>                              | <u>120</u>                             |
| Profit before taxation                                    |       | <u>601</u>                             | <u>360</u>                             |
| Income tax  | 7     | (86)                                   | (32)                                   |
| Profit for the period from continuing operations          |       | <u>515</u>                             | <u>328</u>                             |
| <b>Discontinued operation</b>                             | 8     |  |  |
| Profit for the period from a discontinued operation       |       | —                                      | 56                                     |
| Profit on disposal of subsidiaries                        |       | —                                      | 585                                    |
| Total profit from a discontinued operation                |       | <u>—</u>                               | <u>641</u>                             |
| Profit for the period                                     |       | <u>515</u>                             | <u>969</u>                             |
| Profit attributable to:                                   |       |  |  |
| Shareholders  |       | 483                                    | 812                                    |
| Minority interests  |       | <u>32</u>                              | <u>157</u>                             |
|   |       | <u>515</u>                             | <u>969</u>                             |
| Interim dividend declared after<br>the balance sheet date | 9     | <u>41</u>                              | <u>41</u>                              |
| Earnings per share  | 10    |  |  |
| Continuing operations                                     |       | 23.3 cents                             | 15.8 cents                             |
| Discontinued operation                                    |       | —                                      | 23.4 cents                             |
|   |       | <u>23.3 cents</u>                      | <u>39.2 cents</u>                      |
| Interim dividend per share                                | 9     | <u>2.0 cents</u>                       | <u>2.0 cents</u>                       |

**CONSOLIDATED BALANCE SHEET**  
**at 30 September 2007**

|  | Note | Unaudited<br>30/9/2007<br>HK\$ Million | Audited<br>31/3/2007<br>HK\$ Million |
|--|------|--|--------------------------------------|
| <b>Non-current assets</b>                    |      |  |                                      |
| Fixed assets                                 |      |  |                                      |
| Investment properties                        |      | 5,638                                  | 5,392                                |
| Other property, plant and equipment          |      | 681                                    | 651                                  |
|  |      | <u>6,319</u>                           | <u>6,043</u>                         |
| Associates                                   |      | 547                                    | 363                                  |
| Available-for-sale investments               |      | 11,315                                 | 9,025                                |
| Deferred debtors                             |      | 19                                     | 24                                   |
|  |      | <u>18,200</u>                          | <u>15,455</u>                        |
| <b>Current assets</b>                        |      |  |                                      |
| Properties under development for sale        |      | 9,400                                  | 8,344                                |
| Properties held for sale                     |      | 244                                    | 390                                  |
| Trade and other receivables                  | 11   | 143                                    | 244                                  |
| Bank balances and deposits                   |      | 5,523                                  | 6,433                                |
|  |      | <u>15,310</u>                          | <u>15,411</u>                        |
| <b>Current liabilities</b>                   |      |  |                                      |
| Trade and other payables                     | 12   | (543)                                  | (492)                                |
| Bank loans                                   |      | –                                      | (515)                                |
| Deposits from sale of properties             |      | (3,641)                                | (2,713)                              |
| Amounts due to fellow subsidiaries           |      | (19)                                   | (32)                                 |
| Current tax                                  |      | (284)                                  | (276)                                |
|  |      | <u>(4,487)</u>                         | <u>(4,028)</u>                       |
| <b>Net current assets</b>                    |      | <u>10,823</u>                          | <u>11,383</u>                        |
| <b>Total assets less current liabilities</b> |      | <u>29,023</u>                          | <u>26,838</u>                        |
| <b>Non-current liabilities</b>               |      |  |                                      |
| Long-term loans                              |      | (2,731)                                | (2,622)                              |
| Deferred tax                                 |      | (656)                                  | (624)                                |
|  |      | <u>(3,387)</u>                         | <u>(3,246)</u>                       |
| <b>NET ASSETS</b>                            |      | <u>25,636</u>                          | <u>23,592</u>                        |
| <b>Capital and reserves</b>                  |      |  |                                      |
| Share capital                                |      | 414                                    | 414                                  |
| Reserves                                     |      | 22,810                                 | 20,802                               |
| <b>Equity attributable to Shareholders</b>   |      | <u>23,224</u>                          | <u>21,216</u>                        |
| <b>Minority interests</b>                    |      | <u>2,412</u>                           | <u>2,376</u>                         |
| <b>TOTAL EQUITY</b>                          | 13   | <u>25,636</u>                          | <u>23,592</u>                        |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the six months ended 30 September 2007**

|  | <b>Unaudited<br/>30/9/2007<br/>HK\$ Million</b> | Unaudited<br>30/9/2006<br>HK\$ Million |
|--|---|--|
| <b>Total equity at 1 April</b>   |   |  |
| Equity attributable to Shareholders  | <b>21,216</b>                                   | 18,159                                 |
| Minority interests   | <b>2,376</b>                                    | 1,699                                  |
|  | <u><b>23,592</b></u>                            | <u>19,858</u>                          |
| Surplus/(deficit) on revaluation of<br>available-for-sale investments  | <b>1,501</b>                                    | (196)                                  |
| Exchange difference on translation<br>of financial statements of foreign entities                                    | <b>233</b>                                      | 184                                    |
| Net gain/(loss) not recognised in the<br>consolidated profit and loss account  | <b>1,734</b>                                    | (12)                                   |
| Profit for the period  | <b>515</b>                                      | 969                                    |
| Reserves transferred to the<br>consolidated profit and loss account<br>on disposal of available-for-sale investments | —   | (6)                                    |
| Total recognised income for the period   | <u><b>2,249</b></u>                             | <u>951</u>                             |
| Shareholders   | <u><b>2,174</b></u>                             | <u>740</u>                             |
| Minority interests   | <u><b>75</b></u>                                | <u>211</u>                             |
| Final dividend approved in respect of<br>the previous year   | <b>(166)</b>                                    | (145)                                  |
| Dividend paid to minority interests  | <b>(39)</b>                                     | (17)                                   |
| <b>Total equity at 30 September</b>  | <u><b>25,636</b></u>                            | <u>20,647</u>                          |
| Attributable to:   |   |  |
| Shareholders   | <b>23,224</b>                                   | 18,754                                 |
| Minority interests   | <b>2,412</b>                                    | 1,893                                  |
|  | <u><b>25,636</b></u>                            | <u>20,647</u>                          |

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**for the six months ended 30 September 2007**

|  | <b>Unaudited<br/>30/9/2007<br/>HK\$ Million</b> | Unaudited<br>30/9/2006<br>HK\$ Million |
|--|---|--|
| Net cash generated from operations   | <b>643</b>                                      | 403                                    |
| Net cash (used in)/generated from investing activities                           | <b>(952)</b>                                    | 1,518                                  |
| Net cash used in financing activities  | <b>(678)</b>                                    | (729)                                  |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                      | <b>(987)</b>                                    | 1,192                                  |
| Cash and cash equivalents at 1 April   | <b>6,433</b>                                    | 4,498                                  |
| Effect of foreign exchange rate changes  | <b>77</b>                                       | 61                                     |
| <b>Cash and cash equivalents at 30 September</b>                                 | <b><u>5,523</u></b>                             | <u>5,751</u>                           |
| <b>Analysis of the balances of cash<br/>and cash equivalents at 30 September</b> |   |  |
| Bank balances and deposits   | <b><u>5,523</u></b>                             | <u>5,751</u>                           |

## NOTES TO INTERIM FINANCIAL STATEMENTS

### (1) Basis of preparation of interim financial statements

These unaudited interim consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those described in the annual financial statements for the year ended 31 March 2007.

In 2007, the Group adopted the new standard, amendment and interpretations below, which are relevant to its operations.

|                     |   |
|---------------------|---|
| HKAS 1 (Amendment)  | Presentation of Financial Statements: Capital Disclosures |
| HK (IFRIC) - Int 9  | Reassessment of Embedded Derivatives                      |
| HK (IFRIC) - Int 10 | Interim Financial Reporting and Impairment                |
| HKFRS 7             | Financial Instruments: Disclosures                        |

The Group has assessed the impact of the adoption of these new standard, amendment and interpretations and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies, whereas the adoption of HKAS 1 (Amendment) and HKFRS 7 requires additional disclosures to be made in the annual report.

(2) Segment information  
(a) Business segments

|   | Segment Revenue |              | Segment Results |              |
|---|-----------------|--------------|-----------------|--------------|
|   | 30/9/2007       | 30/9/2006    | 30/9/2007       | 30/9/2006    |
|   | HK\$ Million    | HK\$ Million | HK\$ Million    | HK\$ Million |
| <b>Continuing operations</b>                        |                 |              |                 |              |
| Property development                                | 159             | 35           | 7               | 10           |
| Property investment                                 | 159             | 214          | 108             | 125          |
| Investment and others                               | 324             | 204          | 246             | 112          |
|   | <u>642</u>      | <u>453</u>   | <u>361</u>      | <u>247</u>   |
| Unallocated expenses                                |                 |              | (9)             | (11)         |
| Operating profit                                    |                 |              | <u>352</u>      | <u>236</u>   |
| Increase in fair value of investment properties     |                 |              | <u>195</u>      | <u>50</u>    |
|   |                 |              | <u>547</u>      | <u>286</u>   |
| Borrowing costs                                     |                 |              | (11)            | (46)         |
| Share of profit less losses of associates           |                 |              |                 |              |
| Property development                                |                 |              | <u>65</u>       | <u>120</u>   |
|   |                 |              | <u>601</u>      | <u>360</u>   |
| Income tax  |                 |              | <u>(86)</u>     | <u>(32)</u>  |
| Profit for the period from continuing operations    |                 |              | <u>515</u>      | <u>328</u>   |
| <b>Discontinued operation</b>                       |                 |              |                 |              |
| (note 8)  |                 |              |                 |              |
| Property agency                                     | —               | 444          | —               | 70           |
| Borrowing costs                                     |                 |              | —               | (1)          |
| Share of profits less losses of associates          |                 |              |                 |              |
| Property agency                                     |                 |              | —               | <u>10</u>    |
|   |                 |              | —               | <u>79</u>    |
| Income tax  |                 |              | —               | <u>(23)</u>  |
| Profit for the period from a discontinued operation |                 |              | —               | <u>56</u>    |
| Profit on disposal of subsidiaries                  |                 |              | —               | <u>585</u>   |
| Total profit from a discontinued operation          |                 |              | —               | <u>641</u>   |
| Profit for the period                               |                 |              | <u>515</u>      | <u>969</u>   |

(b) Geographical segments

|                               | Segment Revenue |              | Segment Results<br>(Operating profit) |              |
|-------------------------------|-----------------|--------------|---------------------------------------|--------------|
|                               | 30/9/2007       | 30/9/2006    | 30/9/2007                             | 30/9/2006    |
|                               | HK\$ Million    | HK\$ Million | HK\$ Million                          | HK\$ Million |
| <b>Continuing operations</b>  |                 |              |                                       |              |
| Hong Kong                     | 369             | 233          | 159                                   | 144          |
| Singapore                     | 271             | 196          | 195                                   | 79           |
| Others                        | 2               | 24           | (2)                                   | 13           |
|                               | <u>642</u>      | <u>453</u>   | <u>352</u>                            | <u>236</u>   |
| <b>Discontinued operation</b> |                 |              |                                       |              |
| United Kingdom                | —               | 442          | —                                     | 70           |
| Others                        | —               | 2            | —                                     | —            |
|                               | <u>—</u>        | <u>444</u>   | <u>—</u>                              | <u>70</u>    |
|                               | <u>642</u>      | <u>897</u>   | <u>352</u>                            | <u>306</u>   |

(3) Operating profit

|  | 30/9/2007    | 30/9/2006    |
|--|--------------|--------------|
|  | HK\$ Million | HK\$ Million |
| Operating profit is arrived at after charging/(crediting): |              |              |
| <b>Continuing operations</b>                               |              |              |
| Staff costs *  | 27           | 45           |
| Cost of properties for sale sold                           | 146          | 20           |
| Depreciation   | 1            | 8            |
| Dividend income from listed investments                    | (240)        | (109)        |
| <b>Discontinued operation</b>                              |              |              |
| Staff costs  | —            | 155          |
|  | <u>—</u>     | <u>155</u>   |

- \* In addition to the above staff costs charged directly to the consolidated profit and loss account, staff costs of HK\$16 million (2006: HK\$17 million) were capitalised as part of the costs of properties under development for sale.

**(4) Other net loss**

|                                       | <b>30/9/2007</b>    | 30/9/2006    |
|---------------------------------------|---------------------|--------------|
|                                       | <b>HK\$ Million</b> | HK\$ Million |
| <b>Continuing operations</b>          |                     |              |
| Net profit on disposal of investments | —                   | 7            |
| Exchange loss and others              | (26)                | (45)         |
|                                       | <u>(26)</u>         | <u>(38)</u>  |

**(5) Borrowing costs**

|  | <b>30/9/2007</b>    | 30/9/2006    |
|--|---------------------|--------------|
|  | <b>HK\$ Million</b> | HK\$ Million |
| <b>Continuing operations</b>                 |                     |              |
| Interest on bank loans, bonds and overdrafts | 49                  | 78           |
| Other borrowing costs                        | 2                   | 4            |
|  | <u>51</u>           | <u>82</u>    |
| Less: Amounts capitalised                    | (40)                | (36)         |
|  | <u>11</u>           | <u>46</u>    |
| <b>Discontinued operation</b>                |                     |              |
| Interest on bank loans and overdrafts        | —                   | 1            |
|  | <u>11</u>           | <u>47</u>    |

The Group's effective borrowing interest rate for the six months period was approximately 3.1% (2006: 4.0%) per annum.

**(6) Share of profits less losses of associates**

|                        | <b>30/9/2007</b>    | 30/9/2006    |
|------------------------|---------------------|--------------|
|                        | <b>HK\$ Million</b> | HK\$ Million |
| Continuing operations  | 65                  | 120          |
| Discontinued operation | —                   | 10           |
|                        | <u>65</u>           | <u>130</u>   |

Share of profits less losses of associates from continuing operations for the six months period ended 30 September 2007 comprised mainly attributable profits from sale of Bellagio units and Parc Palais units undertaken by associates.



**(7) Income tax**

- (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 rate of 17.5% (2006: 17.5%) and 18% (2006: 20%) respectively. Other overseas taxation is calculated at rates of tax applicable in countries in which the Group is assessed for tax. The taxation charge is made up as follows:

|   | <b>30/9/2007</b>    | 30/9/2006    |
|---|---------------------|--------------|
|   | <b>HK\$ Million</b> | HK\$ Million |
| <b>Continuing operations</b>                      |                     |              |
| <i>Current tax</i>                                |                     |              |
| Hong Kong profits tax for the period              | 7                   | 6            |
| Overseas taxation for the period                  | 40                  | 18           |
|   | <u>47</u>           | <u>24</u>    |
| <i>Deferred tax</i>                               |                     |              |
| Change in fair value of investment properties     | 37                  | 9            |
| Reversal on disposal of investment properties     | —                   | (4)          |
| Origination and reversal of temporary differences | 2                   | 3            |
|   | <u>39</u>           | <u>8</u>     |
|   | <u>86</u>           | <u>32</u>    |
| <b>Discontinued operation</b>                     |                     |              |
| <i>Current tax</i>                                |                     |              |
| Overseas taxation for the period                  | —                   | 22           |
| Under provision in prior years                    | —                   | 3            |
|   | —                   | <u>25</u>    |
| <i>Deferred tax</i>                               |                     |              |
| Origination and reversal of temporary differences | —                   | (2)          |
|   | —                   | <u>23</u>    |
|   | <u>86</u>           | <u>55</u>    |

- (b) Share of associates' tax from continuing operations for the six months ended 30 September 2007 of HK\$14 million (2006: HK\$23 million) is included in the share of profits less losses of associates.

**(8) Discontinued operation**

|   | 30/9/2006    |
|---|--------------|
|   | HK\$ Million |
| Profit for the period from a discontinued operation | 56           |
| Profit on disposal of subsidiaries                  | 585          |
|   | <u>641</u>   |

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\$585 million (HK\$444 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:

|  | 30/9/2006<br>HK\$ Million |
|--|---------------------------|
| Turnover                                   | 444                       |
| Direct costs and operating expenses        | (161)                     |
| Selling and marketing expenses             | (136)                     |
| Administrative expenses                    | (77)                      |
| Operating profit                           | <u>70</u>                 |
| Borrowing costs                            | (1)                       |
| Share of profits less losses of associates | 10                        |
| Profit before taxation                     | <u>79</u>                 |
| Income tax                                 | (23)                      |
| Profit for the period                      | <u><u>56</u></u>          |

**(9) Dividends**

**(a) Dividends attributable to the period**

|   | 30/9/2007<br>HK\$ Million | 30/9/2006<br>HK\$ Million |
|---|---------------------------|---------------------------|
| Interim dividend proposed after the balance sheet date of 2.0 cents (2006: 2.0 cents) per share | <u>41</u>                 | <u>41</u>                 |

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

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

|   | 30/9/2007<br>HK\$ Million | 30/9/2006<br>HK\$ Million |
|---|---------------------------|---------------------------|
| Final dividend in respect of the previous financial year, approved and paid during the period, of 8.0 cents (2006: 7.0 cents) per share | <u>166</u>                | <u>145</u>                |

**(10) Earnings per share**

The calculation of basic earnings per share is based on profit attributable to the Shareholders for the period of HK\$483 million (2006: HK\$812 million) and 2,070 million ordinary shares in issue throughout the financial period ended 30 September 2007 and the previous year's corresponding period. The profit for the period is analysed as follows:

|                        | <b>30/9/2007</b>    | 30/9/2006    |
|------------------------|---------------------|--------------|
|                        | <b>HK\$ Million</b> | HK\$ Million |
| Attributable to:       |                     |              |
| Continuing operations  | <b>483</b>          | 326          |
| Discontinued operation | —                   | 486          |
|                        | <u><b>483</b></u>   | <u>812</u>   |

**(11) Trade and other receivables**

Included in trade and other receivables are trade receivable (net of impairment losses for bad and doubtful debts) with an ageing analysis as at 30 September 2007 as follows:

|                   | <b>30/9/2007</b>    | 31/3/2007    |
|-------------------|---------------------|--------------|
|                   | <b>HK\$ Million</b> | HK\$ Million |
| Current           | <b>59</b>           | 14           |
| 31 - 60 days      | <b>1</b>            | —            |
| Over 90 days      | <b>1</b>            | 1            |
|                   | <u><b>61</b></u>    | <u>15</u>    |
| Other receivables | <b>82</b>           | 229          |
|                   | <u><b>143</b></u>   | <u>244</u>   |

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.

**(12) Trade and other payables**

Included in trade and other payables are trade payables with an ageing analysis as at 30 September 2007 as follows:

|                              | <b>30/9/2007</b>    | 31/3/2007    |
|------------------------------|---------------------|--------------|
|                              | <b>HK\$ Million</b> | HK\$ Million |
| Amounts payable in the next: |                     |              |
| 0 - 30 days                  | <b>245</b>          | 246          |
| 31 - 60 days                 | <b>3</b>            | 5            |
| Over 90 days                 | <b>7</b>            | 6            |
|                              | <u><b>255</b></u>   | <u>257</u>   |
| Other payables               | <b>288</b>          | 235          |
|                              | <u><b>543</b></u>   | <u>492</u>   |

**(13) Total equity**

|   | Share<br>capital<br>HK\$ Million | Capital<br>redemption<br>reserve<br>HK\$ Million | Investment<br>revaluation<br>reserves<br>HK\$ Million | Other<br>capital<br>reserves<br>HK\$ Million | Revenue<br>reserves<br>HK\$ Million | Shareholders'<br>equity<br>HK\$ Million | Minority<br>interests<br>HK\$ Million | Total<br>equity<br>HK\$ Million |
|---|----------------------------------|--|---|--|-------------------------------------|---|---------------------------------------|---------------------------------|
| <b>Company and subsidiaries</b>   |                                  |  |   |  |                                     |   |                                       |                                 |
| Balance at 1 April 2007   | 414                              | 5  | 3,759   | 590  | 16,323                              | 21,091                                  | 2,376                                 | 23,467                          |
| Final dividend approved<br>in respect of the previous<br>year (Note 9b) | —                                | —  | —   | —  | (166)                               | (166)                                   | —                                     | (166)                           |
| Dividends paid to minority<br>interests                                 | —                                | —  | —   | —  | —                                   | —                                       | (39)                                  | (39)                            |
| Revaluation surplus   | —                                | —  | 1,516   | —  | —                                   | 1,516                                   | (15)                                  | 1,501                           |
| Exchange differences  | —                                | —  | —   | 175  | —                                   | 175                                     | 58                                    | 233                             |
| Profit for the period retained  | —                                | —  | —   | —  | 490                                 | 490                                     | 32                                    | 522                             |
| Balance at<br>30 September 2007   | <u>414</u>                       | <u>5</u>   | <u>5,275</u>  | <u>765</u>                                   | <u>16,647</u>                       | <u>23,106</u>                           | <u>2,412</u>                          | <u>25,518</u>                   |
| <b>Associates</b>   |                                  |  |   |  |                                     |   |                                       |                                 |
| Balance at 1 April 2007   | —                                | —  | —   | —  | 125                                 | 125                                     | —                                     | 125                             |
| Loss for the period<br>absorbed   | —                                | —  | —   | —  | (7)                                 | (7)                                     | —                                     | (7)                             |
| Balance at<br>30 September 2007   | <u>—</u>                         | <u>—</u>   | <u>—</u>  | <u>—</u>                                     | <u>118</u>                          | <u>118</u>                              | <u>—</u>                              | <u>118</u>                      |
| <b>Total equity at<br/>30 September 2007</b>                            | <b><u>414</u></b>                | <b><u>5</u></b>                                  | <b><u>5,275</u></b>                                   | <b><u>765</u></b>                            | <b><u>16,765</u></b>                | <b><u>23,224</u></b>                    | <b><u>2,412</u></b>                   | <b><u>25,636</u></b>            |
| Total equity at<br>31 March 2007  | <u>414</u>                       | <u>5</u>   | <u>3,759</u>  | <u>590</u>                                   | <u>16,448</u>                       | <u>21,216</u>                           | <u>2,376</u>                          | <u>23,592</u>                   |

**(14) Contingent liabilities**

There was no material contingent liabilities as at 30 September 2007 and 31 March 2007.

**(15) Commitments**

|  | <b>30/9/2007</b><br><b>HK\$ Million</b> | 31/3/2007<br>HK\$ Million |
|--|---|---------------------------|
| Expenditure commitments<br>for trading properties under development: |   |                           |
| Contracted but not provided for                                      | <b>1,985</b>                            | 2,283                     |
| Authorised but not contracted for                                    | <b><u>562</u></b>                       | <u>562</u>                |

**(16) Material related party transactions**

Except for the transactions noted below, the Group has not been a party to any material related party transaction during the period ended 30 September 2007.

**(a) Bellagio project**

Included in interest in associates is a loan of HK\$184 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 4.7% and 5.6% (2006: 4.4% and 4.9%) per annum for the current financial period. Interest income in respect of the loan to the associate for the six months period ended 30 September 2007 amounted to HK\$6 million (2006: HK\$17 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\$17 million (2006: HK\$16 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 was 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 managing and agency fees totalling HK\$5 million (2006: HK\$4 million) for the provision of property management and property leasing and related services to the Group during the period under review. The payments of such property managing and agency fees were 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\$76 million (2006: HK\$76 million) during the six months period ended 30 September 2007 in respect of its 7% interest in The Wharf (Holdings) Limited.

**(17) Review of unaudited interim financial statements**

The unaudited interim financial statements for the six months ended 30 September 2007 have been reviewed with no disagreement by the Audit Committee of the Company.

## MODEL CODE FOR DIRECTORS' DEALING IN SECURITIES

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

## DIRECTORS' INTERESTS IN SHARES

At 30 September 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 Company Limited ("Wheelock"), and a subsidiary of Wheelock, namely, The Wharf (Holdings) Limited ("Wharf"), and the percentages which the relevant shares represented to the issued share capitals of the three companies respectively are also set out below:

|                    | <b>No. of Ordinary Shares</b><br>(percentage of issued capital) | <b>Nature of Interest</b>   |
|--------------------|---|---|
| <b>The Company</b> |   |   |
| G W J Li           | 2,900 (0.0001%)   | Personal Interest   |
| <b>Wheelock</b>    |   |   |
| P K C Woo          | 1,204,934,330 (59.3023%)  | Personal Interest in<br>8,847,510 shares,<br>Corporate Interest in<br>200,865,142 shares and<br>Other Interest in<br>995,221,678 shares |
| G W J Li           | 1,486,491 (0.0732%)   | Personal Interest   |
| T Y Ng             | 70,000 (0.0034%)  | Personal Interest   |
| <b>Wharf</b>       |   |   |
| G W J Li           | 686,549 (0.0280%)   | Personal Interest   |
| T Y Ng             | 178,016 (0.0073%)   | 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 Securities and Futures Ordinance ("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.

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, there were no interests, both long and short positions, held during the financial period 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.

### **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 30 September 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:

| <b>Names</b>                             | <b>No. of Ordinary Shares<br/>(percentage of issued capital)</b> |
|--|--|
| (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 30 September 2007, there were no short position interests recorded in the Register.

### **PURCHASE, SALE OR REDEMPTION OF SHARES**

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

## **BOOK CLOSURE**

The Register of Members will be closed from Wednesday, 19 December 2007 to Friday, 21 December 2007, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to qualify for the abovementioned interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrars, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 18 December 2007.

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

Hong Kong, 8 November 2007

*As at the date of this interim report, the Board of Directors of the Company comprises Mr Peter K C Woo, Dr Joseph M K Chow, Mr Gonzaga W J Li, Mr T Y Ng, Mr Paul Y C Tsui and Mr Ricky K Y Wong, together with three independent Non-executive Directors, namely, Mr Herald L F Lau, Mr David T C Lie-A-Cheong and Mr Glenn S Yee.*



