WHEELOCK PROPERTIES

WHEELOCK PROPERTIES LIMITED

Stock Code: 49

Interim Results Announcement
for the half-year period ended 30 June 2008

GROUP 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 in the last financial period and the corresponding comparatives adopted in the results for the six months ended 30 June 2008 cover the six months ended 30 September 2007.

The Group reported an unaudited profit attributable to equity shareholders for the six months ended 30 June 2008 of HK$655 million, compared to HK$483 million for the six months from 1 April 2007 to 30 September 2007. Earnings per share were 31.6 cents (2007: 23.3 cents).

INTERIM DIVIDEND

The Board has declared an interim dividend of HK$0.02 (2007: HK$0.02) per share in respect of the half-year period ended 30 June 2008, payable on Friday, 26 September 2008 to shareholders on record as at 19 September 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Segment Review

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

New Acquisition
During the period, the Group has acquired 93% interest in the property situate at 46 Belcher's Street for approximately HK$305 million. The project is planned for redevelopment into residential properties for sale.

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.

Both Wheelock House and Fitfort were 98% leased at satisfactory rental rates at the end of June 2008.

In line with its policy of disposing of non-core assets, the Group has during the period sold off the remaining office units in Wing On Plaza.

By the end of June 2008, the Group has acquired up to 94% interest in the residential units at 211-215C Prince Edward Road West. The project is planned for residential re-development.

On the Mainland property development front, the Group acquired two pieces of residential land with the China Merchants Property ("CMP") group in Foshan of Guangdong Province at public auctions in 2007. The first piece of land, situated at Xincheng District (新城區), boasts a site area of 2.88 million square feet and offers a plot ratio GFA of 2.43 million square feet attributable to the Group. Located at Chancheng (禪城), the second piece of land has a site area of 1.15 million square feet and offers a plot ratio GFA of 1.45 million square feet attributable to the Group. 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 and second development is scheduled for 2012 and 2011 respectively.

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

Development Properties

The Sea View is a residential condominium development of six tower blocks with 546 apartments and the development has been completed during the period. All of the 546 units have been sold at satisfactory prices by June 2008.

The Cosmopolitan is a residential condominium development with 228 apartments on the former Times House site and the development is scheduled for completion in the third quarter of 2008. All of the 228 units have been pre-sold at satisfactory prices by June 2008.

Ardmore II is a prime residential condominium development with 118 apartments. Main construction work is in progress and the development is slated for completion by 2010. All of the 118 units have been pre-sold at satisfactory prices by June 2008.

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 completion is scheduled for 2009. It is expected to be launched for sale in 2009.

Scotts Square on Scotts Road is strategically located in the main shopping belt of Orchard Road. It is a prime residential condominium development with 338 international quality apartments, plus a retail annex. Retail podium is held for long term investment purposes. Pre-sales of apartments has met with favourable responses and has reached 70% by June 2008. Piling work for the project is in progress and completion is scheduled for 2011.

Ardmore 3 is planned for redevelopment and sale. It will be an international standard luxury 36-storey development in the prestigious Ardmore Park, next to Ardmore II. Design and planning work for the project is in progress and the project is scheduled for completion in 2012.

Investment Property

Wheelock Place, a commercial development at Orchard Road, Singapore, was 99% committed at satisfactory rental rates at the end of June 2008.

Financial Review

(I) Results Review

The Company changed its financial year end date from 31 March to 31 December in the last financial period. Accordingly, the corresponding comparatives adopted in the results for the six months ended 30 June 2008 cover the six months ended 30 September 2007 and therefore may not be entirely comparable.

Turnover

Group's turnover for the six months period increased sharply by HK$3,331 million to HK$3,973 million (2007: HK$642 million), reflecting higher property sales revenue recognised by the Property Development segment upon completion of The Sea View project in Singapore.

Operating profit

Group operating profit rose by HK$571 million to HK$923 million (2007: HK$352 million).

Property Development

Revenue and operating profit from Property Development segment were HK$3,623 million (2007: HK$159 million) and HK$686 million (2007: HK$7 million) respectively, substantially derived from sales of The Sea View units. Other realised property sales included the remaining office units at 12/F Wing On Plaza and one Parc Regal unit in Hong Kong.

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, the Group recognised attributable net profit of HK$409 million upon completion of The Sea View during the period under review. On the same basis, profits recognised by WPSL in respect of its pre-sales of The Cosmopolitan and Ardmore II units were reversed and excluded from the Group's consolidated results. As at 30 June 2008, the cumulative reversed profits attributable to the Group amounted to HK$634 million.

As at 30 June 2008, WPSL sold all the units at The Sea View, The Cosmopolitan and Ardmore II, and 238 residential units (70% sold) at Scotts Square. No profit from pre-sale of Scotts Square was recognised by WPSL in accordance with its accounting policies as the project is still in its initial stage of construction.

Property Investment

Revenue and operating profit from Property Investment segment increased to HK$185 million (2007: HK$159 million) and HK$130 million (2007: HK$108 million) respectively. During the financial period under review, higher rental rates were achieved by the Group's investment properties, which mainly comprised Wheelock House and Fitfort 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 down by HK$159 million to HK$165 million (2007: HK$324 million) while the operating profit dropped by HK$124 million to

HK$122 million (2007: HK$246 million). The decrease in profit was largely due to WPSL had received a special dividend from its 20% interest in Hotel Properties Limited ("HPL") in 2007.

Increase in fair value of investment properties
The Group's investment properties were revalued by independent valuers giving a revaluation surplus of HK$711 million (2007: HK$195 million).

The attributable net surplus of HK$503 million (2007: HK$158 million), after the related deferred tax and minority interests in total of HK$208 million (2007: HK$37 million), was credited to the consolidated profit and loss account.

Net other charge
Included in the Group's profit were impairment provisions of HK$482 million (attributable to the Group is HK$366 million) made by WPSL for its 14% interest in SC Global Developments Ltd. ("SC Global") and provision for diminution of HK$153 million made for investment in a jointly controlled entity, following an internal review.

Finance costs
Finance costs charged to the profit and loss account totalled HK$6 million (2007: HK$11 million), which was incurred by WPSL. The charge was after capitalisation of HK$19 million (2007: HK$40 million) for WPSL's properties under development. The decrease in finance costs was attributable to lower level of borrowings and the decline in prevailing market interest rate. The Group's effective borrowing interest rate was approximately 1.7% per annum (2007: 3.1% per annum).

Share of results after tax of associates / jointly controlled entities
Share of profit of associates and jointly controlled entities was HK$37 million (2007: HK$65 million), which was mainly derived from profit on sales of Bellagio units and Parc Palais units undertaken by associates.

Taxation
Taxation charge of HK$239 million (2007: HK$86 million) included the deferred tax of HK$126 million (2007: HK$37 million) provided against the net revaluation surplus of the Group's investment properties for the period under review and a downward adjustment of deferred tax provision of HK$19 million (2007: Nil) in respect of the Group's deferred tax liabilities previously provided on the investment property revaluation surplus, resulting from the 1% reduction in Hong Kong profits tax rate to 16.5%.

Minority interests
Profit shared by minority interests was HK$136 million (2007: HK$32 million), which was related to the profit of WPSL.

Profit attributable to equity shareholders
Group's profit attributable to equity shareholders was HK$655 million (2007: HK$483 million). Earnings per share were 31.6 cents (2007: 23.3 cents).

Excluding the net investment property surplus HK$503 million (2007: HK$158 million), and the net impairment loss of HK$366 million for SC Global shares and HK$153 million for investment in a jointly controlled entity, the Group's net profit attributable to equity shareholders was HK$671 million (2007: HK$325 million), an increase of HK$346 million or

106% over 2007. The increase in recurring profit was attributable to the profit recognised upon completion of The Sea View.

(II) Liquidity and Financial Resources

Equity

The Group's shareholders' equity decreased by 5% to HK$23,618 million or HK$11.41 per share as at 30 June 2008, compared to HK$24,874 million or HK$12.02 per share as at 31 December 2007. The decrease was mainly due to the drop in market value of the Group's investment portfolio.

The Group's total equity, including minority interests, was HK$26,272 million (31/12/2007: HK$27,470 million).

Net cash

The Group's net cash increased to HK$2,952 million as at 30 June 2008, which was made up of bank deposits and cash of HK$5,614 million and debts of HK$2,662 million, compared to a net cash of HK$2,585 million as at 31 December 2007.

Excluding WPSL, the Company and its subsidiaries together had a net cash of HK$1,491 million (31/12/2007: HK$2,291 million). The major cash outflows for the period included payments of HK$646 million for the subscription of Wharf's rights shares, acquisition of 46 Belcher's Street properties and contribution to jointly controlled entities for land cost payment.

WPSL's net cash amounted to HK$1,461 million as at 30 June 2008, compared to a net cash of HK$294 million as at 31 December 2007. WPSL's major cash inflow was mainly attributable to proceeds received from sale of properties.

Finance and availability of facilities

(a) The Group's available loan facilities totalled HK$4.2 billion, of which HK$2.7 billion was drawn. The debt maturity profile of the Group as at 30 June 2008 was analysed below:

	30/6/2008 HK$ Million	31/12/2007 HK$ Million
Within 1 year	**850**	—
After 1 year but within 2 years	**114**	790
After 2 years, but within 3 years	**1,698**	1,377
After 3 years, but within 4 years	—	562
	2,662	2,729
Undrawn facilities	**1,577**	2,400
Total loan facilities	**4,239**	5,129

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

	30/6/2008 HK$ Million	31/12/2007 HK$ Million
Properties under development for investment	**697**	622
Properties under development for sale	**4,947**	4,544
	5,644	5,166

(c) As at 30 June 2008, WPSL's borrowings for financing its properties in Singapore were primarily denominated in Singapore dollar. 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 asset of HK$7 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$9,530 million as at 30 June 2008 (31/12/2007: HK$11,849 million), which primarily comprised a 7% interest in Wharf, WPSL's 20% interest in HPL and 14% interest in SC Global, and other blue chip securities. The cumulative attributable surplus of the investments amounted to HK$3,412 million as at 30 June 2008 (31/12/2007: HK$5,686 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 30 June 2008 and 31 December 2007.

(III) Acquisition of Property / Investment

46 Belcher's Street
During the period under review, the Group has acquired 93% interest in the property situated at 46 Belcher's Street at a total consideration of approximately HK$305 million. The property is planned for redevelopment into residential properties for sale.

Investment in Wharf shares
Pursuant to Wharf rights issue in January 2008, the Group was allotted, on a pro-rata basis, 21,542,128 rights shares of Wharf at HK$30 per share for a total consideration of HK$646 million.

(IV) Human Resources

The Group had 115 employees as at 30 June 2008 (31/12/2007: 110). 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 June 2008 amounted to HK$36 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, a substantial proportion thereof being independent Non-executive Directors.

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the six months ended 30 June 2008

	Note	**Unaudited 30/6/2008 HK$ Million**	Unaudited 30/9/2007 HK$ Million
Turnover	2	**3,973**	642
Other net income/(loss)	4	**22**	(26)
		3,995	616
Direct costs and operating expenses		**(2,988)**	(189)
Selling and marketing expenses		**(6)**	(6)
Administrative and corporate expenses		**(78)**	(69)
Operating profit	3	**923**	352
Increase in fair value of investment properties		**711**	195
Net other charge	5	**(635)**	—
		999	547
Finance costs	6	**(6)**	(11)
Share of results after tax of associates / jointly controlled entities		**37**	65
Profit before taxation		**1,030**	601
Taxation	7	**(239)**	(86)
Profit for the period		**791**	515
Profit attributable to:			
Equity shareholders		**655**	483
Minority interests		**136**	32
		791	515
Dividends attributable to equity shareholders			
Interim dividend declared	8	**41**	41
Earnings per share	9	**31.6 cents**	23.3 cents
Interim dividend per share	8	**2.0 cents**	2.0 cents

CONSOLIDATED BALANCE SHEET
at 30 June 2008

	Note	**Unaudited 30/6/2008 HK$ Million**	Audited 31/12/2007 HK$ Million
Non-current assets			
Fixed assets			
Investment properties		**7,883**	6,964
Other property, plant and equipment		**703**	718
		8,586	7,682
Interest in associates		**79**	136
Interest in jointly controlled entities		**1,332**	943
Available-for-sale investments		**9,530**	11,849
Deferred debtors		**14**	15
		19,541	20,625
Current assets			
Properties under development for sale		**8,222**	9,947
Properties held for sale		**117**	234
Trade and other receivables	10	**619**	329
Bank deposits and cash		**5,614**	5,314
		14,572	15,824
Current liabilities			
Trade and other payables	11	**(580)**	(571)
Bank loans		**(850)**	—
Deposits from sale of properties		**(3,315)**	(4,472)
Amounts due to fellow subsidiaries		**(31)**	(34)
Taxation payable		**(434)**	(304)
Dividend payable		**–**	(41)
		(5,210)	(5,422)
Net current assets		**9,362**	10,402
Total assets less current liabilities		**28,903**	31,027
Non-current liabilities			
Bank loans		**(1,812)**	(2,729)
Deferred taxation		**(819)**	(828)
		(2,631)	(3,557)
NET ASSETS		**26,272**	27,470
Capital and reserves			
Share capital		**414**	414
Reserves		**23,204**	24,460
Shareholders' equity		**23,618**	24,874
Minority interests		**2,654**	2,596
TOTAL EQUITY		**26,272**	27,470

NOTES TO INTERIM FINANCIAL STATEMENTS

(1) Basis of preparation of interim financial statements

(a) 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 the interim financial statements in conformity with HKAS 34 requires management to make judgements, 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 period ended 31 December 2007.

The interpretations below have been effective for accounting periods beginning on or after 1 January 2008:

HK(IFRIC) - Int 12	Service concession arrangements
HK(IFRIC) - Int 14, HKAS 19	The limit on a defined benefit asset, minimum funding requirements and their interaction

The Group has assessed the impact of the adoption of these new interpretations and considered that there was no impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies.

(b) The Company changed its financial year end date from 31 March to 31 December in the last financial period. Accordingly, the financial period under review covers the period from 1 January 2008 to 30 June 2008. The comparative figures (which covers the period from 1 April 2007 to 30 September 2007) for the consolidated profit and loss account and related notes are therefore not entirely comparable with those of the current period.

(2) Segment information

(a) Business Segments

	Revenue		Results	
	30/6/2008	30/9/2007	**30/6/2008**	30/9/2007
	HK$ Million	HK$ Million	**HK$ Million**	HK$ Million
Property development	**3,623**	159	**686**	7
Property investment	**185**	159	**130**	108
Investment and others	**165**	324	**122**	246
	3,973	642	**938**	361
Unallocated expenses			**(15)**	(9)
Operating profit			**923**	352
Increase in fair value of investment properties			**711**	195
Net other charge				
Property development			**(153)**	—
Investment and others			**(482)**	—
			999	547
Finance costs			**(6)**	(11)
Associates / jointly controlled entities				
Property development			**37**	65
			1,030	601
Taxation			**(239)**	(86)
Profit for the period			**791**	515

(b) Geographical segments

	Revenue		Operating profit	
	30/6/2008	30/9/2007	**30/6/2008**	30/9/2007
	HK$ Million	HK$ Million	**HK$ Million**	HK$ Million
Hong Kong	**342**	371	**109**	157
Singapore	**3,631**	271	**814**	195
	3,973	642	**923**	352

(3) Operating profit

	30/6/2008 HK$ Million	30/9/2007 HK$ Million
Operating profit is arrived at after charging/(crediting):		
Staff costs (Note a)	**20**	27
Cost of trading properties sold	**2,929**	146
Depreciation	**1**	1
Exchange loss on financial instruments (Note b)	**12**	—
Dividend income from listed investments	**(146)**	(240)

Notes:

(a) In addition to the above staff costs charged directly to the consolidated profit and loss account, staff costs of HK$16 million (2007: HK$16 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$673 million (2007: HK$233 million) for the Group, which has been dealt with as an equity movement.

(4) Other net income/(loss)

	30/6/2008 HK$ Million	30/9/2007 HK$ Million
Net profit on disposal of properties	**18**	—
Others	**4**	(26)
	22	(26)

(5) Net other charge

Included in the Group's profit were impairment provisions of HK$482 million (attributable to the Group is HK$366 million) made by WPSL for its 14% interest in SC Global Developments Ltd. ("SC Global") and provision for diminution of HK$153 million made for investment in a jointly controlled entity, following an internal review.

(6) Finance costs

	30/6/2008 HK$ Million	30/9/2007 HK$ Million
Interest on bank loans and overdrafts	**24**	49
Other finance costs	**1**	2
	25	51
Less: Amount capitalised	**(19)**	(40)
	6	11

The Group's effective borrowing interest rate for the six months period was approximately 1.7% (2007: 3.1%) per annum.

(7) Taxation

Taxation charged to the consolidated profit and loss account represents:

	30/6/2008	30/9/2007
	HK$ Million	HK$ Million
Current income tax		
Hong Kong profits tax	**7**	7
Overseas taxation	**126**	40
	133	47
Deferred tax		
Change in fair value of investment properties	**126**	37
Origination and reversal of temporary differences	**1**	2
Reversal on disposal of investment properties	**(1)**	—
Effect of change in tax rate	**(20)**	—
	106	39
	239	86

(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 16.5% (2007: 17.5%) and 18% (2007: 18%) respectively.

In February 2008, the Hong Kong SAR Government enacted a reduction in the profits tax rate from 17.5% to 16.5% for the fiscal year 2008/09.

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

(c) Tax attributable to associates and jointly controlled entities for the six months ended 30 June 2008 of HK$7 million (2007: HK$14 million) is included in the share of results after tax of associates/jointly controlled entities.

(8) Dividends attributable to equity shareholders

	30/6/2008	30/9/2007
	HK$ Million	HK$ Million
Interim dividend of 2.0 cents proposed after the balance sheet date (2007: 2.0 cents) per share	**41**	41

(a) The interim 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 (31/3/2007: HK$166 million) for the period ended 31 December 2007 was approved and paid in 2008.

(9) Earnings per share

The calculation of basic earnings per share is based on profit attributable to equity shareholders for the period of HK$655 million (2007: HK483 million) and 2,070 million ordinary shares in issue throughout the six months ended 30 June 2008 and 30 September 2007.

(10) Trade and other receivables

Included in this item are trade receivables with an ageing analysis as at 30 June 2008 as follows:

	30/6/2008	31/12/2007
	HK$ Million	HK$ Million
Trade receivables		
Current	**559**	214
31-60 days	**–**	5
Over 90 days	**–**	1
	559	220
Deposits paid for properties acquisition	**35**	97
Derivative financial assets	**7**	—
Other receivables	**18**	12
	619	329

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.

(11) Trade and other payables

Included in this item are trade payables with an ageing analysis as at 30 June 2008 as follows:

	30/6/2008	31/12/2007
	HK$ Million	HK$ Million
Amounts payable in the next:		
0 – 30 days	**268**	226
31 – 60 days	**2**	10
61 – 90 days	**–**	6
Over 90 days	**20**	6
	290	248
Rental deposits	**106**	93
Derivative financial liabilities	**–**	24
Other payables	**184**	206
	580	571

(12) Review of unaudited interim financial statements

The unaudited interim financial statements for the six months ended 30 June 2008 have been reviewed with no disagreement by the Audit Committee of the Company.

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, 17 September 2008 to Friday, 19 September 2008, 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, 16 September 2008.

By Order of the Board
Wilson W S Chan
Company Secretary

Hong Kong, 18 August 2008

As at the date of this announcement, 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 Roger K H Luk and Mr Glenn S Yee.