WHEELOCK PROPERTIES

WHEELOCK PROPERTIES LIMITED

會 德 豐 地 產 有 限 公 司

Stock Code: 股份代號： 49

INTERIM REPORT TO SHAREHOLDERS

for the half-year period ended 30 June 2009

致股東中期報告書

截至二〇〇九年六月三十日止半年度

Group Results

The Group reported an unaudited profit attributable to equity shareholders for the six months ended 30 June 2009 of HK$265 million, compared to HK$655 million for the six months ended 30 June 2008. Earnings per share were 12.8 cents (2008: 31.6 cents).

The underlying business was steady. Net profit attributable to equity shareholders increased by 27% excluding, but decreased by 60% including, the surplus arising on the revaluation of the Group's investment properties.

Moreover, two other substantial factors eclipsed the underlying recurring performance of the Group when compared to 2008. Firstly, revenue from Property Development in Singapore was substantially lower. Secondly, there was a substantial decrease in the impairment provisions made in respect of long term stock investments (please refer to the section headed "Net other charge" on page 4).

Interim Dividend

The Board has declared an interim dividend of 2.0 cents (2008: 2.0 cents) per share, payable on 25 September 2009 to shareholders on record as at 18 September 2009.

Management Discussion and Analysis

Business Review

Redevelopment of 6D-6E Babington Path, Mid-levels and 2 Heung Yip Road, Aberdeen, is underway. The former will comprise 47 deluxe apartments of superb quality. The latter will be redeveloped into a high rise commercial building.

The Group has acquired the entire interest in the property at 211-215C Prince Edward Road West for residential redevelopment, upon acquisition of the sole remaining unit in April 2009 with a compulsory sale order granted by the Lands Tribunal.

By the end of June 2009, the Group had acquired 98.5% of the interest in the property at 46 Belcher's Street. The site is planned for residential redevelopment.

Wheelock House and Fitfort were 96% and 97% leased respectively at satisfactory rental rates at the end of June 2009.

The Group's two 50:50 joint ventures with China Merchants in Foshan of Guangdong Province are underway. The first project is situated in an integrated and well-planned new town (Xincheng District 新城區) of the Foshan City facing the Dong Ping River (東平河). It 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. Pre-sales of the first phase of the townhouses have been well-received, with all units launched sold out within a few weeks. Twelve low-rise residential towers commenced pre-sales in March 2009 and met with overwhelming response, with all units launched sold out by June 2009. Located at the junction of Kuiqi Road (魁奇路) and Guilan Road (桂瀾路) in Chancheng (禪城區), 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. These developments are scheduled for completion in phases by 2012 and 2013 respectively.

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

Profit for Wheelock Properties (Singapore) Limited ("WPSL") amounted to S$38.7 million for the financial period under review (2008: S$32.1 million) in accordance with the accounting standards adopted in Singapore.

Development Properties

Ardmore II is a prime residential development with 118 apartments. Main construction work is progressing in accordance with schedule and is expected to be completed by 2010. All of the 118 units have been pre-sold at satisfactory prices.

Orchard View, a luxury 36-storey residential development located in the serene enclave of Angullia Park and within walking distance of MRT Orchard Station, comprises 30 units of four-bedroom apartments with private lift lobbies. Main construction work is in progress and is scheduled for completion by 2010.

Strategically located in the main shopping belt of Orchard Road, Scotts Square is a prime residential development with 338 international quality apartments, plus a retail annex. The retail podium will be held for long term investment purposes. By June 2009, pre-sales of the apartments have reached 77% (in net saleable area). Foundation works have been completed and main construction work is in progress. The project is expected to be completed by 2011.

Ardmore 3, another luxury project along Ardmore Park, is planned for redevelopment and sale. It will be an international-standard luxury residential development in the prestigious Ardmore Park, next to Ardmore II. The building plans are currently being reviewed and piling works for the development is scheduled to commence in 2010.

Investment Property

Wheelock Place, a commercial development at Orchard Road, Singapore, was virtually 100% committed at satisfactory rental rates as at the end of June 2009.

FINANCIAL REVIEW

(I) Results Review

Turnover and operating profit

The Group's turnover and operating profit for the first half of 2009 fell to HK$371 million (2008: HK$3,973 million) and HK$291 million (2008: HK$923 million) respectively in the absence of major property sales recognised by the Property Development segment.

Property Development

Revenue and operating profit from Property Development segment were HK$43 million (2008: HK$3,623 million) and HK$31 million (2008: HK$686 million) respectively, primarily from the sale of miscellaneous remaining stock in Hong Kong.

WPSL recognises revenue and profit on pre-sales of properties under development by stages using the percentage of completion method in accordance with generally accepted accounting principles in Singapore. However, under Hong Kong Financial Reporting Standards, the Group recognises revenue and profit on pre-sales of properties upon their completion. Accordingly, revenue and profits recognised by WPSL for the period under review in respect of its pre-sales of Ardmore II units and Scotts Square units were reversed and excluded from the Group's consolidated results.

As at 30 June 2009, WPSL had presold all the units at Ardmore II and 238 residential units (77% presold) at Scotts Square. The accumulated reversed sales revenue and attributable profit not yet recognised by the Group amounted to HK$3,137 million and HK$890 million respectively.

Property Investment

Despite the adverse impact from the financial turmoil, Property Investment segment performed well and sustained growth in revenue and operating profit to HK$209 million (2008: HK$185 million) and HK$157 million (2008: HK$130 million) respectively. During the financial period under review, higher occupancy and reversionary 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, fell to HK$119 million (2008: HK$165 million) while the operating profit slightly fell to HK$116 million (2008: HK$122 million), mainly due to the decline in dividend and interest income. Investment and others also included a net realised and unrealised exchange gain of HK$38 million (2008: exchange loss of HK$12 million), arising from forward exchange contracts entered into effectively to lock in certain liabilities in Japanese Yen for financing Reminbi assets in the Mainland at a significantly more favourable interest cost. During the period under review, the US dollar appreciated against the Yen.

Increase in fair value of investment properties

The Group's completed investment properties were revalued by independent valuers giving a revaluation surplus of HK$70 million (2008: HK$711 million).

The attributable net surplus of HK$72 million (2008: HK$503 million), after the related deferred tax and minority interest in total of HK$12 million (2008: HK$227 million) and adjusting the attributable tax credit of HK$14 million (2008: HK$19 million), was credited to the income statement. The Group's investment properties under development were not carried at fair value until at the earlier of when their fair values first become reliably measurable and the dates of their respective completion in accordance with the revised accounting standard HKAS 40, which expands the definition of an investment property to include an investment property being under development.

Net other charge

The net other charge of HK$121 million (2008: HK$635 million) represents the further impairment provision of HK$53 million (of which HK$40 million is attributable to the Group) on its investment in SC Global Developments Ltd ("SC Global") and HK$68 million (of which HK$52 million is attributable to the Group) on its investment in Hotel Properties Limited ("HPL") made by WPSL in its first quarter results, based on market price as at 31 March 2009. The subsequent appreciation of such investments gave rise to an attributable surplus of HK$477 million in the second quarter of 2009, which has in accordance with the current accounting standards been dealt with in the statement of comprehensive income and will not be realised in the income statement until the disposal of the investments.

Finance costs

Finance costs of HK$3 million (2008: HK$6 million) charged to the income statement were incurred by WPSL. The charge was after capitalisation of HK$11 million (2008: HK$19 million) in respect of WPSL's properties under development.

Share of results after tax of associates

Share of profit of associates was HK$38 million (2008: HK$37 million). The increase was mainly attributable to the share of construction cost written back for the Sorrento project, which was offset by lower development profit from sales of Bellagio units and Parc Palais units undertaken by associates during the period.

Taxation

Taxation charge for the period was HK$19 million (2008: HK$239 million), which included deferred tax of HK$12 million (2008: HK$126 million) provided for the revaluation surplus of the Group's investment properties for the period under review and a tax credit of HK$19 million (2008: HK$19 million) in respect of a downward adjustment of the Group's deferred tax liabilities previously provided on the investment property revaluation surplus, resulting from the 1% reduction in Singapore corporate income tax rate with effect from the financial year 2009 (2008: 1% reduction in Hong Kong profits tax rate).

Minority interests

Losses shared by minority interests was HK$9 million (2008: profit of HK$136 million), which is attributable to the losses (after reversal of the profit on pre-sale of properties) incurred by WPSL.

Profit attributable to equity shareholders

Group's profit attributable to equity shareholders decreased by 60% to HK$265 million (2008: HK$655 million). Earnings per share were 12.8 cents (2008: 31.6 cents).

Excluding the net attributable investment property revaluation surplus after deferred tax charge and the credit adjustment resulting from the tax rates reduction of HK$72 million (2008: HK$503 million) and the above attributable impairment losses of HK$92 million (2008: HK$519 million), the Group's net profit attributable to equity shareholders dropped by HK$386 million or 58% to HK$285 million (2008: HK$671 million).

(II) Liquidity, Financial Resources and Commitments

Shareholders' and total equity

The Group's shareholders' equity increased by 15% to HK$23,330 million or HK$11.27 per share as at 30 June 2009, compared to HK$20,246 million or HK$9.78 per share as at 31 December 2008. The increase was mainly due to the increase in market value of the Group's investment portfolio.

The Group's total equity, including minority interests, was HK$25,827 million (31 December 2008: HK$22,716 million).

Total assets

The Group's total assets increased by 11% to HK$31.9 billion (31 December 2008: HK$28.8 billion). Included in the total assets were investment properties of HK$8.2 billion, comprising Wheelock House, Fitfort and Wheelock Place, properties under development in Singapore and Hong Kong in total of HK$7.3 billion and interest in associates of HK$1.5 billion mainly for the two property development projects in Foshan, China. Other major assets included available-for-sale investments of HK$8.7 billion and bank deposits and cash of HK$5.7 billion.

Net cash

The Group's net cash increased by HK$637 million to HK$4,116 million as at 30 June 2009, which was made up of bank deposits and cash of HK$5,704 million and debts of HK$1,588 million, compared to net cash of HK$3,479 million as at 31 December 2008.

Excluding WPSL, the Company and its other subsidiaries together had net cash of HK$1,565 million (31 December 2008: HK$1,514 million). The cash flow for the period resulted from dividend income from long term investment portfolio deducting construction cost payments for the Group's properties under development.

WPSL's net cash amounted to HK$2,551 million (31 December 2008: HK$1,965 million). WPSL's major cash inflow was mainly attributable to proceeds received from sale of properties.

Available-for-sale investments

The Group maintained a portfolio of available-for-sale investments with an aggregate market value of HK$8,738 million as at 30 June 2009 (31 December 2008: HK$5,643 million), which primarily comprised a 7% interest in Wharf, WPSL's 20% interest in HPL and 17% interest in SC Global, and other blue chip securities. The cumulative attributable surplus of the investments as at 30 June 2009 amounted to HK$3,516 million (31 December 2008: HK$462 million) and is retained in reserves until the related investments are sold.

Finance and availability of facilities

(a) The Group's available loan facilities totalled HK$2.7 billion, of which HK$1.6 billion was drawn. The debt maturity profile of the Group as at 30 June 2009 is analysed below:

	30 June 2009 HK$ Million	31 December 2008 HK$ Million
Within 1 year	**–**	512
After 1 year, but within 2 years	**1,588**	1,043
After 2 years, but within 3 years	**–**	559
	1,588	2,114
Undrawn facilities	**1,097**	1,272
Total loan facilities	**2,685**	3,386

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

	30 June 2009 HK$ Million	31 December 2008 HK$ Million
Investment property / Property under development for investment	**684**	670
Properties under development for sale	**2,821**	2,803
	3,505	3,473

(c) As at 30 June 2009, WPSL's borrowings for financing its properties in Singapore were primarily denominated in Singapore dollar. The Group entered into 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 reporting date to result in a net liability of HK$14 million. The Group has no other significant exposure to foreign exchange fluctuation except for the net investments in its Singapore subsidiaries and China associates.

Commitments

As at 30 June 2009, the Group's commitments were mainly related to trading properties under development and are analysed as follows:

	Authorised and Contracted for HK$ Million	Authorised but not Contracted for HK$ Million
Properties under development undertaken by		
Subsidiaries:		
Hong Kong	**421**	**–**
Singapore	**1,024**	**–**
Associates:		
China	**305**	**1,253**
	1,750	**1,253**

The above commitments for properties under development will be funded by their respective internal financial resources including surplus cash, bank financings and proceeds from sale and pre-sale of properties.

(III) Human Resources

The Group had 101 employees as at 30 June 2009 (31 December 2008: 105). Employees are remunerated according to their job responsibilities and the market pay trend with a discretionary annual performance bonus as variable pay for rewarding individual performance and contributions to the respective groups' achievement and results. Total staff costs for the period under review amounted to HK$32 million (2008: 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 Income Statement
for the six months ended 30 June 2009

	Note	**Unaudited 30 June 2009 HK$ Million**	Unaudited 30 June 2008 HK$ Million
Turnover	2	**371**	3,973
Other net income		**3**	22
		374	3,995
Direct costs and operating expenses		**(10)**	(2,988)
Selling and marketing expenses		**(5)**	(6)
Administrative and corporate expenses		**(68)**	(78)
Operating profit	2&3	**291**	923
Increase in fair value of investment properties		**70**	711
Net other charge	4	**(121)**	(635)
		240	999
Finance costs	5	**(3)**	(6)
Share of results after tax of associates		**38**	37
Profit before taxation		**275**	1,030
Taxation	6	**(19)**	(239)
Profit for the period		**256**	791
Profit/(loss) attributable to:			
Equity shareholders		**265**	655
Minority interests		**(9)**	136
		256	791
Earnings per share	7	**12.8 cents**	31.6 cents

Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2009

	Unaudited 30 June 2009 HK$ Million	Unaudited 30 June 2008 HK$ Million
Profit for the period	**256**	791
Other comprehensive income/(expense), net of tax, for the period		
Exchange difference on translation of financial statements of foreign entities	**(92)**	673
Net movement in the available-for-sale investment revaluation reserves:	**3,206**	(2,397)
Changes in fair value recognised during the period	**3,085**	(2,929)
Reclassification adjustments transferred to income statement:		
Impairment losses	**121**	482
Disposal	**–**	(91)
Deferred tax	**–**	141
	3,114	(1,724)
Total comprehensive income/(expense) for the period	**3,370**	(933)
Total comprehensive income/(expense) attributable to:		
Equity shareholders	**3,250**	(1,090)
Minority interests	**120**	157
	3,370	(933)

Consolidated Statement of Financial Position
at 30 June 2009

	Note	Unaudited 30 June 2009 HK$ Million	Audited 31 December 2008 HK$ Million
Non-current assets			
Investment properties		**8,195**	7,478
Other property, plant and equipment		**6**	676
Total fixed assets		**8,201**	8,154
Interest in associates		**1,502**	1,480
Available-for-sale investments		**8,738**	5,643
Deferred tax assets		**100**	101
Deferred debtors		**11**	12
		18,552	15,390
Current assets			
Properties under development for sale		**7,244**	6,889
Properties held for sale		**98**	102
Trade and other receivables	9	**272**	850
Short term investments		**15**	–
Bank deposits and cash		**5,704**	5,593
		13,333	13,434
Current liabilities			
Trade and other payables	10	**(662)**	(744)
Bank loans		**–**	(512)
Deposits from sale of properties		**(2,894)**	(2,208)
Amounts due to fellow subsidiaries		**(28)**	(40)
Taxation payable		**(162)**	(314)
		(3,746)	(3,818)
Net current assets		**9,587**	9,616
Total assets less current liabilities		**28,139**	25,006
Non-current liabilities			
Bank loans		**(1,588)**	(1,602)
Deferred tax liabilities		**(724)**	(688)
		(2,312)	(2,290)
NET ASSETS		**25,827**	22,716
Capital and reserves			
Share capital		**414**	414
Reserves		**22,916**	19,832
Shareholders' equity		**23,330**	20,246
Minority interests		**2,497**	2,470
TOTAL EQUITY		**25,827**	22,716

Consolidated Statement of Changes in Equity
for the six months ended 30 June 2009

	Shareholders' equity - unaudited						
	Share capital HK$Million	Investment revaluation reserves HK$Million	Exchange and other reserves* HK$Million	Revenue reserves HK$Million	Total HK$Million	Unaudited Minority interests HK$Million	Unaudited Total equity HK$Million
At 1 January 2009	**414**	**462**	**980**	**18,390**	**20,246**	**2,470**	**22,716**
Total comprehensive income for the period	**–**	**3,054**	**(69)**	**265**	**3,250**	**120**	**3,370**
Final dividend paid in respect of 2008 (Note 8b)	**–**	**–**	**–**	**(166)**	**(166)**	**–**	**(166)**
Dividends paid to minority interests	**–**	**–**	**–**	**–**	**–**	**(93)**	**(93)**
At 30 June 2009	**414**	**3,516**	**911**	**18,489**	**23,330**	**2,497**	**25,827**
At 1 January 2008	414	5,686	993	17,781	24,874	2,596	27,470
Total comprehensive income for the period	–	(2,274)	529	655	(1,090)	157	(933)
Final dividend paid in respect of 2007 (Note 8b)	–	–	–	(166)	(166)	–	(166)
Dividends paid to minority interests	–	–	–	–	–	(99)	(99)
At 30 June 2008	414	3,412	1,522	18,270	23,618	2,654	26,272

* *Included in exchange and other reserves is capital redemption reserve of HK$5 million (2008: HK$5 million).*

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2009

	Unaudited 30 June 2009 HK$ Million	Unaudited 30 June 2008 HK$ Million
Net cash generated from operating activities	**959**	1,567
Net cash used in investing activities	**(45)**	(910)
Net cash used in financing activities	**(765)**	(524)
Net increase in cash and cash equivalents	**149**	133
Cash and cash equivalents at 1 January	**5,513**	5,293
Effect of foreign exchange rate changes	**(37)**	166
Cash and cash equivalents at 30 June	**5,625**	5,592
Analysis of the balances of cash and cash equivalents		
Bank deposits and cash (Note a)	**5,625**	5,592
Note (a):		
Cash and cash equivalents		
Bank deposits and cash in the consolidated statement of financial position	**5,704**	5,614
Less: Pledged bank deposits	**(79)**	(22)
Cash and cash equivalents in the condensed consolidated statement of cash flows	**5,625**	5,592

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 ("Listing Rules") 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 year ended 31 December 2008 except the changes mentioned below.

The Group has adopted relevant new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), amendments and interpretations effective from 1 January 2009, which have had no significant impact on the financial statements of the Group for the periods ended 31 December 2008 and 30 June 2009, except for the adoption of HKAS 1 (Revised), Presentation of financial statements, HKFRS 8, Operating segments, and the Improvements to HKFRSs (2008), with the impacts as follows:

(a) HKAS 1 (Revised) – Presentation of financial statements

As a result of the adoption of HKAS 1 (Revised), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

(b) HKFRS 8 – Operating segments

HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's top management, and has resulted in amended disclosures being presented. Corresponding amounts have been restated on a basis consistent with the revised segment information.

(c) Improvements to HKFRSs (2008) – Amendments to HKAS 40 investment property

As a result of the amendments to HKAS 40, investment property which is under construction will be carried at fair value at the earlier of when the fair value first becomes reliably measurable and the date of completion of the property. Any gain or loss will be recognised in profit or loss. Previously such property was carried at cost until the construction was completed, at which time it was fair valued with any gain or loss being recognised in profit or loss. This amendment is applied prospectively. As a result of this amendment, the Group has reclassified HK$670 million from other property, plant and equipment to investment properties as at 1 January 2009.

(2) Segment information

The Group manages its diversified businesses according to the nature of services and products provided. Management has determined three reportable operating segments for measuring performance and allocating resources. The segments are property development, property investment and investment and others.

Property development segment encompasses activities relating to the acquisition, development, design, construction, sale and marketing of the Group's trading properties primarily in Hong Kong, Singapore and China.

Property investment segment includes leasing of the Group's investment properties, which primarily consist of retail and office properties in Hong Kong and Singapore.

Investment and others segment includes activities for managing the Group's corporate assets and liabilities, available-for-sale investments, financial instruments and other treasury operations.

Management evaluates performance primarily based on operating profit as well as the equity share of results of associates of each segment.

Segment assets principally comprise all tangible assets, intangible assets and current assets directly attributable to each segment with the exception of income tax assets. Segment liabilities include all liabilities and borrowings directly attributable to and managed by each segment with the exception of income tax liabilities.

(a) Analysis of segment results

Six months ended	Turnover HK$ Million	Operating profit HK$ Million	Increase in fair value of investment properties HK$ Million	Net other charge HK$ Million	Finance costs HK$ Million	Associates HK$ Million	Profit before taxation HK$ Million
30 June 2009							
Property development	**43**	**31**	**–**	**–**	**–**	**38**	**69**
Property investment	**209**	**157**	**70**	**–**	**(3)**	**–**	**224**
Investment and others	**119**	**116**	**–**	**(121)**	**–**	**–**	**(5)**
Corporate expenses	**–**	**(13)**	**–**	**–**	**–**	**–**	**(13)**
Group total	**371**	**291**	**70**	**(121)**	**(3)**	**38**	**275**
30 June 2008							
Property development	3,623	686	–	(153)	–	37	570
Property investment	185	130	711	–	(6)	–	835
Investment and others	165	122	–	(482)	–	–	(360)
Corporate expenses	–	(15)	–	–	–	–	(15)
Group total	3,973	923	711	(635)	(6)	37	1,030

(b) Geographical information

	Revenue		Operating profit		Assets	
	30 June 2009 HK$ Million	30 June 2008 HK$ Million	**30 June 2009 HK$ Million**	30 June 2008 HK$ Million	**30 June 2009 HK$ Million**	31 December 2008 HK$ Million
Hong Kong	**224**	342	**188**	109	**13,685**	11,096
Singapore	**147**	3,631	**103**	814	**16,775**	16,298
China	**–**	–	**–**	–	**1,425**	1,430
Group total	**371**	3,973	**291**	923	**31,885**	28,824

(3) Operating profit

	30 June 2009 HK$ Million	30 June 2008 HK$ Million
Operating profit is arrived at after charging/(crediting):		
Staff costs	**19**	20
Cost of trading properties sold	**7**	2,929
Depreciation	**1**	1
Net (gain)/loss on forward foreign exchange contracts	**(38)**	12
Dividend income from listed investments	**(112)**	(146)

In addition to the above staff costs charged directly to the consolidated income statement, staff costs of HK$13 million (2008: HK$16 million) were capitalised as part of the costs of properties under development for sale.

(4) Net other charge

The net other charge of HK$121 million (2008: HK$635 million) represented the further impairment provisions of HK$53 million on its investment in SC Global Developments Ltd ("SC Global") and HK$68 million on its investment in Hotel Properties Limited made by Wheelock Properties (Singapore) Limited ("WPSL") in its first quarter results, based on the market prices as at 31 March 2009.

The net other charge for the first half of 2008 mainly comprised impairment provisions of HK$482 million for the SC Global shares and HK$153 million for a China property project undertaken by an associate.

(5) Finance costs

	30 June 2009 HK$ Million	30 June 2008 HK$ Million
Interest on bank loans and overdrafts	**10**	24
Other finance costs	**4**	1
	14	25
Less: Amount capitalised	**(11)**	(19)
	3	6

The Group's average effective borrowing rate for the six months period was approximately 1.0% (2008: 1.7%) per annum.

(6) Taxation

Taxation charged to the consolidated income statement represents:

	30 June 2009 HK$ Million	30 June 2008 HK$ Million
Current income tax		
Hong Kong profits tax	**10**	7
Outside Hong Kong	**14**	126
	24	133
Deferred tax		
Change in fair value of investment properties	**12**	126
Origination and reversal of temporary differences	**2**	1
Reversal on disposal of investment properties	**–**	(1)
Effect on reduction in tax rates on deferred tax balances (Note 6a)	**(19)**	(20)
	(5)	106
	19	239

(a) The provision 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% (2008: 16.5%) and 17% (2008: 18%) respectively.

The Singapore Government reduced the corporate income tax rate from 18% to 17% with effect from the fiscal year 2009. In 2008, the Hong Kong SAR Government enacted a reduction in the profits tax rate from 17.5% to 16.5%.

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

(c) Tax attributable to associates for the six months ended 30 June 2009 of HK$8 million (2008: HK$7 million) is included in the share of results after tax of associates.

(7) Earnings per share

The calculation of basic and diluted earnings per share is based on profit attributable to the equity shareholders for the period of HK$265 million (2008: HK$655 million) and 2,070 million ordinary shares in issue throughout the six months ended 30 June 2009 and 2008.

(8) Dividends attributable to equity shareholders

(a) The below interim dividends were proposed after the reporting dates, which have not been recognised as liabilities at the reporting dates:

	30 June 2009 HK$ Million	30 June 2008 HK$ Million
Interim dividend of 2.0 cents proposed after the reporting date (2008: 2.0 cents) per share	**41**	41

(b) Dividends recognised as distribution during the period:

	30 June 2009 HK$ Million	30 June 2008 HK$ Million
2008 Final dividend paid of 8.0 cents per share	**166**	–
2007 Final dividend paid of 8.0 cents per share	**–**	166
	166	166

(9) Trade and other receivables

Included in this item are trade receivables (net of allowance for bad and doubtful debts) with an ageing analysis as at 30 June 2009 as follows:

	30 June 2009 HK$ Million	31 December 2008 HK$ Million
Trade receivables		
Current (not past due)	**173**	804
Past due:		
0 - 30 days	**3**	8
31 - 60 days	**16**	3
61 - 90 days	**3**	–
Over 90 days	**42**	–
	237	815
Deposits paid for properties acquisition	**1**	11
Other receivables	**34**	24
	272	850

Included in the 2009 current trade receivables are sales receivables of HK$137 million (representing the 7% remaining balance of sales consideration to be billed according to the standard payment scheme in Singapore) accrued by WPSL on completion of The Cosmopolitan.

The Group has established credit policies for each of its core businesses. The general credit terms allowed range from 0 to 60 days, except for sale of properties the proceeds from which are receivable pursuant to the terms of the agreements. All the receivables are expected to be virtually recoverable within one year.

(10) Trade and other payables

Included in this item are trade payables with an ageing analysis as at 30 June 2009 as follows:

	30 June 2009 HK$ Million	31 December 2008 HK$ Million
Amounts payable in the next:		
0 - 30 days	**75**	121
31 - 60 days	**52**	36
61 - 90 days	**37**	12
Over 90 days	**184**	215
	348	384
Rental deposits	**113**	113
Derivative financial liabilities	**14**	40
Other payables	**187**	207
	662	744

(11) Contingent liabilities

There were no material contingent liabilities as at 30 June 2009 and 31 December 2008.

(12) Commitments

The Group's outstanding commitments on expenditures as at 30 June 2009 included below:

		30 June 2009 HK$ Million	31 December 2008 HK$ Million
(a)	**Properties under development**		
	Authorised and contracted for:		
	Hong Kong	**421**	498
	Singapore	**1,024**	1,241
		1,445	1,739
(b)	**Properties under development in China through associates**		
	Authorised and contracted for	**305**	124
	Authorised but not contracted for	**1,253**	1,488
		1,558	1,612
(c)	**Other capital expenditure**		
	Authorised and contracted for	**8**	9

(13) 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 six months ended 30 June 2009:

(a) The Group paid a related party General Managers' Commission of HK$25 million (2008: HK$28 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.

(b) The Group paid to certain related parties property managing and agency fees totalling HK$5 million (2008: HK$4 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 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.

(c) The Group received dividend income in the amount of HK$85 million (2008: HK$85 million) during the six months period ended 30 June 2009 in respect of its 7% interest in The Wharf (Holdings) Limited.

(14) Comparative figures

As a result of the application of HKAS 1 (Revised), Presentation of financial statements and HKFRS 8, Operating segments, certain comparative figures have been reclassified to conform to current period's presentation. Further details of these developments are disclosed in Note 1.

(15) Review of unaudited interim financial statements

The unaudited interim financial statements for the six months ended 30 June 2009 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 June 2009, 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 two subsidiaries of Wheelock, namely, The Wharf (Holdings) Limited ("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	772,367 (0.0280%)	Personal Interest
T Y Ng	200,268 (0.0073%)	Personal Interest
i-CABLE		
G W J Li	68,655 (0.0034%)	Personal Interest
T Y Ng	17,801 (0.0009%)	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 (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.*

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 Shareholers' 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 June 2009, 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 30 June 2009, there were no short position interests recorded in the Register.

Changes of Information of Directors

Given below is the latest information regarding, *inter alia*, the directorships held at present and/or former directorship(s) (if any) held within the past three years in other listed public companies in respect of all the Directors of the Company for whom there have been changes in the relevant information since the end of December 2008:

Directors	Present/*(Former)* directorships etc. in other listed public companies
G W J Li	Wheelock; Wharf; *(Harbour Centre Development Limited ("HCDL") (resigned in April 2009)); (See note below)*
T Y Ng	Wharf (re-designated as executive director in June 2009); HCDL; *(See note below)*
P Y C Tsui	Wheelock; Wharf; i-CABLE (appointed in June 2009); HCDL (appointed in April 2009); Joyce Boutique Holdings Limited

Note: Mr G W J Li and Mr T Y Ng, being former directors of publicly-listed Wheelock Properties (Singapore) Limited, ceased to be its director in May 2006 (being three years and three months before the date of this report).

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, 16 September 2009 to Friday, 18 September 2009, 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, 15 September 2009.

By Order of the Board
Wilson W S Chan
Company Secretary

Hong Kong, 14 August 2009

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 Roger K H Luk and Mr Glenn S Yee.