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If you have sold or transferred all your shares in **WHEELOCK PROPERTIES LIMITED**, you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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WHEELOCK PROPERTIES

WHEELOCK PROPERTIES LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 49

MAJOR TRANSACTION

A letter from the Board of Directors of Wheelock Properties Limited is set out on pages 3 to 5 of this circular.

16 April 2010

CONTENTS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"Board"	the board of Directors
"Company"	Wheelock Properties Limited (stock code: 49), a 74%-owned subsidiary of Wheelock, incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
"connected person(s)"	shall have the same meaning ascribed to the Listing Rules
"Development Agreement"	a development agreement dated 23 March 2010 entered into between the Company, Fast New, NWD and MTR in relation to the development of the Project
"Directors"	the directors of the Company
"Fast New"	Fast New Limited, a company incorporated in Hong Kong with limited liability
"Group"	the Company together with its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"i-CABLE"	i-CABLE Communications Limited (stock code: 1097), a 74%-owned subsidiary of Wharf, incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
"Latest Practicable Date"	9 April 2010, being the latest practicable date prior to the printing of this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MTR"	MTR Corporation Limited (stock code: 66), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
"NWD"	New World Development Company Limited (stock code: 17), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
"NWD Group"	NWD together with its subsidiaries
"Project"	the Austin Station Property Developments Site C and Site D

"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	the ordinary share(s) with par value of HK$0.20 each in the share capital of the Company
"Site C"	to be known as Kowloon Inland Lot No. 11126 bound by Jordan Road, Canton Road, Wui Cheung Road and a future extension of Wui Man Road
"Site D"	to be known as Kowloon Inland Lot No. 11129 bound by Wui Cheung Road, Canton Road, Austin Road West and Wui Man Road
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tender Offer"	the tender offer submitted by Fast New on 24 February 2010 for the development of the Project
"Transaction"	the formation of a joint venture for the development of the Project by the Company through its 50% shareholding interest in Fast New
"Wharf"	The Wharf (Holdings) Limited (stock code: 4), a 50.02%-owned subsidiary of Wheelock, incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
"Wheelock"	Wheelock and Company Limited (stock code: 20), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
"Wheelock Group"	Wheelock together with its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

WHEELOCK PROPERTIES

WHEELOCK PROPERTIES LIMITED

(Incorporated in Hong Kong with limited liability)
Stock Code: 49

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

(Independent Non-executive Directors)*

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

16 April 2010

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

INTRODUCTION

On 2 March 2010, the Tender Offer submitted by Fast New on behalf of the consortium formed jointly by the Company and NWD was accepted by MTR in respect of the development of the Project. The Company and NWD have, through Fast New, an equally-owned joint venture company, acquired the right for the development of the Project.

The Transaction constitutes a major transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements while the shareholders' approval requirement is exempted pursuant to Rule 14.33A(4) of the Listing Rules. The conditions as referred to in Rule 14.33A(4) of the Listing Rules are/will be satisfied.

The purpose of this circular is to give you further information in relation to the Transaction as required under the Listing Rules.

DETAILS OF THE TENDER AND THE PROJECT

On 24 February 2010, Fast New, as the project company and tenderer, submitted the Tender Offer to MTR on behalf of the consortium formed jointly by the Company and NWD. On 2 March 2010, the Tender Offer was accepted by MTR.

On 23 March 2010, the Development Agreement in relation to the development of the Project was entered into between the Company, Fast New, NWD and MTR.

Fast New shall be responsible for project management of the Project together with the design and construction of the Project.

Pursuant to the Development Agreement, on 23 March 2010, the Company and NWD as guarantors (on a several basis) entered into a guarantee in favour of MTR to guarantee the performance and fulfillment of all obligations of Fast New under or arising out of or in connection with the Development Agreement.

It is the current intention of the Group that the Project will be developed into residential properties with a site area of about 295,000 square feet and a total gross floor area of about 1,282,000 square feet. The tentative commencement date of the Project will be in 2011 and the current expected date of completion will be in 2014.

The terms of the joint venture in relation to the Project (including but not limited to the 50:50 profit sharing arrangement) will be disclosed in due course in accordance with Rule 14.33A(4)(g) of the Listing Rules.

ESTIMATED FINANCIAL COMMITMENT

The Group may in future provide finance, guarantees and/or security in respect of 50% of the development and related costs of the Project as payable by Fast New. The Group's portion of funding is expected to be financed by internal resources, existing corporate banking facilities and project financing as deemed appropriate by the Group. The land premium to be borne by Fast New is approximately HK$7.8 billion.

The total development and related costs of the Project as payable by Fast New are budgeted at approximately HK$11.7 billion and the total capital commitment of the Group is expected to be approximately HK$5.8 billion, representing 50% of the aforesaid budgeted development and related costs of approximately HK$11.7 billion. However, depending on various market and other factors, the final figure for the total development and related costs may vary.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors believe that the Transaction is a viable investment, will broaden the asset and earnings base of and will be beneficial to the Company and its shareholders as a whole.

The Directors also consider that the terms of the Transaction are in the interests of the Group and its shareholders, and the relevant transactions are in the ordinary and usual course of business of the Group, on normal commercial terms, and are fair and reasonable.

FINANCIAL IMPACT OF THE TRANSACTION

As a result of the Transaction, the Group's interest in a jointly controlled entity will increase by about HK$1.1 billion while the bank deposit and cash will decrease by about HK$1.1 billion. The Company believes that the Transaction will not have any significant effect on the Group's earnings.

Set out in Appendix I to this circular is the financial information of the Group. Unaudited pro forma financial information which illustrates the financial impact of the Transaction, is set out in Appendix II to this circular.

REGULATORY ASPECTS

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiry, each of NWD and MTR and their respective ultimate beneficial owner(s) are independent third parties and are not connected persons of the Company.

On the basis that one or more of the applicable percentage ratios in respect of the financial commitment for the Transaction is/are greater than 25% while all such ratios are below 100% for the purposes of Rule 14.07 of the Listing Rules, the Transaction constitutes a major transaction for the Company. According to Rule 14.33A of the Listing Rules, the Transaction is subject to the reporting and announcement requirements while the shareholders' approval requirement is exempted pursuant to Rule 14.33A(4) of the Listing Rules. The conditions as referred to in Rule 14.33A(4) of the Listing Rules are/will be satisfied.

GENERAL

The principal business activities of the Group are ownership of properties for development and letting as well as investment holding.

The NWD Group is principally engaged in investments in the areas of property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices of this circular.

Yours faithfully,
Peter K. C. Woo
Chairman

I. SUMMARY FINANCIAL INFORMATION

The financial information for the annual results of the Group for the year ended 31 March 2007, nine months ended 31 December 2007, year ended 31 December 2008 and six months ended 30 June 2009 have been extracted from the respective published audited financial statements or unaudited interim report of the Group. The auditors have expressed an unqualified opinion on those financial statements in their report for the year ended 31 March 2007, nine months ended 31 December 2007 and year ended 31 December 2008, respectively.

(i) Results

	Six months ended 30/6/2009 *HK$Million* *(unaudited)*	Year ended 31/12/2008 *HK$Million* *(audited)*	Period from 1/4/2007 to 31/12/2007 *HK$Million* *(audited)*	Year ended 31/3/2007 *HK$Million* *(audited)*
Turnover	371	6,269	840	862
Other net income	3	23	123	152
	374	6,292	963	1,014
Direct costs and operating expenses	(10)	(4,469)	(246)	(154)
Selling and marketing expenses	(5)	(13)	(8)	(6)
Administrative and corporate expenses	(68)	(116)	(112)	(148)
Operating profit	291	1,694	597	706
Increase in fair value of investment properties	70	527	1,446	406
Net other (charge)/credit	(121)	(1,105)	—	23
	240	1,116	2,043	1,135
Finance costs	(3)	(12)	(16)	(72)
Share of results after tax of associates	38	(71)	96	176
Profit before taxation	275	1,033	2,123	1,239
Taxation	(19)	(27)	(329)	(66)
	256	1,006	1,794	1,173
Discontinued operation:				
Profit for the year	—	—	—	58
Net profit on disposal of subsidiaries	—	—	—	475
Profit for the year/period	256	1,006	1,794	1,706
Profit attributable to:				
Equity shareholders	265	816	1,540	1,450
Minority interests	(9)	190	254	256
	256	1,006	1,794	1,706
Dividends attributable to equity shareholders				
Interim dividend declared	41	41	41	41
Final dividend proposed	—	166	166	166
	41	207	207	207
Earnings per share				
Continuing operations	HK$0.128	HK$0.39	HK$0.74	HK$0.51
Discontinued operations	—	—	—	HK$0.19
	HK$0.128	HK$0.39	HK$0.74	HK$0.70

(ii) **Assets and liabilities**

	30/6/2009	**31/12/2008**	**31/12/2007**	**31/3/2007**
	HK$Million	*HK$Million*	*HK$Million*	*HK$Million*
	(unaudited)	*(audited)*	*(audited)*	*(audited)*
Non-current assets				
Investment properties	8,195	7,478	6,964	5,392
Other property, plant and equipment	6	676	718	651
Total fixed assets	8,201	8,154	7,682	6,043
Interest in associates	1,502	1,480	1,079	363
Available-for-sale investments	8,738	5,643	11,849	9,025
Deferred tax assets	100	101	—	—
Deferred debtors	11	12	15	24
	18,552	15,390	20,625	15,455
Current assets				
Properties under development for sale	7,244	6,889	9,947	8,344
Properties held for sale	98	102	234	390
Trade and other receivables	272	850	329	244
Held-to-maturity investments	15	—	—	—
Bank deposits and cash	5,704	5,593	5,314	6,433
	13,333	13,434	15,824	15,411
Current liabilities				
Trade and other payables	(662)	(744)	(571)	(492)
Bank loans	—	(512)	—	(515)
Deposits from sale of properties	(2,894)	(2,208)	(4,472)	(2,713)
Amounts due to fellow subsidiaries	(28)	(40)	(34)	(32)
Taxation payable	(162)	(314)	(304)	(276)
Dividend payable	—	—	(41)	—
	(3,746)	(3,818)	(5,422)	(4,028)
Net current assets	9,587	9,616	10,402	11,383
Total assets less current liabilities	28,139	25,006	31,027	26,838
Non-current liabilities				
Bank loans	(1,588)	(1,602)	(2,729)	(2,622)
Deferred tax liabilities	(724)	(688)	(828)	(624)
	(2,312)	(2,290)	(3,557)	(3,246)
NET ASSETS	25,827	22,716	27,470	23,592
Capital and reserves				
Share capital	414	414	414	414
Reserves	22,916	19,832	24,460	20,802
Shareholders' equity	23,330	20,246	24,874	21,216
Minority interests	2,497	2,470	2,596	2,376
TOTAL EQUITY	25,827	22,716	27,470	23,592

II. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2008

Set out below are the audited consolidated profit and loss account, consolidated balance sheet, consolidated statement of changes in equity and consolidated cash flow statement of the Group and the balance sheet of the Company and notes to the financial statements reproduced from the audited financial statements published in the Company's annual report for the year ended 31 December 2008.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2008

	Note	Year ended 31/12/2008 HK$Million	Period from 1/4/2007 to 31/12/2007 HK$Million
Turnover	2	6,269	840
Other net income	4	23	123
		6,292	963
Direct costs and operating expenses		(4,469)	(246)
Selling and marketing expenses		(13)	(8)
Administrative and corporate expenses		(116)	(112)
Operating profit	3	1,694	597
Increase in fair value of investment properties	12	527	1,446
Net other charge	5	(1,105)	—
		1,116	2,043
Finance costs	6	(12)	(16)
Share of results after tax of associates	7	(71)	96
Profit before taxation		1,033	2,123
Taxation	8	(27)	(329)
Profit for the year/period		1,006	1,794
Profit attributable to:			
Equity shareholders	9	816	1,540
Minority interests		190	254
		1,006	1,794
Dividends attributable to equity shareholders	10		
Interim dividend declared		41	41
Final dividend proposed		166	166
		207	207
Earnings per share	11	HK$0.39	HK$0.74

CONSOLIDATED BALANCE SHEET
At 31 December 2008

	Note	2008 HK$Million	2007 HK$Million
Non-current assets			
Investment properties		7,478	6,964
Other property, plant and equipment		676	718
Total fixed assets	12	8,154	7,682
Interest in associates	14	1,480	1,079
Available-for-sale investments	15	5,643	11,849
Deferred tax assets	23	101	—
Deferred debtors	16	12	15
		15,390	20,625
Current assets			
Properties under development for sale	17	6,889	9,947
Properties held for sale	17	102	234
Trade and other receivables	18	850	329
Bank deposits and cash	19	5,593	5,314
		13,434	15,824
Current liabilities			
Trade and other payables	20	(744)	(571)
Bank loans	21	(512)	—
Deposits from sale of properties	22	(2,208)	(4,472)
Amounts due to fellow subsidiaries		(40)	(34)
Taxation payable	8(c)	(314)	(304)
Dividend payable		—	(41)
		(3,818)	(5,422)
Net current assets		9,616	10,402
Total assets less current liabilities		25,006	31,027
Non-current liabilities			
Bank loans	21	(1,602)	(2,729)
Deferred taxation	23	(688)	(828)
		(2,290)	(3,557)
NET ASSETS		22,716	27,470
Capital and reserves			
Share capital	24	414	414
Reserves		19,832	24,460
Shareholders' equity	25	20,246	24,874
Minority interests	25	2,470	2,596
TOTAL EQUITY	25	22,716	27,470

COMPANY BALANCE SHEET
As at 31 December 2008

	Note	2008 HK$Million	2007 HK$Million
Non-current assets			
Interest in subsidiaries	13	1,816	2,053
Current assets			
Bank deposits and cash		—	1
Current liabilities			
Trade and other payables		(4)	(3)
Dividend payable		—	(41)
		(4)	(44)
Net current liabilities		(4)	(43)
NET ASSETS		1,812	2,010
Capital and reserves			
Share capital	24	414	414
Reserves		1,398	1,596
SHAREHOLDERS' EQUITY	25	1,812	2,010

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

	Note	Year ended 31/12/2008 HK$Million	Period from 1/4/2007 to 31/12/2007 HK$Million
Total equity at 1 January 2008/1 April 2007			
Attributable to equity shareholders		24,874	21,216
Attributable to minority interests		2,596	2,376
		27,470	23,592
(Deficit)/surplus on revaluation of available-for-sale investments		(6,443)	1,923
Exchange difference on translation of financial statements of foreign entities		(30)	521
Net (loss)/gains not recognised in the consolidated profit and loss account		(6,473)	2,444
Profit for the year/period		1,006	1,794
Reserves transferred to the consolidated profit and loss account on:			
Disposal of available-for-sale investments		(91)	(113)
Impairment on available-for-sale investments		1,105	—
Total recognised (loss)/income for the year/period			
Attributable to equity shareholders		(4,421)	3,865
Attributable to minority interests		(32)	260
		(4,453)	4,125
Final dividend attributable to the previous period/year	10	(166)	(166)
Interim dividend declared in respect of the current year/period	10	(41)	(41)
Dividends paid to minority interests	25	(94)	(40)
Total equity at 31 December		22,716	27,470
Total equity attributable to:			
Equity shareholders		20,246	24,874
Minority interests		2,470	2,596
		22,716	27,470

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2008

	Note	Year ended 31/12/2008 HK$Million	Period from 1/4/2007 to 31/12/2007 HK$Million
Cash generated from operations (Note)		1,986	602
Interest received		38	114
Interest paid		(43)	(70)
Dividends received from listed investments		233	337
Dividends received from associates		77	108
Hong Kong profits tax paid		(27)	(2)
Overseas profits tax paid		(14)	(18)
Net cash generated from operating activities		2,250	1,071
Investing activities			
Proceeds from disposal of available-for-sale investments		302	190
Proceeds from disposal of properties		121	—
Purchase of available-for-sale investments		(881)	(1,047)
Purchase of fixed assets		(73)	(38)
Decrease in deferred debtors		3	9
Net increase in associates		(484)	(709)
Net cash used in investing activities		(1,012)	(1,595)
Financing activities			
Net repayment of short term loans		—	(540)
Net repayment of long term loans		(600)	(19)
Pledged bank deposits		(59)	(21)
Dividends paid to equity shareholders		(248)	(166)
Dividends paid to minority shareholders		(94)	(40)
Net cash used in financing activities		(1,001)	(786)
Net increase/(decrease) in cash and cash equivalents		237	(1,310)
Cash and cash equivalents at 1 January 2008/1 April 2007		5,293	6,433
Effect of foreign exchange rate changes		(17)	170
Cash and cash equivalents at 31 December		5,513	5,293
Analysis of the balances of cash and cash equivalents at 31 December			
Bank deposits and cash	19	5,513	5,293

Note to the consolidated cash flow statement

Reconciliation of profit before taxation to cash generated from operations

	Year ended 31/12/2008	Period from 1/4/2007 to 31/12/2007
	HK$Million	*HK$Million*
Profit before taxation	1,033	2,123
Adjustments for:		
Share of results after tax of associates	71	(96)
Interest income	(38)	(113)
Interest expenses	12	16
Depreciation	1	2
Dividend income from listed investments	(233)	(313)
Net loss/(profit) on disposal of available-for-sale investments	2	(118)
Increase in fair value of investment properties	(527)	(1,446)
Impairment losses on available-for-sale investments	1,105	—
Net profit on disposal of properties	(19)	—
Exchange differences	(35)	239
Operating profit before working capital changes	1,372	294
Increase in properties under development for sale	(1,045)	(1,551)
Decrease in properties held for sale	4,266	156
Increase in trade and other receivables	(521)	(110)
Increase in amounts due to fellow subsidiaries	6	2
Increase in trade and other payables	172	52
(Decrease)/increase in deposits from sale of properties	(2,264)	1,759
Cash generated from operations	1,986	602

NOTES TO THE FINANCIAL STATEMENTS

1. FINANCIAL YEAR END DATE

The Company changed its financial year end date from 31 March to 31 December in the last financial period. Accordingly, the Group's financial year 2008 covered the twelve months ended 31 December 2008, whereas the previous financial period covered the nine months ended 31 December 2007. As a result, the comparative figures may not be entirely comparable with those of the year under review.

2. SEGMENT INFORMATION

(a) **Business segments**

(i) ***Revenue and results***	Revenue Year ended 31/12/2008 *HK$Million*	Revenue Period from 1/4/2007 to 31/12/2007 *HK$Million*	Results Year ended 31/12/2008 *HK$Million*	Results Period from 1/4/2007 to 31/12/2007 *HK$Million*
Property development	5,614	170	1,323	33
Property investment	384	244	269	168
Investment and others	271	426	122	410
	6,269	840	1,714	611
Unallocated expenses			(20)	(14)
Operating profit			1,694	597
Increase in fair value of investment properties			527	1,446
Net other charge				
Investment and others			(1,105)	—
			1,116	2,043
Finance costs			(12)	(16)
Associates				
Property development			(71)	96
Profit before taxation			1,033	2,123
Taxation			(27)	(329)
Profit for the year/period			1,006	1,794

(ii) ***Assets and liabilities***

	Assets		Liabilities	
	2008	**2007**	**2008**	**2007**
	HK$Million	*HK$Million*	*HK$Million*	*HK$Million*
Property development	7,827	10,495	2,666	4,778
Property investment	8,165	7,609	270	235
Investment and others	5,658	11,952	16	30
Segment assets and liabilities	21,650	30,056	2,952	5,043
Associates				
Property development	1,480	1,079	—	—
Unallocated items	5,694	5,314	3,156	3,936
Group total	28,824	36,449	6,108	8,979

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

During the year ended 31 December 2008, the Group incurred capital expenditure of HK$73 million (2007: HK$38 million) mainly in respect of development costs for property under development and other fixed assets. The Group has no significant depreciation and amortisation.

(b) **Geographical segments**

	Revenue		Operating profit	
	Year ended 31/12/2008	**Period from 1/4/2007 to 31/12/2007**	**Year ended 31/12/2008**	**Period from 1/4/2007 to 31/12/2007**
	HK$Million	*HK$Million*	*HK$Million*	*HK$Million*
Hong Kong	558	507	179	233
Singapore	5,711	333	1,515	364
Group total	6,269	840	1,694	597

	Assets	
	2008	**2007**
	HK$Million	*HK$Million*
Hong Kong	11,096	14,903
Singapore	16,298	20,476
China	1,430	1,070
Group total	28,824	36,449

3. OPERATING PROFIT

(a) Operating profit

	Year ended 31/12/2008	Period from 1/4/2007 to 31/12/2007
	HK$Million	*HK$Million*
Operating profit is arrived at after charging/(crediting):		
Staff costs, including contributions to defined contribution retirement schemes of HK$2 million (2007: HK$1 million)	50	42
Cost of trading properties sold	4,270	129
Depreciation	1	2
Net loss on forward foreign exchange contracts	96	25
Auditors' remuneration:		
Audit services	3	3
Other services	1	1
Rental income from operating leases less outgoings	(280)	(173)
Dividend income from listed investments	(233)	(313)
Interest income	(38)	(113)

In addition to the above staff costs charged directly to the consolidated profit and loss account, staff costs of HK$29 million (2007: HK$26 million) were capitalised as part of the costs of properties under development for sale.

(b) **Directors' emoluments**

Directors' emoluments, all in the form of Directors' fees, paid/payable to the Company's Directors in respect of the year ended 31 December 2008 are as follows:

	Year ended 31/12/2008	Period from 1/4/2007 to 31/12/2007
	HK$000	*HK$000*
Board of Directors		
Peter K C Woo	64	34
Joseph M K Chow	71(ii)	34
Gonzaga W J Li	48	22
T Y Ng	48	22
Paul Y C Tsui	64	34
Ricky K Y Wong	48	22
Independent Non-executive Directors		
Herald L F Lau	71(ii)	34
Roger K H Luk	34	—
Glenn S Yee	71(ii)	34
Past Director		
David T C Lie-A-Cheong	13	22
	532	258

Notes:

(i) Except the above Directors' fees, there were no other emoluments paid/payable to, nor were there any housing or other allowances, benefits in kind, or contributions to pension scheme paid/payable by the Group for, the Company's Directors in respect of the year ended 31 December 2008 and the nine months ended 31 December 2007.

(ii) Includes Audit Committee Member's fee for the year ended 31 December 2008 of HK$23,750 (2007: HK$11,250) received/receivable by each of relevant Directors.

(c) **Five highest paid employees**

Set out below are analyses of the emoluments (excluding amounts paid or payable by way of commissions on sales generated by the employees concerned) for the year ended 31 December 2008 of the five highest paid employees of the Group.

(i) ***Aggregate emoluments***

	Year ended 31/12/2008 *HK$Million*	**Period from 1/4/2007 to 31/12/2007** *HK$Million*
Basic salaries, housing and other allowances, and benefits in kind	13	10
Discretionary bonuses and/or performance related bonuses	23	17
	36	27

(ii) ***Bandings***

Bands (in HK$)	**Year ended 31/12/2008** *Number*	**Period from 1/4/2007 to 31/12/2007** *Number*
$1,000,001 - $1,500,000	1	3
$2,000,001 - $2,500,000	—	1
$2,500,001 - $3,000,000	2	—
$4,000,001 - $4,500,000	1	—
$21,000,001 - $21,500,000	—	1
$23,500,001 - $24,000,000	1	—
	5	5

4. OTHER NET INCOME

	Year ended 31/12/2008 *HK$Million*	Period from 1/4/2007 to 31/12/2007 *HK$Million*
Net (loss)/profit on disposal of available-for-sale investments	(2)	118
Net profit on disposal of properties	19	—
Others	6	5
	23	123

Included in the net (loss)/profit on disposal of available-for-sale investments is a net revaluation surplus, before deduction of minority interests, of HK$91 million (2007: HK$113 million) transferred from the investment revaluation reserves.

5. NET OTHER CHARGE

Included in the Group's profit was a net other charge of HK$1,105 million (2007: HK$Nil), comprising Wheelock Properties (Singapore) Limited's ("WPSL") impairment losses of HK$663 million (of which HK$503 million is attributable to the Group) on its investment in SC Global Developments Ltd ("SC Global") and HK$442 million (of which HK$335 million is attributable to the Group) on its investment in Hotel Properties Limited ("HPL").

6. FINANCE COSTS

	Year ended 31/12/2008 *HK$Million*	Period from 1/4/2007 to 31/12/2007 *HK$Million*
Interest on bank loans and overdrafts	43	68
Other finance costs	4	3
	47	71
Less: Amount capitalised	(35)	(55)
	12	16

Interest was capitalised at an average annual rate of approximately 1.7% (2007: 3.0%).

7. SHARE OF RESULTS AFTER TAX OF ASSOCIATES

Included in the share of losses of associates was the Group's share of impairment provision of HK$103 million (2007: HK$Nil) for a China project undertaken by an associate.

8. TAXATION

Taxation charged to the consolidated profit and loss account represents:

	Year ended 31/12/2008	**Period from 1/4/2007 to 31/12/2007**
	HK$Million	*HK$Million*
Current income tax		
Hong Kong profits tax	20	13
Overseas taxation	244	51
Overprovision in respect of prior years (Note 8e)	(210)	—
	54	64
Deferred tax (Note 23)		
Change in fair value of investment properties	90	262
Origination and reversal of temporary differences	8	3
Reversal on disposal of investment properties	(1)	—
Benefit of previously unrecognised tax losses now recognised (Note 8e)	(104)	—
Effect of change in tax rate	(20)	—
	(27)	265
	27	329

(a) The provisions for Hong Kong and Singapore profits taxes are based on the profit for the year as adjusted for tax purposes at the rates of 16.5% (2007: 17.5%) and 18% (2007: 18%) respectively.

In 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.

In January 2009, The Singapore Government announced a proposed reduction in the corporate income tax rate from 18% to 17% with effect from the fiscal year 2009. This will trigger a recalculation of the net deferred tax liabilities as at 1 January 2009 of WPSL, mainly for the investment property revaluation surplus, which would likely be reduced by approximately HK$19 million and impact the Group's 2009 financial statements.

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

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

(d) Tax attributable to associates for the year ended 31 December 2008 of HK$7 million (2007: HK$20 million) is included in the share of results after tax of associates.

(e) Tax overprovision in respect of prior years is mainly attributable to WPSL's write-back of the tax provided on the profit on disposal of Hamptons Group Limited following the ruling given by the Inland Revenue of Singapore ("IRAS") in November 2008 that the disposal profit as capital in nature and the utilisation of tax losses which have been agreed by the IRAS in early 2009 against prior years' tax paid. In addition, the Group also recognised a deferred tax asset of HK$104 million on the tax losses agreed by the IRAS.

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

	Year ended 31/12/2008	**Period from 1/4/2007 to 31/12/2007**
	HK$Million	*HK$Million*
Profit before taxation	1,033	2,123
Notional tax on profit before taxation calculated at applicable tax rates	202	377
Notional tax on share of results after tax of associates	(7)	(17)
Tax effect of non-deductible expenses	224	31
Tax effect of non-taxable revenue	(56)	(61)
Tax effect of tax losses not recognised	24	6
Tax effect of prior year's tax losses utilised	(26)	(7)
Overprovision in respect of prior years	(210)	—
Tax effect of previously unrecognised tax losses now recognised	(104)	—
Effect of change in tax rate on deferred tax balances	(20)	—
Actual total tax charge	27	329

9. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS

Profit attributable to equity shareholders for the year is dealt with in the financial statements of the Company to the extent of a profit of HK$9 million (2007: HK$10 million).

10. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

	Year ended 31/12/2008 *HK$Million*	Period from 1/4/2007 to 31/12/2007 *HK$Million*
Interim dividend declared and paid of 2.0 cents (2007: 2.0 cents) per share	41	41
Final dividend of 8.0 cents (2007: 8.0 cents) per share proposed after the balance sheet date	166	166
	207	207

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

(b) The final dividend of HK$166 million for period ended 31 December 2007 was approved and paid in 2008.

11. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on profit attributable to equity shareholders for the year of HK$816 million (2007: HK$1,540 million) and 2,070 million ordinary shares in issue throughout the year ended 31 December 2008 and nine months ended 31 December 2007.

12. FIXED ASSETS

	Investment properties HK$Million	Property under development HK$Million	Other properties HK$Million	Other fixed assets HK$Million	Total HK$Million
Group					
(a) **Cost or valuation**					
At 1 April 2007	5,392	560	85	12	6,049
Exchange differences	126	27	3	1	157
Additions	—	35	1	2	38
Revaluation surplus	1,446	—	—	—	1,446
At 31 December 2007 and 1 January 2008	6,964	622	89	15	7,690
Exchange differences	(21)	(3)	(1)	—	(25)
Additions	16	51	3	3	73
Disposals	(8)	—	(91)	(4)	(103)
Revaluation surplus	527	—	—	—	527
At 31 December 2008	7,478	670	—	14	8,162
Accumulated depreciation					
At 1 April 2007	—	—	1	5	6
Charge for the period	—	—	—	2	2
At 31 December 2007 and 1 January 2008	—	—	1	7	8
Charge for the year	—	—	—	1	1
Written back on disposals	—	—	(1)	—	(1)
At 31 December 2008	—	—	—	8	8
Net book value					
At 31 December 2008	7,478	670	—	6	8,154
At 31 December 2007	6,964	622	88	8	7,682

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

	Investment properties HK$Million	Property under development HK$Million	Other properties HK$Million	Other fixed assets HK$Million	Total HK$Million
2008 valuation	7,478	—	—	—	7,478
At cost	—	670	—	14	684
	7,478	670	—	14	8,162
2007 valuation	6,964	—	—	—	6,964
At cost	—	622	89	15	726
	6,964	622	89	15	7,690

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

	2008	**2007**
	HK$Million	*HK$Million*
Investment properties		
Held in Hong Kong – Long lease	3,220	3,170
Held outside Hong Kong – Long lease	4,258	3,794
	7,478	6,964
Property under development held outside Hong Kong – Freehold	670	622
Other properties held outside Hong Kong – Medium lease	—	88

(d) **Properties revaluation**

The Group's investment properties in Hong Kong and Singapore have been revalued as at 31 December 2008 by Knight Frank Petty Limited and CB Richard Ellis (Pte) Ltd, respectively, independent firms of property consultants, who have appropriate qualifications and experience in the valuation of properties in the relevant locations, on a market value basis, after taking into consideration the net rental income allowing for reversionary potential and the redevelopment potential of the properties where appropriate.

The surplus arising on revaluation is dealt with in the consolidated profit and loss account.

(e) The gross amount of fixed assets of the Group held for use in operating leases was HK$7,478 million (2007: HK$6,964 million).

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

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

	2008	2007
	HK$Million	*HK$Million*
Within 1 year	345	259
After 1 year but within 5 years	517	281
After 5 years	—	4
	862	544

(h) Property under development amounting to HK$670 million (2007: HK$622 million) has been pledged as security to obtain bank loans.

13. INTEREST IN SUBSIDIARIES

	Company	
	2008	2007
	HK$Million	*HK$Million*
Unlisted shares, at cost	2,545	2,545
Amounts due to subsidiaries	(729)	(492)
	1,816	2,053

Details of principal subsidiaries as at 31 December 2008 are shown on page 60.

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

14. INTEREST IN ASSOCIATES

	Group	
	2008	2007
	HK$Million	*HK$Million*
Share of net assets	498	581
Amounts due from associates	1,040	569
Amount due to an associate	(58)	(71)
	1,480	1,079

(a) Details of principal associates as at 31 December 2008 are shown on page 61.

(b) Amounts due from associates are unsecured, interest free and have no fixed terms of repayment, except a loan of HK$56 million (2007: HK$119 million) made by the Group to an associate involved in the Bellagio project, which is interest bearing, unsecured and has no fixed terms of repayment.

(c) Certain entities classified as jointly controlled entities in the previous year have been reclassified as associates to reflect more appropriately the substance of the arrangements with the other shareholder in these entities. Accordingly, the comparative figure for interest in associates in the amount of HK$943 million has been reclassified to conform to the current year's presentation.

(d) Summary financial information on associates:

	2008		**2007**	
	Total	**Attributable interest**	**Total**	**Attributable interest**
	HK$Million	*HK$Million*	*HK$Million*	*HK$Million*
Balance sheets				
Properties under development for sale in China	2,947	1,473	2,064	1,032
Properties held for sale in Hong Kong	325	103	519	164
Other assets	624	245	728	215
Total assets	3,896	1,821	3,311	1,411
Liabilities	(2,805)	(1,323)	(1,947)	(830)
Equity	1,091	498	1,364	581
Profit and loss accounts				
Revenue	428	127	1,104	327
Profit before taxation	(43)	(64)	430	116
Taxation	(28)	(7)	(74)	(20)
Profit after taxation	(71)	(71)	356	96

15. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2008	**2007**
	HK$Million	*HK$Million*
Equity securities, at market value		
Listed in Hong Kong	4,122	7,563
Listed outside Hong Kong	1,521	4,286
	5,643	11,849

(a) Included in the above equity securities is the Group's 7% interest in The Wharf (Holdings) Limited ("Wharf"), a fellow subsidiary of the Company, the carrying value of which constituted more than 10% of the Group's total assets at 31 December 2008. Details of Wharf are shown as follows:

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

In January 2008, the Group was alloted, on a pro-rata basis, 21,542,128 rights shares of Wharf at HK$30 per rights share for a total consideration of HK$646 million.

(b) Equity securities listed outside Hong Kong include WPSL's 20% (2007: 20%) interest in HPL and 17% (2007: 12%) interest in SC Global, which are incorporated and listed in Singapore. The equity interest in HPL is not classified as an associate as the Group does not have significant influence in HPL. The Group does not have representation on the board of directors and does not participate in the policy-making processes of HPL.

(c) An impairment loss of HK$1,105 million (2007: Nil) in respect of WPSL's interest in HPL and SC Global was recognised in 2008 due to significant or prolonged decline in the fair value of the investments.

16. DEFERRED DEBTORS

Deferred debtors represent receivables due after more than one year.

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

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

(b) Properties under development for sale in the amount of HK$6,581 million (2007: HK$6,054 million) are expected to be substantially completed and recovered after more than one year.

(c) Properties under development for sale with a carrying value of HK$2,803 million (2007: HK$4,544 million) are pledged as security for banking facilities made available to the Group.

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

	Group	
	2008	**2007**
	HK$Million	*HK$Million*
Held in Hong Kong		
Long lease	1,596	1,330
Medium lease	212	216
	1,808	1,546
Held outside Hong Kong		
Freehold	4,115	6,584
	5,923	8,130

18. 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 31 December 2008 as follows:

	Group	
	2008	**2007**
	HK$Million	*HK$Million*
Trade receivables		
Current	804	209
Past due:		
0 – 30 days	8	5
31 – 60 days	3	5
Over 90 days	—	1
	815	220
Deposits paid for properties acquisition	11	97
Other receivables	24	12
	850	329

Included in the 2008 current trade receivables are sales receivables of HK$792 million (representing the 15% remaining balance of sales consideration to be billed according to the standard payment scheme in Singapore) accrued by WPSL on completion of The Sea View and The Cosmopolitan. Of the accrued sales receivables, HK$422 million has been billed and collected by the end of February 2009. The balance of the sales receivables will be collected in 2009 and 2010.

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.

At 31 December 2008 and 2007, all trade receivables of the Group were neither past due nor impaired. These receivables relate to a wide range of customers for whom there was no recent history of default.

19. BANK DEPOSITS AND CASH

	Group	
	2008	**2007**
	HK$Million	*HK$Million*
Bank deposits and cash		
Not pledged	5,513	5,293
Pledged	80	21
	5,593	5,314

Included in bank deposits and cash is an amount of HK$1,543 million (2007: HK$1,706 million) in respect of certain proceeds received from the pre-sale of properties in Singapore held under the "Project Account Rules-1997 Ed", withdrawals from which are restricted to payments for expenditure incurred for the respective projects.

20. TRADE AND OTHER PAYABLES

Included in this item are trade payables with an ageing analysis as at 31 December 2008 as follows:

	Group	
	2008	**2007**
	HK$Million	*HK$Million*
Amounts payable in the next:		
0 – 30 days	121	70
31 – 60 days	36	50
61 – 90 days	12	19
Over 90 days	215	109
	384	248
Rental deposits	113	93
Derivative financial liabilities (Note 26b)	40	24
Other payables	207	206
	744	571

The amount of trade and other payables that is expected to be settled after more than one year is HK$92 million (2007: HK$72 million), which is mainly for rental deposits. The Group considers the effect of discounting these would be immaterial. All of the other trade and other payables are expected to be settled within one year or are payable on demand.

21. BANK LOANS

	Group 2008	Group 2007
	HK$Million	*HK$Million*
Current liabilities		
Unsecured bank loans	512	—
Non-current liabilities		
Secured bank loans	1,602	2,106
Unsecured bank loans	—	623
	1,602	2,729
Total bank loans	2,114	2,729
Maturity of bank loans		
Within 1 year	512	—
After 1 year but within 2 years	1,043	790
After 2 years but within 3 years	559	1,377
After 3 years but within 4 years	—	562
Total bank loans	2,114	2,729

(a) The above bank loans were borrowed by WPSL and denominated in Singapore dollar. The loans are non-recourse to the Company and its wholly-owned subsidiaries.

(b) The interest rate profile of the Group's bank loans was as follows:

	2008		2007	
	Effective interest rates	*HK$Million*	*Effective interest rates*	*HK$Million*
Floating rate bank loans				
Secured	1.53-1.55%	1,602	2.18-2.35%	2,106
Unsecured	1.91%	512	2.38%	623
		2,114		2,729

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

	2008	2007
	HK$Million	*HK$Million*
Properties under development for investment	670	622
Properties under development for sale	2,803	4,544
	3,473	5,166

22. DEPOSITS FROM SALE OF PROPERTIES

Deposits from sale of properties in the amount of HK$2,180 million (2007: HK$1,702 million) are expected to be recognised as income in the consolidated profit and loss account after more than one year.

23. DEFERRED TAXATION

(a) Net deferred tax (assets)/liabilities recognised in the consolidated balance sheet:

	Group	
	2008	**2007**
	HK$Million	*HK$Million*
Deferred tax liabilities	688	828
Deferred tax assets	(101)	—
Net deferred tax liabilities	587	828

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

	Revaluation of investment properties	**Revaluation of investments**	**Depreciation allowances in excess of the related depreciation**	**Future benefit of tax losses**	**Total**
	HK$Million	*HK$Million*	*HK$Million*	*HK$Million*	*HK$Million*
Group					
At 1 April 2007	283	280	61	—	624
Exchange differences	1	14	2	—	17
Charged to the profit and loss account	262	—	3	—	265
Credited to reserves	—	(78)	—	—	(78)
At 31 December 2007 and 1 January 2008	546	216	66	—	828
Exchange differences	(1)	(2)	—	3	—
Charged/(credited) to the profit and loss account	69	—	8	(104)	(27)
Credited to reserves	—	(214)	—	—	(214)
At 31 December 2008	614	—	74	(101)	587

(b) **Deferred tax assets unrecognised**

The Group has not accounted for deferred tax assets in respect of accumulated tax losses of HK$772 million (2007: HK$695 million) and certain deductible temporary differences of HK$38 million (2007: HK$Nil), with details below.

	Group	
	2008	**2007**
	HK$Million	*HK$Million*
Future benefit of tax losses	127	122
Deductible temporary differences	7	—
	134	122

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

24. SHARE CAPITAL

	2008 No. of shares	**2007 No. of shares**	**2008**	**2007**
	Million	*Million*	*HK$Million*	*HK$Million*
Authorised:				
Ordinary shares of HK$0.2 each	3,000	3,000	600	600
Issued and fully paid:				
Ordinary shares of HK$0.2 each	2,070	2,070	414	414

25. TOTAL EQUITY

	Shareholders' equity						
	Share capital	Investment revaluation reserves	Exchange and other reserves	Revenue reserves	Total	Minority interests	Total equity
	HK$Million	*HK$Million*	*HK$Million*	*HK$Million*	*HK$Million*	*HK$Million*	*HK$Million*
Group							
At 1 April 2007	414	3,759	595	16,448	21,216	2,376	23,592
Final dividend approved in respect of the previous year	—	—	—	(166)	(166)	—	(166)
Dividends paid to minority interests	—	—	—	—	—	(40)	(40)
Revaluation surplus/(deficit)	—	2,040	—	—	2,040	(117)	1,923
Realised on disposal	—	(113)	—	—	(113)	—	(113)
Exchange differences	—	—	398	—	398	123	521
Profit for the period retained	—	—	—	1,540	1,540	254	1,794
Interim dividend paid (Note 10)	—	—	—	(41)	(41)	—	(41)
At 31 December 2007 and 1 January 2008	414	5,686	993	17,781	24,874	2,596	27,470
Final dividend approved in respect of the previous period (Note 10)	—	—	—	(166)	(166)	—	(166)
Dividends paid to minority interests	—	—	—	—	—	(94)	(94)
Revaluation deficit	—	(5,971)	—	—	(5,971)	(472)	(6,443)
Realised on disposal	—	(91)	—	—	(91)	—	(91)
Impairment on investments	—	838	—	—	838	267	1,105
Exchange differences	—	—	(13)	—	(13)	(17)	(30)
Profit for the year retained	—	—	—	816	816	190	1,006
Interim dividend paid (Note 10)	—	—	—	(41)	(41)	—	(41)
At 31 December 2008	414	462	980	18,390	20,246	2,470	22,716
Company							
At 1 April 2007	414	—	55	1,738	2,207	—	2,207
Final dividend approved in respect of the previous year	—	—	—	(166)	(166)	—	(166)
Profit for the period retained	—	—	—	10	10	—	10
Interim dividend paid (Note 10)	—	—	—	(41)	(41)	—	(41)
At 31 December 2007 and 1 January 2008	414	—	55	1,541	2,010	—	2,010
Final dividend approved in respect of the previous period (Note 10)	—	—	—	(166)	(166)	—	(166)
Profit for the year retained	—	—	—	9	9	—	9
Interim dividend paid (Note 10)	—	—	—	(41)	(41)	—	(41)
At 31 December 2008	414	—	55	1,343	1,812	—	1,812

(a) Reserves of the Company available for distribution to equity shareholders at 31 December 2008 amount to HK$1,343 million (2007: HK$1,541 million). The application of the capital redemption reserve account is governed by section 49H of the Hong Kong Companies Ordinance. The investment revaluation reserves have been set up and will be dealt with in accordance with the accounting policies adopted for the valuation of available-for-sale investments. The exchange and other reserves mainly comprise exchange differences arising from the translation of the financial statements of foreign operations.

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

26. FINANCIAL RISK MANAGEMENT

The Group is exposed to financial risks as to interest rate, foreign currency, equity price, liquidity and credit arises in the normal course of business. To manage these risk exposures, the Finance Committee develops, maintains and monitors the Group's financial policies designed to facilitate cost efficient funding to the Group and to mitigate the impacts of fluctuations in interest rates and exchange rates. The financial policies are implemented by the Treasury department, which operates as a centralised service unit in close co-operation with operating units for managing the day-to-day treasury functions and financial risks and for providing cost efficient funding to the Group.

The Group cautiously uses derivatives, principally forward foreign exchange contracts as appropriate for financing, hedging transactions and for managing the Group's assets and liabilities. It is the Group's policy not to enter into derivative transactions and invest in financial products with significant underlying leverage which are commercially speculative.

(a) Interest rate risk

The Group's main exposure to interest rate risk relates principally to the Group's bank deposits and loans from banks. Interest rates on bank deposits and loans are determined based on prevailing market rates and expose the Group to cash flow interest rate risk. The Group manages its interest rate risk exposures in accordance with defined policies through regular review with a focus on reducing the Group's overall cost of funding. The Group does not use derivative financial instruments to hedge interest rate risk.

Based on the sensitivity analysis performed on 31 December 2008, it was estimated that a general increase/decrease of 1% in interest rates would increase/decrease the Group's post-tax profit and total equity by approximately HK$38 million (2007: HK$25 million). This takes into account the effect of interest bearing bank deposits.

The sensitivity analysis is determined assuming all other variables, including the amount of borrowings and bank deposits, held constant for the whole year and the change in interest rates are compared to the rates applicable at the balance sheet date and are applied to both derivative and non-derivative financial instruments in existence at that date. The analysis is performed on the same basis for 2007.

(b) **Foreign currency risk**

The Group owns assets and conducts its businesses in Hong Kong, Singapore and China with its cash flows denominated substantially in Hong Kong dollar ("HKD"), Singapore dollar ("SGD") and Renminbi ("RMB"), and is exposed to foreign currency risk with respect to SGD and RMB related to its investments in subsidiaries and associates operating in Singapore and China respectively.

The Group uses forward foreign exchange contracts and local currency borrowings to hedge its foreign currency risk except its net investments in Singapore subsidiaries and China associates. For managing the overall financing costs of existing and future capital requirements for the projects in China, the Group has adopted a diversified funding approach and entered into certain forward foreign exchange contracts with the financial effect as if taking Japanese yen ("JPY") borrowings, taking the advantage of lower interest rate for the JPY but exposing the Group to exchange rate risk with respect to JPY. Based on the prevailing accounting standard, these JPY exchange contracts have to be marked to market with the differences recognised to profit and loss account.

The notional amount of the outstanding forward foreign exchange contracts at 31 December 2008 is HK$606 million (2007: HK$566 million). The net fair value of forward foreign exchange contracts at 31 December 2008 is HK$40 million (2007: HK$24 million) recognised as derivative financial liabilities. The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

Based on the sensitivity analysis performed on 31 December 2008, it was estimated that a 1% increase/decrease in the exchange rate of JPY against United States dollar ("USD") will decrease/increase the Group's post-tax profit and total equity by approximately HK$6 million (2007: HK$6 million).

On consolidation as at 31 December 2008, the Group's net investments subject to foreign translation exposure were approximately HK$7,755 million (2007: HK$8,150 million) for its net investments in Singapore subsidiaries and HK$1,430 million (2007: HK$943 million) for its net investments in China associates. With this translation exposure, a 1% increase/decrease in the exchange rate of SGD and RMB against HKD will increase/decrease the Group's equity by approximately HK$78 million (2007: HK$82 million) and HK$14 million (2007: HK$9 million) respectively.

The above sensitivity analysis is determined assuming that the change in foreign exchange rates are compared to the rates applicable at the balance sheet date and are applied to each of the Group's entities' exposure to currency risk for both derivative and non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. In this respect, it is assumed that the pegged rate between the HKD and the USD would be materially unaffected by any changes in movement in value of the USD against other currencies. The analysis is performed on the same basis for 2007.

(c) **Equity price risk**

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

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

Based on the sensitivity analysis performed on 31 December 2008, it is estimated that an increase/decrease of 5% in the market value of the Group's listed available-for-sale investments, with all other variables held constant, would not affect the Group's post-tax profit unless there are impairments but would increase/decrease the Group's total equity by HK$282 million (2007: HK$573 million). Since WPSL's investments in HPL and SC Global were considered to be impaired as at 31 December 2008, further decrease in market value of the investments may be required to be charged to the profit and loss account, subject to impairment tests at the respective reporting balance sheet dates. The analysis is performed on the same basis for 2007.

(d) **Liquidity risk**

The Group adopts a prudent liquidity risk management policy, maintaining sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding with staggered maturities to reduce refinancing risk in any year from major financial institutions to maintain flexibility for meeting its liquidity requirements in the short and longer term. The Group's cash management are substantially centralised by the Treasury department, which regularly monitor the current and expected liquidity requirements and its compliance with lending covenants.

Certain non-wholly-owned subsidiaries are responsible for their own cash management, including the short term investment of cash surpluses with creditworthy financial institutions and the raising of loans to cover expected cash demands, in accordance with the established policies and strategies with the concurrence by the Company.

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

		Contractual undiscounted cashflow				
	Carrying amount	**Total**	**Within 1 year or on demand**	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**
	HK$Million	*HK$Million*	*HK$Million*	*HK$Million*	*HK$Million*	*HK$Million*
At 31 December 2008						
Trade and other payables	744	744	652	27	65	—
Bank loans	2,114	2,172	541	1,070	561	—
Amounts due to fellow subsidiaries	40	40	40	—	—	—
	2,898	2,956	1,233	1,097	626	—
At 31 December 2007						
Trade and other payables	571	571	499	32	37	3
Bank loans	2,729	2,888	62	842	1,984	—
Amounts due to fellow subsidiaries	34	34	34	—	—	—
Dividend payable	41	41	41	—	—	—
	3,375	3,534	636	874	2,021	3

(e) **Credit risk**

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

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

The Group has no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet. Except for the financial guarantees given by the Company as set out in Note 27, the Group does not provide any other guarantee which would expose the Group or the Company to material credit risk.

(f) **Fair value estimation**

Listed investments are stated at quoted market prices.

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

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

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2008 and 2007. Amounts due (to)/from subsidiaries and associates are unsecured, interest free or at prevailing market rates, and have no fixed repayment terms. Given these terms it is not meaningful to disclose fair values.

(g) **Capital management**

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

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

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

As at 31 December 2008, the Group had net cash of HK$3,479 million (2007: HK$2,585 million).

27. CONTINGENT LIABILITIES

(a) At 31 December 2008, there were contingent liabilities in respect of guarantees given by the Company on behalf of subsidiaries relating to banking facilities up to HK$225 million (2007: HK$225 million).

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

28. COMMITMENTS

The Group's outstanding commitments on expenditures as at 31 December 2008 included below:

		Group	
		2008	**2007**
		HK$Million	*HK$Million*
(a)	**Properties under development**		
	Authorised and contracted for:		
	Hong Kong	498	266
	Singapore	1,241	1,609
	Authorised but not contracted for:		
	Hong Kong	—	580
		1,739	2,455
(b)	**Properties under development in China through associates**		
	Authorised and contracted for	124	322
	Authorised but not contracted for	1,488	1,420
		1,612	1,742
(c)	**Other capital expenditure**		
	Authorised and contracted for	9	—

29. MATERIAL RELATED PARTY TRANSACTIONS

Except for the transactions noted below, the Group and the Company have not been a party to any material related party transactions during the year ended 31 December 2008:

(a) Included in interest in associates is a loan of HK$56 million (2007: HK$119 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 1.5 % and 3.9% (2007: 3.8% and 6.1%) per annum for the current financial year. Interest income in respect of the loan to the associate for the year ended 31 December 2008 amounted to HK$2 million (2007: HK$8 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$36 million (2007: HK$28 million) for the provision of management services to the Group during the year 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 management and agency fees totalling HK$9 million (2007: HK$7 million) for the provision of property management and property leasing and related services to the Group during the year 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.

(d) The Group received dividend income in the amount of HK$155 million (2007: HK$138 million) during the year ended 31 December 2008 in respect of its 7% interest in Wharf.

30. CHANGES IN ACCOUNTING POLICIES

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued the following interpretations and an amendment to Hong Kong Financial Reporting Standards ("HKFRSs") that are first effective for the current accounting period of the Group and the Company:

- HK(IFRIC) 12, Service concession arrangements
- HK(IFRIC) 14, HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction
- Amendments to HKAS 39, Financial instruments: Recognition and measurement, and HKFRS 7, Financial instruments: Disclosures — Reclassification of financial assets

The "Principal accounting policies" set out on pages 43 to 59 summarises the accounting policies of the Group and the Company after the adoption of these policies to the extent that they are relevant to the Group and the Company.

The adoption of the new and revised HKFRSs has no material impact to the financial statements of the Group for the nine months ended 31 December 2007 and the year ended 31 December 2008.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 31).

31. FUTURE CHANGES IN ACCOUNTING POLICIES

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations, which have not been adopted since they are only effective after 31 December 2008.

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

In addition, the following developments may result in new or amended disclosures in the financial statements, including possible restatement of comparative amounts in the first period of adoption:

	Effective for accounting periods beginning on or after
HKAS 1 (Revised), Presentation of financial statements	1 January 2009
HKFRS 8, Operating segments	1 January 2009
HKAS 27 (Revised), Consolidated and separate financial statements	1 July 2009

32. PARENT AND ULTIMATE HOLDING COMPANY

The Directors consider the parent and ultimate holding company at 31 December 2008 to be Wheelock and Company Limited, incorporated and listed in Hong Kong. Wheelock and Company Limited produces financial statements available for public use.

33. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 17 March 2009.

PRINCIPAL ACCOUNTING POLICIES

(a) STATEMENT OF COMPLIANCE

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 30 to the Financial Statements provides information on the changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(b) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements made up to 31 December comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

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

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

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

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

(c) BASIS OF CONSOLIDATION

(i) **Subsidiaries and minority interests**

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

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

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

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

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

(ii) **Associates**

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

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

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

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

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

(iii) **Goodwill**

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

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

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

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

(d) PROPERTIES

(i) **Investment properties**

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

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

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

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

(ii) **Other properties held for own use**

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

(iii) **Properties under development for sale**

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

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

(iv) **Properties held for sale**

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

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

(e) OTHER FIXED ASSETS

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

(f) DEPRECIATION OF FIXED ASSETS

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

(i) **Investment properties**

No depreciation is provided on investment properties.

(ii) **Other properties held for own use**

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

(iii) **Other fixed assets**

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

(g) INVESTMENTS IN DEBT AND EQUITY SECURITIES

Investments in debt and equity securities are initially stated at cost, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

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

(ii) Dated debt securities that the Group has the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated in the balance sheet at amortised cost less impairment losses.

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

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

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

(h) DERIVATIVE FINANCIAL INSTRUMENTS

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

(i) HEDGING

(i) Fair value hedge

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

(ii) Cash flow hedge

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

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

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

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

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

(iii) **Hedge of net investment in a foreign operation**

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

(j) LEASED ASSETS

An arrangement comprising a transaction or a series of transactions is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) **Classification of leased assets**

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

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

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

(ii) **Assets held under operating leases**

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

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

(iii) **Assets held under finance leases**

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

(k) IMPAIRMENT OF ASSETS

(i) **Impairment of financial assets**

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

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

For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets) where the effect of discounting is material. If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the consolidated profit and loss account. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

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

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

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

(ii) **Impairment of other assets**

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

Recoverable amount

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

Recognition of impairment losses

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

Reversals of impairment losses

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

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

(l) TRADE AND OTHER RECEIVABLES

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

(m) INTEREST-BEARING BORROWINGS

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

(n) TRADE AND OTHER PAYABLES

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

(o) CASH AND CASH EQUIVALENTS

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

(p) FOREIGN CURRENCIES

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

(q) RECOGNITION OF REVENUE

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

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

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

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

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

(r) BORROWING COSTS

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

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

(s) INCOME TAX

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

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

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

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

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

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

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

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

(t) RELATED PARTIES

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

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

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

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

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

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

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

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

(u) FINANCIAL GUARANTEES ISSUED, PROVISIONS AND CONTINGENT LIABILITIES

(i) **Financial guarantees issued**

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

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

(ii) **Other provisions and contingent liabilities**

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

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

(v) SEGMENT REPORTING

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

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

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

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

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

(w) EMPLOYEE BENEFITS

(i) **Defined contribution retirement schemes**

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

(ii) **Central Provident Fund in Singapore**

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

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

(x) **SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

Key sources of estimation uncertainty

Note 26 contains information about the assumptions and their risk relating to financial instruments. Other key sources of estimation uncertainty are as follows:

(i) *Valuation of investment properties*

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

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

(ii) *Assessment of useful economic lives for depreciation of fixed assets*

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

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

(iii) *Assessment of impairment of non-current assets*

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

(iv) *Assessment of provision for properties held under development and for sale*

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

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

(v) *Recognition of deferred tax assets*

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

PRINCIPAL SUBSIDIARIES AND ASSOCIATES

At 31 December 2008

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

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

Notes:

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

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

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

(d) The associates are unlisted corporate entities.

III. UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2009

Set out below are the unaudited consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group and notes to the interim financial statements reproduced from the unaudited interim financial statements published in the Company's interim report for the six months ended 30 June 2009.

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	**Investment revaluation reserves**	**Exchange and other reserves***	**Revenue reserves**	**Total**	**Unaudited Minority interests**	**Unaudited Total equity**
	HK$Million	*HK$Million*	*HK$Million*	*HK$Million*	*HK$Million*	*HK$Million*	*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	Operating profit	Increase in fair value of investment properties	Net other charge	Finance costs	Associates	Profit before taxation
	HK$Million	*HK$Million*	*HK$Million*	*HK$Million*	*HK$Million*	*HK$Million*	*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	**30 June 2008**	**30 June 2009**	**30 June 2008**	**30 June 2009**	**31 December 2008**
	HK$Million	*HK$Million*	*HK$Million*	*HK$Million*	*HK$Million*	*HK$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	**30 June 2008**
	HK$Million	*HK$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	**30 June 2008**
	HK$Million	*HK$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	**31 December 2008**
	HK$Million	*HK$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	31 December 2008
		HK$Million	*HK$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.

IV. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Set out below is the management discussion and analysis of the Group reproduced from the Company's interim report for the six months ended 30 June 2009.

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	31 December 2008
	HK$Million	*HK$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	31 December 2008
	HK$Million	*HK$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).

V. INDEBTEDNESS

BORROWINGS

At the close of business on 28 February 2010, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had total borrowings of HK$1,302 million. Details of the total borrowings are summarised below:

	The Group
	HK$Million
Secured	
Bank loans	1,302
Total borrowings	1,302
Analysis of total borrowings	
Repayable within 1 year	727
Repayable after 1 year, but within 2 years	575
Total borrowings	1,302

FACILITIES

As at 28 February 2010, the Group had total banking facilities of HK$2,296 million. The banking facilities of the Group were secured by certain properties under development with an aggregate carrying value of HK$4,480 million.

CONTINGENT LIABILITIES

There were no material contingent liabilities as at 28 February 2010.

DEPOSITS AND CASH

As at 28 February 2010, the Group had deposits and cash of approximately HK$6,707 million.

Save as aforesaid and apart from intra-group liabilities and normal trade payables, the Group did not have any loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorized or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding at the close of business on 28 February 2010.

Save as disclosed above, the Directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of the Group since 28 February 2010, up to and including the Latest Practicable Date.

VI. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources available to the Group, including internally generated funds and the available banking facilities, the Group has sufficient working capital to meet its current known requirements for at least the next 12 months from the date of this circular, in the absence of unforeseeable circumstances.

VII. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Following an austere year dogged by severe economic challenges, the Hong Kong economy is poised to resume positive growth in 2010. The government forecasts a GDP growth rate of 4-5% for the year.

Singapore's GDP, likewise, is set to revert to growth in 2010. The Ministry of Trade and Industry expects the Singapore economy to grow at 4.5-6.5% this year.

However, serious uncertainties remain as the markets anticipate the eventual unwinding of the financial rescue programmes introduced by various governments around the world in 2009 to avert a collapse of financial systems and economies.

VIII. MATERIAL ADVERSE CHANGE

The Directors are not aware as at the Latest Practicable Date of any material adverse change in the financial or trading position or prospect of the Group since 31 December 2008, the date to which the latest published audited financial statements of the Group were made up, save for the information set out in the published interim financial statements of the Group for the six months ended 30 June 2009.

The following is the text of a report, prepared for the sole purpose of incorporation in this circular, received from the independent reporting accountants of the Company, KPMG, Certified Public Accountants, Hong Kong. As described under "Documents available for inspection" in Appendix III, a copy of the following report is available for inspection.

KPMG

8th Floor
Prince's Building
10 Charter Road
Central
Hong Kong

16 April 2010

The Board of Directors
Wheelock Properties Limited

Dear Sirs,

We report on the unaudited pro forma financial information ("the Unaudited Pro Forma Financial Information") of the Company and its subsidiaries ("the Group") set out in Sections A and B of Appendix II to the circular of the Company dated 16 April 2010 ("the Circular"), which has been prepared by the directors of the Company solely for illustrative purposes to provide information about how the major transaction relating to the formation of a joint venture for the development of the Austin Station Property Developments Site C and Site D might have affected the financial information presented. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in the introduction and notes to the Unaudited Pro Forma Financial Information as set out in Sections A and B of Appendix II to the Circular.

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with Paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by Paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issues.

Basis of opinion

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements ("HKSIR") 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to Paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 December 2009 or any future date.

Opinion

In our opinion:

a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group, and

c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to Paragraph 4.29(1) of the Listing Rules.

Yours faithfully

KPMG
Certified Public Accountants
Hong Kong

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP AFTER THE TRANSACTION

(A) INTRODUCTION

The following is an illustrative and unaudited pro forma statement of assets and liabilities of the Group, which has been prepared for the purpose of illustrating the effect of the Transaction on the assets and liabilities of the Group, as if the Transaction has taken place on 31 December 2009.

This unaudited pro forma statement of assets and liabilities has been prepared based on the consolidated statement of financial position of the Group as extracted from the published 2009 Final Results Announcement dated 16 March 2010 of the Group for the year ended 31 December 2009, after making certain pro forma adjustments as set out in the notes below.

The unaudited pro forma statement of assets and liabilities has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Transaction been completed on 31 December 2009 or on any future date.

(B) UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP

As at 31 December 2009

	The Group	Pro forma adjustments for the Transaction	Note	Adjusted balance
	HK$Million	*HK$Million*		*HK$Million*
	(Unaudited)	*(Unaudited)*		*(Unaudited)*
	Note (i)			
Non-current assets				
Investment properties	8,303			8,303
Other property, plant and equipment	6			6
Total fixed assets	8,309			8,309
Interest in associates	1,360			1,360
Interest in a jointly controlled entity	—	1,100	*(ii)*	1,100
Available-for-sale investments	12,071			12,071
Deferred tax assets	66			66
Deferred debtors	9			9
	21,815	1,100		22,915
Current assets				
Properties under development for sale	7,514			7,514
Properties held for sale	185			185
Trade and other receivables	616			616
Held-to-maturity investments	15			15
Bank deposits and cash	6,969	(1,100)	*(ii)*	5,869
	15,299	(1,100)		14,199
Current liabilities				
Trade and other payables	(699)			(699)
Bank loans	(721)			(721)
Deposits from sale of properties	(3,617)			(3,617)
Amounts due to fellow subsidiaries	(65)			(65)
Taxation payable	(33)			(33)
	(5,135)	—		(5,135)
Net current assets	10,164	(1,100)		9,064
Total assets less current liabilities	31,979	—		31,979

	The Group *HK$Million* *(Unaudited)* *Note (i)*	Pro forma adjustments for the Transaction *HK$Million* *(Unaudited)*	*Note*	Adjusted balance *HK$Million* *(Unaudited)*
Non-current liabilities				
Bank loans	(569)			(569)
Deferred tax liabilities	(659)			(659)
	(1,228)	—		(1,228)
NET ASSETS	30,751	—		30,751

Notes:

(i) The assets and liabilities of the Group are extracted from the consolidated statement of financial position of the Group as at 31 December 2009 as set out in the Group's 2009 Final Results Announcement dated 16 March 2010.

(ii) The adjustment represents the shareholder's loan of approximately HK$1.1 billion expected to be made to the jointly controlled entity, Fast New, by the Group.

The total commitment of the Group for the Project is expected to be approximately HK$5.8 billion comprising land premium of approximately HK$3.9 billion and development costs of approximately HK$1.9 billion, of which the land premium to the extent of approximately HK$1.1 billion is expected to be funded by the Group's existing bank deposits and cash (via the above shareholder's loan) and the remaining balance of the land premium and development costs of the Project will be satisfied by bank borrowings to be obtained directly by Fast New.

However, the ratio of internal funding and bank borrowings may change depending on the financial circumstances and terms of the bank borrowings to be obtained.

(iii) It is expected that the Company and NWD as guarantors (on a several basis) will provide a guarantee in favour of the financial institutions providing the bank borrowings to Fast New as described in Note (ii). No adjustment has been made to recognise any deferred income for the guarantee to be provided as, in the absence of observable market data, the best estimate of its fair value is expected to be its transaction price of HK$Nil.

(iv) The Company and NWD as guarantors (on a several basis) have provided a guarantee in favour of MTR to guarantee the performance and fulfillment of all obligations of Fast New under or arising out of or in connection with the Development Agreement. No adjustment has been made to recognise any deferred income for the guarantee given as, in the absence of observable market data, the best estimate of its fair value is its transaction price of HK$Nil.

(v) No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2009.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

DIRECTORS' INTERESTS IN SECURITIES

As at the Latest Practicable Date, the interests (all being long positions) of the Directors and chief executive (if any) of the Company in the shares, underlying shares and debentures of the Company or some of its associated corporation(s) (within the meaning of Part XV of the SFO), namely, Wheelock, Wharf, i-CABLE and Wharf Finance (No. 1) Limited ("Wharf Finance"), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or (c) pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers, to be notified to the Company and the Stock Exchange, together with the percentages which the relevant shares represented to the issued share capitals of Wheelock, Wharf and i-CABLE, were as follows:

	Nature of Interest	**Quantity Held** *(percentage of issued share capital, if applicable)*
Wheelock - Ordinary shares		
Peter K. C. Woo	Personal Interest in 8,847,510 shares, Corporate Interest in 200,865,142 shares and Other Interest in 995,221,678 shares	1,204,934,330 (59.3023%)
T. Y. Ng	Personal Interest	70,000 (0.0034%)
Wharf - Ordinary shares		
T.Y. Ng	Personal Interest	200,268 (0.0073%)
i-CABLE - Ordinary shares		
T. Y. Ng	Personal Interest	17,801 (0.0009%)
Wharf Finance - HK$ Fixed Rate Notes due 2020		
Roger K. H. Luk	Personal Interest in HK$1,000,000 and Family Interest in HK$1,000,000	HK$2,000,000

Notes:

(a) The 995,221,678 shares of Wheelock stated above as "Other Interest" against the name of Mr. Peter K. C. Woo represented an interest comprised in certain trust properties in which Mr. Woo was taken, under certain provisions in Part XV of the 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.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive (if any) of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, (c) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, Mr. Peter K. C. Woo, Chairman of the Company, and three other Directors of the Company, namely, Mr. T. Y. Ng, Mr. Paul Y. C. Tsui and Mr. Ricky K. Y. Wong, are directors and/or employees of Wheelock (and/or its wholly-owned subsidiary(ies)), which has an interest, being long position, in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have since 31 December 2008 (being the date to which the latest published audited accounts of the Group were made up) been acquired or disposed of by or leased to any members of the Group, or was proposed to be acquired or disposed of by or leased to any members of the Group.

DIRECTORS' INTERESTS IN CONTRACT OF SIGNIFICANCE

None of the Directors is materially interested, directly or indirectly, in any contracts or arrangements entered into by any members of the Group subsisting at the date of this circular and which is significant in relation to the business of the Group.

MATERIAL CONTRACTS

Neither the Company nor any of its subsidiaries has entered into any contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this circular which are or may be material.

LITIGATION

As far as the Directors are aware, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries as at the Latest Practicable Date.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and their respective associates (as defined under the Listing Rules) is considered as having a competing interest pursuant to Rule 8.10 of the Listing Rules.

As at the Latest Practicable Date, four Directors of the Company, namely, Messrs. Peter K. C. Woo, T. Y. Ng, Paul Y. C. Tsui and Ricky K. Y. Wong, being also directors of the Company's parent company, namely, Wheelock, and/or certain subsidiaries of Wheelock, are considered as having an interest in Wheelock under Rule 8.10 of the Listing Rules.

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

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

EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given its opinion or advice on the information contained in this circular:

Name	**Qualification**
KPMG	Certified public accountants

KPMG has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter/opinion and references to its name in the form and context in which they are included.

EXPERTS' INTEREST

As at the Latest Practicable Date, KPMG:

(a) was not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2008, being the date to which the latest published audited accounts of the Company were made up; and

(b) did not have any shareholding interest in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

MISCELLANEOUS

(a) The secretary of the Company is Mr. Wilson W. S. Chan, who is a fellow member of The Institute of Chartered Secretaries and Administrators.

(b) The transfer office of the Company is that of the Company's share registrars, namely, Tricor Tengis Limited, and is situate at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(c) The English text of this circular shall prevail over the Chinese text.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 23rd Floor, Wheelock House, 20 Pedder Street, Hong Kong during normal business hours from the date of this circular up to and including 3 May 2010.

(a) memorandum of association and articles of association of the Company;

(b) the accountants' report from KPMG on unaudited pro forma financial information of the Group, the text of which is set out in Appendix I;

(c) the written consent as referred to in the section headed "Expert's Qualification and Consent" in this appendix; and

(d) the annual reports of the Company for the year ended 31 December 2008 and nine months ended 31 December 2007 and the interim report of the Company for the six months ended 30 June 2009.