Wheelock and Company Limited

The Wharf (Holdings) Limited

Building for Tomorrow

26 March 2008

Analyst Briefing

WHEELOCK
Founded 1857

WHARF
Established 1886

Consolidation

- **Wheelock has changed its financial year-end date from 31st Mar to 31st Dec to coincide with that of Wharf – the financial period under review covers a period of 9 months from 1.4.2007 to 31.12.2007 (2006: 12 months from 1.4.2006 to 31.3.2007)**

- **Wharf became a subsidiary of the Group and its financial statements for the 12-month period from 1.1.2007 to 31.12.2007 (2006/07: 12-month period from 1.1.2006 to 31.12.2006) have been fully consolidated in the Group's**

- **In the previous year, the Group equity accounted for its interest in Wharf and shared Wharf's results and net assets based on its financial statements ended 31 December each year**

	FY07 (HK$)	FY06/07 (HK$)	% Change
Net profit excluding revaluation surplus	3,361M	3,008M	+12%
Revaluation surplus (net of Tax & MI)	4,254M	3,302M	+29%
Profit attributable to shareholders	7,615M	6,310M	+21%
EPS	3.75	3.11	+21%
EPS (excluding revaluation surplus)	1.65	1.48	+11%
DPS	¢ 12.5*	¢ 12.5	-

* DPS of FY07 is for 9 months period Apr – Dec 07 (FY06/07: 12 months period) due to change of year end.

Wheelock's Results Highlights

Building for Tomorrow

	FY07 (HK$)	FY06/07 (HK$)	% Change
Borrowing Cost	1,212M	1,013M	+20%
Average Interest Rate	4.6%	4.6%	-
	As at 31.12.07	*As at 31.3.07*	
Net Debt (Debts $35.0M – cash $13.1M)	21.9B	15.6B	+40%
Wharf – net debt	23.6B	16.9B	+40%
WPL – net cash	2.3B	2.9B	-21%
WPSL – net cash	0.3B	0.4B	-25%
Pre Wharf's and HCDL's rights issue			
Debt to Shareholders' Equity	38.7%	31.6%	+7.1 pts
Debt to Total Equity	19.2%	15.6%	+3.6 pts
Post Wharf's and HCDL's rights issue			
Net Debt	17.0B	N/A	-
Debt to Shareholders' Equity	30.0%	N/A	-
Debt to Total Equity	14.9%	N/A	-

Note:

(1) Wharf 's net debts are without recourse to the Company and its wholly-owned subsidiaries

Wharf's Rights Issue

	HK$B	HK$B
Net proceeds received by Wharf		9.1*
- Paid by Wheelock & Company	4.0	
- Paid by WPL	0.6	
- Paid by other shareholders	4.5	

Notes

*** Applied mainly for its expanding property investment in China.**

Solid and Stable Income from the Group's Business in HK facilitates the Group's Business Expansion in China in Future

1. Property (represents 61% of the Group's operating profit in 2007)

- Properties continued to perform strongly in 2007: turnover: HK$8,842M, +48%; profit: HK$5,828M, +47%.
  - Core properties Harbour City and Times Square represent 52% of Group's total assets. Combined turnover: HK$5,434M (+15%), operating profit: HK$4,035M, (+18%)
  - Robust growth in property development profit (HK& China): HK$1,127M (06: HK$-4M) on the sales of phase I units at Wellington Garden and selected towers of Wuhan times Square in China and the remaining 3 Gough Hill houses in HK

2. Logistics (represents 20% of the Group's operating profit in 2007)

- MTL business in HK
  - Steady 6% throughput growth in 2007
  - Strong cash flow & a show case

Growth Driver – China (Properties & Logistics), Building for Tomorrow

1. China Properties

- Acquired 12 prime sites for development in the cities of Chengdu, Chongqing, Suzhou, Nanjing, Changzhou, and Wuxi in 2007 & early 2008.
- Attributable landbank (incl. investment properties): Reached 90M s.f. – approaching our interim aim of 100M s.f.
- Put up several phases of various residential projects in the cities of Shanghai, Wuhan, and Chengdu for sale/ pre-sale and met with overwhelming responses.
- Most of the units were taken up quickly and average selling price exceeded the Group's expectation. (See slide 23)
- With project completion of Phase I of Wellington Garden (Shanghai) and Wuhan Times Square in 2007, relevant residential sales contributed meaningful profits to the Group.

(cont'd)

Growth Driver – China (Properties & Logistics), Building for Tomorrow

2. China Logistics

- ❖ MTL's progressive investment programme in China is bearing fruit
  - ◆ Dachan Bay (Phase I) – 1st 2 berths commenced in 12/07, the remaining 3 berths will be commissioned in 2008
  - ◆ Together with others including Taicang terminal and Mega SCT, MTL will significantly increase its presence in the region of PRD & YRD.
- ❖ The resultant capacity in China - larger than the existing one in HK

Wharf's Results Highlights

Building for Tomorrow

	FY 07 (HK$)	FY 06 (HK$)	% Change
❖ Turnover	16,208M	13,364M	+21%
❖ Operating profit	9,466M	6,471M	+46%
❖ Borrowing costs	(1,142M)	(824M)	-39%
❖ Taxation	(2,137M)	(1,065M)	-101%
❖ Net profit before property revaluation	5,947M	4,285M	+39%

Building for Tomorrow

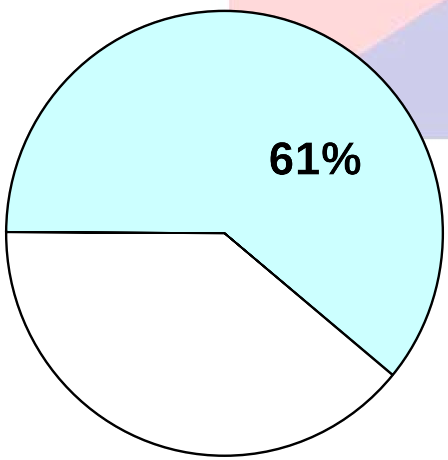
	FY 07 (HK$)	FY 06 (HK$)	% Change
❖ Net profit excluding revaluation surplus	5,947M	4,285M	+39%
❖ Revaluation surplus (net of Tax & MI)	7,196M	6,472M	+11%
❖ Profit attributable to shareholders	13,143M	10,757M	+22%
❖ Earnings per share	5.37	4.39	+22%
❖ EPS (excluding revaluation surplus)	2.43	1.75	+39%
❖ DPS	¢ 80.00*	¢ 80.00	-

* DPS based on enlarged capital post-rights issue.

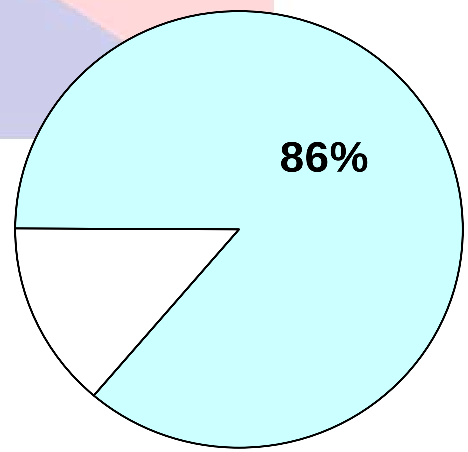
Wharf's Results Highlights

	FY 07	FY 06	% Change
❖ Borrowing Cost	1,142M	824M	+39%
❖ Average Interest Rate	4.8%	4.7%	+0.1pts
❖ Interest Cover	4.6	5.8	
Before Rights Issue ($9.1B)			
❖ Net Debt	23.6B	16.9B	+40%
❖ Net Debt (excl. MTL's & HCDL's debt non-recourse to Wharf)	12.7B	13.8B	-8.0%
Pre Wharf's and HCDL's rights issue			
❖ Debt to Shareholders' Equity	27.3%	22.5%	+4.8pts
❖ Debt to Total Equity	25.6%	21.1%	+4.5pts
Post Wharf's and HCDL's rights issue			
❖ Net debt	14.0B	N/A	
❖ Debt to Shareholders' Equity	14.7%	N/A	
❖ Debt to Total Equity	13.8%	N/A	

	Revenue			Profit		
	FY 07 (HK$M)	FY 06 (HK$M)	% Change	FY 07 (HK$M)	FY 06 (HK$M)	% Change
Property Investment	6,506	5,677	+15%	4,701	3,973	+18%
Property Development	2,336	293	+697%	1,127	(4)	+283%
Total	8,842	5,970	+48%	5,828	3,969	+47%



Segment Profit Allocation



Share of Group NAV

SEGMENT PERFORMANCE

	Revenue FY 07 (HK$M)	Revenue FY 06 (HK$M)	Revenue % Change	Occupancy %
Retail	1,742	1,472	+18%	99%+
Office	1,336	1,104	+21%	95%
Serviced Apartment	245	202	+21%	90%
Hotel	972	944	+3%	90%
Total	4,295	3,722	+15%	

Building for Tomorrow

Retail

- **Average occupancy: Nearly 100%**
- **Retail sales driven by upbeat domestic consumption (Rising household incomes, better job security & a record low unemployment) and healthy growth in tourist arrivals (with increased spending in HK)**
- **Average tenant's sales psf +27% YoY in 2007; record 12/07 sales of over HK$1,800 psf in Dec 07**
- **Shoppers' foot traffic for 2007 +15% to 75 million**
- **LV's new store at HC to 3 levels – 2nd largest in the world after the main store at Champs Elysees in Paris, opened in Mar 2008**
- **Conversion of Level 4 of OC into 40,000 s.f. lettable space substantially completed - 3 stylish restaurants offering terrace dining with panoramic view have opened**

Properties – Harbour City

Office

- **Average occupancy: 95%**
- **New lettings: 626,084 s.f., including in-house expansions and relocation of offices for upgrading**
- **Several commercial banks including Mizuho Corporate Bank (over 47,000 s.f.) relocated to GW at HC in 12/07**
- **Positive rental reversion**
- **Some recent transactions at GW Tower 6: over $40 psf**

Serviced Apartments

- **Occupancy: 90%**
- **2nd Penthouse unit renovation completed in 12/2007 & is now being marketed at a promising rate**

SEGMENT PERFORMANCE	Revenue			Occupancy
	FY 07 (HK$M)	FY 06 (HK$M)	% Change	
Retail	774	706	+10%	99%
Office	365	294	+24%	98%
Total	1,139	1,000	+14%	

Properties – Times Square

Retail

- Average occupancy: 99%
- Favourable rental growth on new leases and renewals
- Trade-mix refinement continued; Gucci's commitment of over 3,700-sq-foot retail space on the 2nd floor will boost excitement and traffic
- Active recruitment of debut international labels will be one of the main focuses

Office

- Occupancy: 98%
- New lettings: 153,666 s.f.; most of them were in-house expansions
- Strong rental reversion

- ❖ **Acquired 12 new prime sites in the cities of Chengdu, Chongqing, Suzhou, Nanjing, Changzhou and Wuxi in 2007 & early 2008**

- ❖ **Attributable Landbank (incl. investment properties) : Reached 90M s.f. approaching our interim aim of 100M s.f.**

Recent Acquisitions – Dec 07/Jan 08

Under Wharf

- Qixia/Xianlin New District, Nanjing City (attributable GFA: 2.3M s.f.)
  - JV (Wharf / China Merchants: 50%: 50%)
  - High end residential; completion: 2012

- 3 land parcels in Nanchang District, Wuxi (GFA: 8.74M s.f.)
  - 3 land parcels
  - Commercial / residential development

Under HCDL

- Xinbei District, Changzhou (GFA: 8.7M s.f.)
  - Hotel / Residential; completion: 2012

- **3 Times Squares (Shanghai, Beijing, & Chongqing) posted strong performance**
- **FY07 Revenue: HK$416M, +21%, Operating profit: HK$197M, +52%**
- **Shanghai Wheelock Square (98% JV)**
  - **Top quality Grade A office tower (with retail); completion: 2009**
- **More Times Squares will be rolled out in Wuhan, Dalian, and Chengdu**
  - ***Wuhan Times Square* – retail and hotel, completion: 2008**
  - ***Dalian Times Square* – construction underway. Target opening of 180,000 s.f. shopping mall in 4Q08. Top notched brands [including LV (over 10,000 s.f.), Dior, Fendi, Armani, Gucci, Prada, etc.] signed up as tenants, taking up over 85% of lettable area already**
  - ***Tian Fu Times Square, Chengdu* – construction underway for retail, office, hotel and residential. Completion: 2009-2011 (in phases)**

China Properties – Property Development

Residential Sales launched / to be launched

- Phase I of 2 launched projects - Wellington Garden (WG) in Shanghai and Wuhan Times Square (WTS). 100% of WG & 98% of WTS sold.
- Significant Growth in Development Profit in FY07: HK$718M (FY06: HK$2M) mainly from these 2 projects
- Phase 2 of both projects launched in mid Dec 07 with favourable response. 2008 profit recognition expected
- Tian Fu Times Square, residential: pre-sale of Phase I in Sept 07. Fully sold. Phase 2 launched in mid Jan 08. Responses enthusiastic.
- Dalian Times Square, residential pre-sale and completion scheduled in 2008 by 2 phases. GFA: 1.32M s.f.

The Group's Sales Success

- Due to correct decision on project location, product choice & a good brand, the sales results of the Group's projects in China have been very encouraging and promising. Average selling prices achieved are still on the rise.

- As at March 20, 2008:

Property	Phase	Total # of units	Sold	Average Selling Price (RMB/sm)	Remarks
Wellington Garden	I	96	100%	> 31,000	*Excellent unit price*
	II	190	32%	36,000	+ 16% vs. Phase I
Wuhan TS	I	689	98%	> 9,000	*Record high unit price in Wuhan*
	II	220	95%	> 8,600	Location is less desirable vs. Phase I
Tian Fu TS	I	355	100%	> 9,400	*Record high unit price in Chengdu*
	II	160	89%	> 10,000	+ 6% vs. Phase I

Wharf

- ❖ **High-end residential in Shanghai – No. 1 Xin Hua Road (completion: late 2008) & Jingan Garden (completion: mid 2010)**
- ❖ **No 10 Gaoxin District, Chengdu (GFA: 4.4M s.f.)**
  - **Residential / Office development**
  - **Construction in progress. Completion: 2009-11 (in phases)**
- ❖ **Shuangliu Development Zone, Chengdu (GFA: 9.8M s.f.)**
  - **Office, Retail (outlet mall), Hotel and Residential**
  - **Outlet Mall construction in progress. Completion: 2009**
- ❖ **Nanchang District, Wuxi (GFA: 12M s.f.)**
  - **Commercial (GFA: 3M s.f.): 339-metre Super Tower at Taihu Plaza – tallest landmark of Wuxi, completion: 2012**
  - **Residential (GFA: 9M s.f.): completion: 2011-14 (in phases)**

Other Projects under Development (2)

(cont'd)

<u>Wharf</u>

❖ **IFC / IFC Tiandi, Chengdu (GFA: 4.7M s.f.)**

- **Mixed-use comprising Grade A offices, a 5-star hotel and a high-end retail complex, completion: 2010-2012 (in phases)**
- **Right in the heart of Chengdu's vibrant business centre**

❖ **Jinji Lake and Dushu Lake, Suzhou (GFA: 2.2M s.f.)**

- **Premier low density residences**
- **Construction work to commence in mid 2008; completion: 2010**

Other Projects under Development (3)

(cont'd)

Wharf

- **Suzhou Industrial Park (attributable GFA 0.9M s.f.)**
  - **JV (Wharf : China Merchants Property Group = 50% : 50%)**
  - **Residential development; completion: 2012**
- **Xihu District, Zhuantang town, Hangzhou (attributable GFA: 2M s.f.)**
  - **JV (Wharf : Jindu = 50% : 50%)**
  - **Residential development; completion: 2012**
- **Nanan District, Chongqing (attributable GFA: 9M s.f.)**
  - **JV (Wharf : China Overseas = 40% : 60%)**
  - **High-end residential / commercial; completion: 2014**

Other Projects under Development (4)

<u>HCDL</u>

- **4 acquisitions (5 sites) in 2007**
  - **Jiangbei City, Chongqing (attributable GFA: 2.5M s.f.)**
    - **JV (HCDL : China Overseas = 55% : 45%)**
    - **High-end residential; completion: 2012**
  - **2 land parcels in Suzhou Industrial Park (attributable GFA: 13.5M s.f.) – Xinghu Jie and Xiandai Da Dao**
    - **JV (HCDL : Zhong Xin Suzhou Industrial = 80% : 20%)**
      - a. **Commercial – 420-metre skyscraper landmark, the tallest development in Suzhou at Xinghu Jie**
      - b. **Residential – completion: 2013**
  - **New Hangzhou CBD (attributable GFA 1.3M s.f.)**
    - **JV (HCDL : Greentown China = 40% : 60%)**
    - **Commercial, hotel, & residential; completion: 2012**
  - **Xinbei District, Changzhou (covered under ‘*Recent Acquisitions*’)**

Hong Kong Property Developments

- **Revenue: HK$717M, +156%**
  - **Sales of 3 Gough Hill deluxe houses for HK$554M**

- **Group's policy – To dispose of non-core properties**
  - **Following satisfactory disposal of Wharf's remaining stock in Grandtech Centre, the Group continues to look for opportunities to dispose of non-core properties**

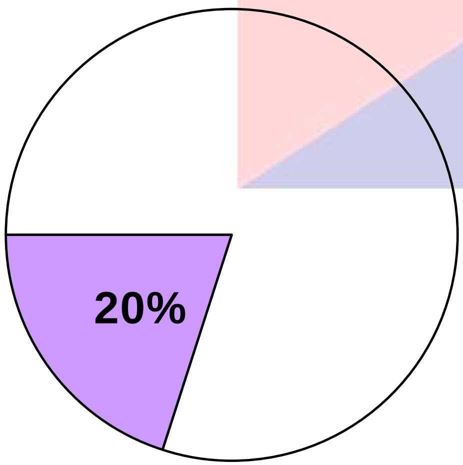
Other Properties – Marco Polo Hotels

Building for Tomorrow

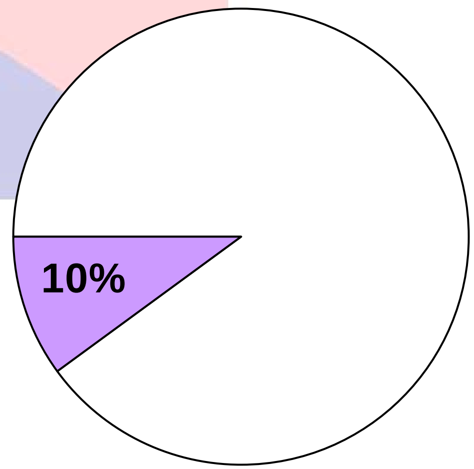
- **Current profile**
  - **9 operating hotels in the Asia Pacific Region**
  - **2 hotels under construction – Wuhan, & Chengdu**
- **Hong Kong**
  - **Hotel and club revenue: HK$972M**
  - **6% growth in average room rates; occupancy (90%)**
- **Hotels to be opened**
  - **2 deluxe hotels in Wuhan (Mid 2008) and Chengdu (2012)**
  - **Currently, 3 additional hotels are planned for the Wuxi, Suzhou and Changzhou markets**

Logistics

	Revenue			Profit		
	FY 07 (HK$M)	FY 06 (HK$M)	% Change	FY 07 (HK$M)	FY 06 (HK$M)	% Change
Logistics	3,625	3,506	+3%	1,914	1,887	+1%



Segment Profit Allocation



Share of Group NAV

Building for Tomorrow

Modern Terminals	FY 07 (HK$M)	FY 06 (HK$M)	% Change
Revenue	3,216	3,096	+4%
Share of Profits from Associates & JCE	263	112	+135% (1)

Throughput for Reference	FY 07 TEUs(M)	FY 06 TEUs(M)	% Change
Hong Kong	5.72	5.42	+6%
China (2)	8.20	6.40	+28%

Note: (1) Increase in share of profit from Associate & JCE was due to:
i. MTL's stake in SCT increased from 10% to 30% in 2007
ii. Robust growth of China throughput

(2) Represents total throughput of relevant China terminals.

Hong Kong

- Throughput: 5.72M TEUs, +6%
- Market share: 33.2%

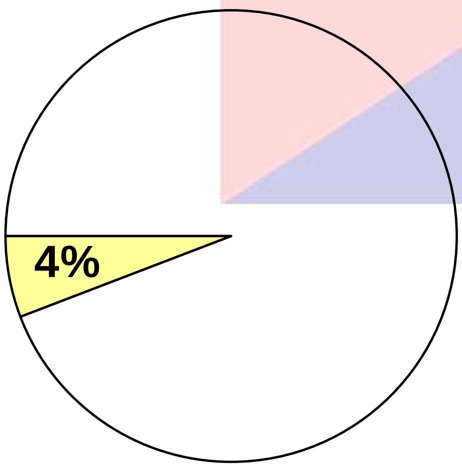
China

- Da Chan Bay Phase I (65%)
  - 5 berths, designed capacity: 2.5M TEUs,
  - 1st two berths commenced operation in late 2007; the remaining 3 berths will be commissioned in 2008.
- Taicang
  - Phase I (51%) and Phase II (70%)
  - Throughput: about 1M TEUs, +77%, completion of remaining berths: End 2007
- Shekou
  - Throughput at Mega SCT: 3.31M TEUs
  - MTL holds 30% in Mega SCT after completion of SCT rationalization in 2/2007
- Others
  - Chiwan (8% holding) – throughput: 4.0M TEUs

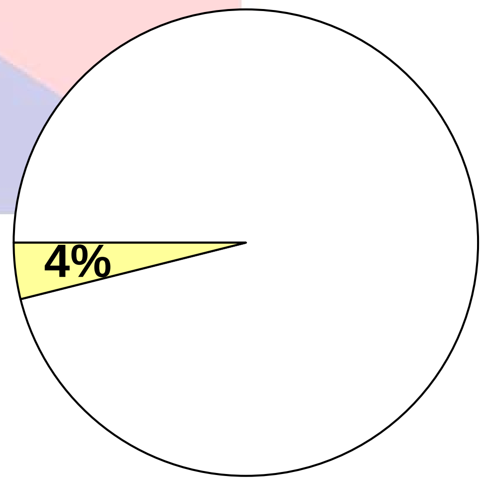
Communication, Media & Entertainment (CME)

Communication, Media & Entertainment (CME)

	Revenue			Profit		
	FY 07 (HK$M)	FY 06 (HK$M)	% Change	FY 07 (HK$M)	FY 06 (HK$M)	% Change
CME	3,797	3,947	-4%	365	270	+35%



Segment Profit Allocation



Share of Group NAV

	Revenue			No. of Subscribers/fixed lines		
	FY 07 (HK$M)	FY 06 (HK$M)	% Change	FY 07	FY 06	% Change
Pay TV	1,595	1,895	-16%	882,000	786,000	+12%
Internet & Multimedia	588	596	-1%	306,000	328,000	-7%
Wharf T&T	1,460	1,384	+5%	607,000	562,000	+8%

- **Pay TV**
  - **Anchoring on its content strength & its adjusted marketing strategy. customer retention exceeded all plans**
  - **Continue to acquire new channels to meet the diverse viewing tastes of subscribers – PGA Tour, NEO Sports, Nat Geo Wild and Aljazeera.**
  - **Acquired exclusive broadcasting rights of 2010 FIFA World Cup, 2010 Winter Olympics, 2012 Summer Olympics and Europe's most coveted tournaments - the UEFA Champions League and the UEFA Cup - in Hong Kong from 2009 for three football seasons.**
- **Internet & Multimedia**
  - **Operating profit +40% to set a new record with HK$180M**
  - **New content introduced to the multimedia platform, including launching of a new online service “i-CABLE IPTV” with 4 free channels to widen the video attraction of i-CABLE’s portal**

❖ Wharf T&T

- Steady growth in fixed line installed base, legacy voice business showed signs of stabilization
- Data revenue from the Business Sector has become the fastest growing and most important source of revenue
- Notable turnaround with operating profit improved to HK$47M (2006: loss HK$64M)

Profit & Loss Summary

	FY 07 (HK$M)	FY 06 (HK$M)	% Change
Turnover	16,208	13,364	+21%
Operating Profit	9,466	6,471	+46%
Revaluation Surplus	9,352	7,868	+19%
Profit Before Taxation	18,209	13,823	+32%
Taxation (Incl. deferred taxation on revaluation)	(4,247)	(2,429)	+75%
Profit After Taxation	13,962	11,394	+23%
Net Profit Attributable to Shareholders	13,143	10,757	+22%

Debt Profile

At 31 December 2007	Total Debt		Un-drawn Facility
<u>Company and wholly owned subsidiaries</u>	(HK$B)		(HK$B)
Committed facilities	18.9	60%	8.4
Uncommitted facilities	-	-	1.1
Total:	18.9	60%	9.5
<u>Non-wholly owned subsidiaries</u> (non-recourse to Wharf)			
Modern Terminals Limited	9.7	31%	7.4
i-CABLE	-	-	0.6
Harbour Centre Development Ltd	1.9	6%	0.1
Others	0.8	3%	0.8
Subtotal:	12.4	40%	8.9
Overall:	**31.3**	**100%**	**18.4**
Net Debt (Pre Rights Issue)	23.6		
Net Debt (Post Rights Issue)	14.0		

NAV Adjustment

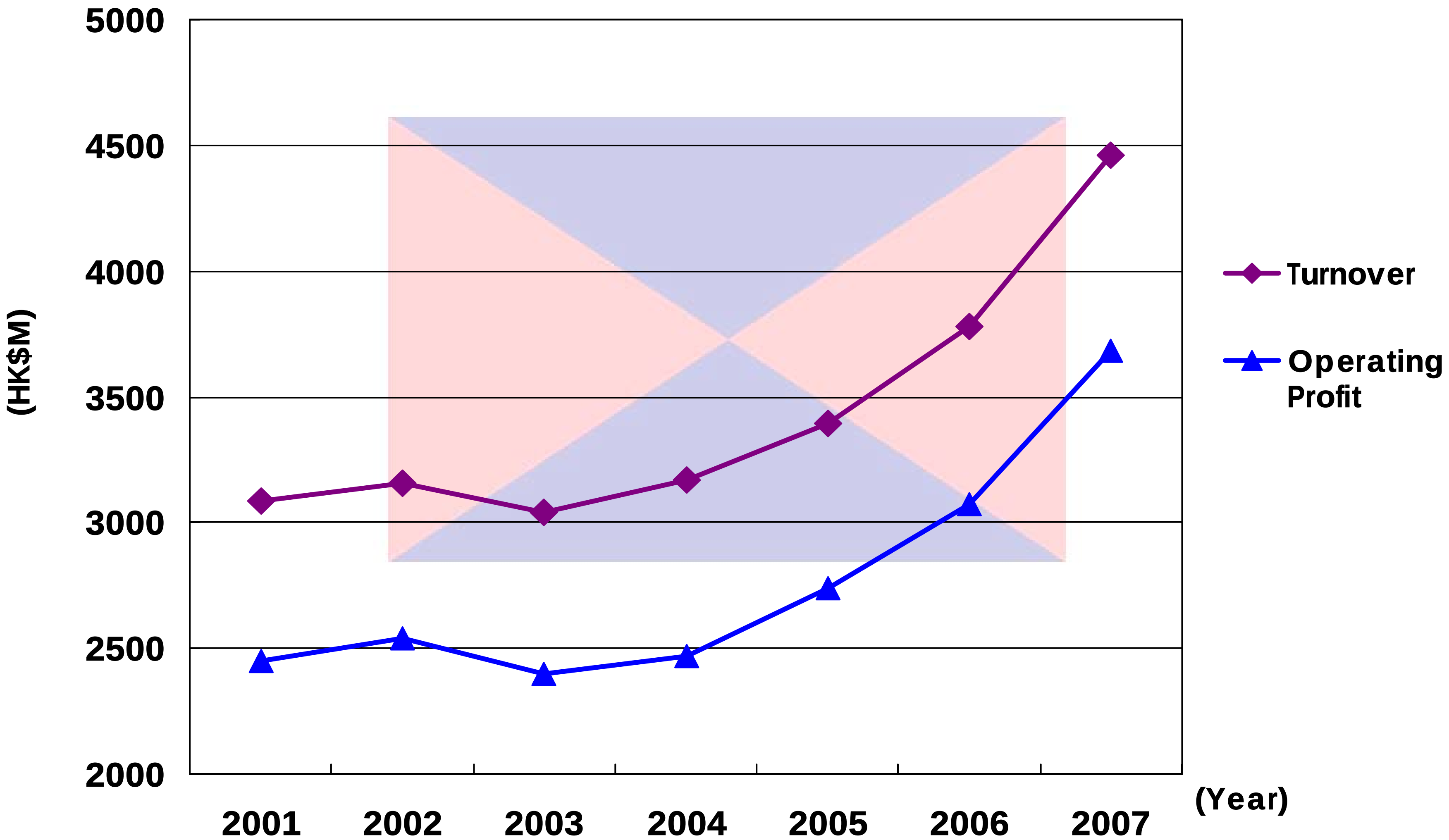
At 31 December 2007

	Per Share (HK$)
For Supplemental Information Only:	
NAV per Balance Sheet	**35.28**
Key adjustments:-	
❖ Modern Terminals (on latest transacted price in 2005)	2.89
❖ Hotel Properties (on independent valuation)	1.72
❖ Deferred tax on revaluation surplus of Investment Property	4.95
Adjusted NAV	**45.12**

+12.5% vs. HK$40.11 as at 12/06

Building for Tomorrow

Combined Turnover and Operating Profit



China Properties under Wharf Group

POST 2005 – INVESTMENT PROPERTIES		Attributable plot ratio GFA s.f. in 'M
IFC / IFC Tiandi, Chengdu		4.7
Wuxi Super Tower, Wuxi		3.0
Suzhou Super Tower, Suzhou (HCDL 80% JV)		3.8
	Sub-total:	11.5

POST 2005 – FOR SALE / MIXED		
Suzhou Industrial Park Lot 68210, Suzhou		2.2
Tian Fu Times Square, Chengdu		4.2
No. 10 Gaoxin District, Chengdu		4.4
Shuangliu Development Zone, Chengdu		9.8
Taihu Plaza Project – Residential, Wuxi		9.0
Nanchang District, Wuxi (3 land parcels)		8.7
Lot 37,38,43 &44 Hangzhou (50% JV)		2.0
Lot 24 Suzhou Industrial Park, Suzhou (50% JV)		0.9
Danzishi, Chongqing (40% JV)		9.0
Qixia District / Xianlin New District (50% JV)		2.3
Xinbei District, Changzhou (HCDL 100%)		8.7
Hangzhou CBD, Hangzhou (HCDL 40% JV)		1.3
Zone B of Jiangbei City (HCDL 55% JV)		2.5
Suzhou Ind'Park Lot 82044-82047 (HCDL 80% JV)		9.7
	Sub-total:	74.7
	Post-2005 Total:	86.2

	Attributable plot ratio GFA
PRE 2005 – INVESTMENT PROPERTIES	**s.f. in 'M**
Shanghai Times Square, Shanghai	0.9
Chongqing Times Square, Chongqing*	0.5
Wuhan Times Square, Wuhan	0.4
Dalian Times Square, Dalian	0.2
Beijing Capital Times Square, Beijing (87.5% JV)	0.9
Shanghai Wheelock Square, Shanghai (98% JV)	1.2
Total:	4.1
PRE 2005 – FOR SALE / MIXED	
Wuhan Times Square, Wuhan*	0.3
Dalian Times Square, Dalian	1.3
Wellington Garden, Shanghai (59% JV)*	0.1
No.1 Xin Hua Road, Shanghai (85% JV)	0.2
Jingan Garden, Shanghai (55% JV)	0.8
Total:	2.7
Pre-2005 Total:	6.8
Post-2005 Total:	86.2
TOTAL:	93.0

* Project partly sold (all three floor areas shown exclude sold portion)

End of Presentation

Building for Tomorrow

Thank You

會德豐
WHEELOCK
WHEELOCK
Founded 1857

WHARF
Established 1886