



TO THE SHAREHOLDERS OF WHELOCK AND COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Wheelock and Company Limited (the "Company") set out on pages 43 to 107 which comprise the consolidated and company balance sheets as at 31 March 2007, and the consolidated profit and loss account, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. The responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2007 and of the Group's profit and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

14 June 2007

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2007

	Note	2007 HK\$ Million	2006 HK\$ Million
Continuing operations			
Turnover	2	2,771	3,425
Other net income	3	186	378
		2,957	3,803
Direct costs and operating expenses		(1,518)	(1,820)
Selling and marketing expenses		(100)	(110)
Administrative expenses		(136)	(81)
Operating profit	2	1,203	1,792
Increase in fair value of investment properties	11	380	3,429
Write back of provision for properties	4	23	193
		1,606	5,414
Borrowing costs	5	(214)	(218)
Share of profits less losses of associates	14	5,371	6,871
Profit before taxation		6,763	12,067
Income tax	6(c)	(131)	(672)
Profit for the year from continuing operations		6,632	11,395
Discontinued operation			
Profit for the year from a discontinued operation	7	58	22
Net gain on disposal of subsidiaries		475	–
Profit from a discontinued operation		533	22
Profit for the year		7,165	11,417
Profit attributable to:			
Equity shareholders of the Company	8	6,310	10,316
Minority interests		855	1,101
		7,165	11,417
Dividends payable to equity shareholders of the Company attributable to the year	9		
Interim dividend declared during the year		51	51
Final dividend proposed after the balance sheet date		203	203
		254	254
Earnings per share	10		
Continuing operations		HK\$2.96	HK\$5.08
Discontinued operation		HK\$0.15	–
		HK\$3.11	HK\$5.08

The notes and principal accounting policies on pages 52 to 107 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

At 31 March 2007

	Note	2007 HK\$ Million	2006 HK\$ Million (restated)
Non-current assets			
Fixed assets	11		
Investment properties		8,401	8,560
Other property, plant and equipment		657	105
		9,058	8,665
Goodwill and other intangible assets	13	–	306
Interest in associates	14	37,417	32,012
Available-for-sale investments	15	4,167	2,187
Deferred debtors	16	127	231
		50,769	43,401
Current assets			
Properties under development for sale	17	8,344	6,627
Properties held for sale	17	1,258	2,542
Trade and other receivables	18	541	1,090
Bank balances and deposits	19	6,466	4,518
		16,609	14,777
Current liabilities			
Trade and other payables	20	(992)	(1,148)
Bank loans and overdrafts	21	(1,015)	(1,976)
Deposits from sale of properties		(2,713)	(1,041)
Current tax	6(e)	(300)	(146)
		(5,020)	(4,311)
Net current assets		11,589	10,466
Total assets less current liabilities		62,358	53,867
Non-current liabilities			
Long-term loans	21	(4,121)	(5,229)
Deferred tax	22	(1,034)	(827)
Deferred items	23	(425)	(443)
		(5,580)	(6,499)
Net assets		56,778	47,368
Capital and reserves			
Share capital	24	1,016	1,016
Reserves		47,800	40,000
Total equity attributable to equity shareholders of the Company	25(a)	48,816	41,016
Minority interests	25(a)	7,962	6,352
Total equity		56,778	47,368

The notes and principal accounting policies on pages 52 to 107 form part of these financial statements.

Peter K C Woo
Chairman

Paul Y C Tsui
Executive Director

COMPANY BALANCE SHEET

At 31 March 2007

	Note	2007 HK\$ Million	2006 HK\$ Million
Non-current assets			
Interest in subsidiaries	12	4,492	4,488
Current liabilities			
Trade and other payables		(4)	(5)
Net assets			
Capital and reserves			
Share capital	24	1,016	1,016
Reserves		3,472	3,467
Shareholders' equity	25(b)	4,488	4,483

The notes and principal accounting policies on pages 52 to 107 form part of these financial statements.

Peter K C Woo
Chairman

Paul Y C Tsui
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2007

	Note	2007 HK\$ Million	2006 HK\$ Million (restated)
Total equity at 1 April			
As previously reported:			
Equity shareholders of the Company		40,987	31,513
Minority interests		6,351	5,268
Total equity		47,338	36,781
Prior year adjustment for HKAS 19	30(a)	30	15
As restated		47,368	36,796
Company and subsidiaries			
Surplus on revaluation of available-for-sale investments		1,563	374
Intangible assets arising from assets previously held		–	53
Acquisition of additional interests in subsidiaries		–	(37)
Exchange difference on translation of financial statements of foreign entities/others		599	26
Associates			
Surplus on revaluation of available-for-sale investments		386	51
Actuarial gains on defined benefit pension schemes		16	15
Reserve utilised for acquisition of additional interest in subsidiaries		–	(893)
Exchange differences/others		91	2
Net gain/(loss) not recognised in the profit and loss account		2,655	(409)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2007

	Note	2007 HK\$ Million	2006 HK\$ Million (restated)
Company and subsidiaries			
Profit for the year		7,165	11,417
Reserves transferred to the profit and loss account on disposal of:			
Available-for-sale investments		(7)	(118)
Properties		(4)	–
Associates			
Reserves transferred to the profit and loss account on disposal of available-for-sale investments		(1)	(36)
Total recognised income for the year (2006: as restated)		9,808	10,854
Equity shareholders of the Company		8,054	9,713
Minority interests		1,754	1,141
		9,808	10,854
Final dividend approved in respect of the previous year	9(b)	(203)	(173)
Interim dividend declared in respect of the current year	9(a)	(51)	(51)
Dividend to minority interests	25(a)	(144)	(837)
Rights issue of a subsidiary attributable to minority interests	25(a)	–	776
Minority interests through acquisition of subsidiaries	25(a)	–	3
Total equity at 31 March		56,778	47,368
Attributable to:			
Equity shareholders of the Company		48,816	41,016
Minority interests		7,962	6,352
		56,778	47,368

The notes and principal accounting policies on pages 52 to 107 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2007

	Note	2007 HK\$ Million	2006 HK\$ Million
Cash generated from operations	a	2,306	1,778
Interest received		193	157
Interest paid		(283)	(249)
Dividends received from associates		1,050	1,080
Dividends received from listed investments		56	35
Hong Kong profits tax paid		(56)	(48)
Overseas tax paid		(62)	(20)
Net cash generated from operating activities		3,204	2,733
Investing activities			
Proceeds from disposal of investment properties		892	293
Proceeds from disposal of subsidiaries	b	1,037	–
Proceeds from disposal of available-for-sale investments		154	962
Proceeds from disposal of fixed assets		–	1
Proceeds from disposal of associates		–	63
Purchase of fixed assets		(155)	(100)
Purchase of available-for-sale investments		(168)	(906)
Purchase of additional interests in subsidiaries		–	(36)
Acquisition of subsidiaries	c	–	(349)
Purchase of additional interest in an associate		–	(10)
Decrease in deferred debtors		104	139
Decrease in net advances from associates		(598)	(695)
Net cash generated from/(used in) investing activities		1,266	(638)
Financing activities			
Drawdown of long-term loans		1,499	857
Repayment of long-term loans		(2,303)	(2,212)
Net (repayment)/drawdown of short-term bank loans		(1,526)	529
Dividends paid to shareholders		(254)	(224)
Dividends paid to minority shareholders		(144)	(836)
Issuance of rights shares to minority shareholders		–	772
Net cash used in financing activities		(2,728)	(1,114)
Net increase in cash and cash equivalents		1,742	981
Cash and cash equivalents at 1 April		4,518	3,502
Effect of foreign exchange rate changes		206	35
Cash and cash equivalents at 31 March		6,466	4,518
Analysis of the balances of cash and cash equivalents			
Bank balances and deposits		6,466	4,518

NOTES TO CONSOLIDATED CASH FLOW STATEMENT

a) Reconciliation of operating profit to cash generated from operations

	2007 HK\$ Million	2006 HK\$ Million
Operating profit		
From continuing operations	1,203	1,792
From a discontinued operation	72	53
Adjustments for:		
Interest income	(194)	(154)
Dividend income from listed investments	(60)	(32)
Depreciation	11	17
Net profit on disposal of available-for-sale investments	(61)	(262)
Net profit on disposal of investment properties	(119)	(98)
Loss on disposal of fixed assets	–	9
Deferred profit realised	(18)	(6)
Amortisation of intangible assets	–	1
Exchange differences	354	51
Operating profit before working capital changes	1,188	1,371
Increase in properties under development for sale	(2,166)	(1,977)
Decrease in properties held for sale	1,277	2,918
Decrease in trade and other receivables	292	453
Increase/(decrease) in deposits from sale of properties	1,672	(683)
Increase/(decrease) in trade and other payables	43	(304)
Cash generated from operations	2,306	1,778

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2007

b) Disposal of subsidiaries

On 31 July 2006, Wheelock Properties (Singapore) Limited ("WPSL") entered into an agreement to sell its 100% interest in Hamptons Group Limited ("Hamptons") at a consideration of £82 million (about HK\$1,182 million) payable by cash. The company is engaged in estate agency services in the residential property market. The disposal was completed on 24 August 2006.

The cash flow and the net assets of subsidiaries disposed of are provided below:

	2007
	HK\$ Million
Non-current assets	377
Current assets	407
Current liabilities	(294)
Minority interests	(6)
Net assets disposed	484
Goodwill on acquisition	101
Gain on disposal	597
Cash consideration received, satisfied in cash	1,182
Less: Cash of subsidiaries disposed	(145)
Net cash inflow in respect of the disposed of subsidiaries	1,037

There were no disposal in the year ended 31 March 2006.

c) Acquisition of subsidiaries

On 21 April 2005, the Group acquired 67.6% of the shares in Hamptons for HK\$363 million in cash. In the period to 31 March 2006, Hamptons contributed HK\$810 million to the Group's turnover and HK\$11 million to the profit attributable to shareholders of the Company. The acquisition has been accounted for using the purchase method.

If the acquisition had occurred on 1 April 2005, Hamptons' revenue and net profit contributed to the Group would not be significantly different to that reported above.

The cash flow and the net assets of subsidiaries acquired are provided below:

	2006 HK\$ Million
Non-current assets	256
Current assets	212
Current liabilities	(149)
Minority interests	(3)
	316
Amount previously accounted for as an associate	(57)
Net assets acquired	259
Goodwill arising on acquisition	104
Total purchase price paid, satisfied in cash	363
Less: Cash of subsidiaries acquired	(14)
Net cash outflow in respect of the acquisition of subsidiaries	349

The goodwill is attributable to the profitability of the acquired business and the synergies expected to arise after the Group's acquisition of Hamptons.

There were no acquisitions in the year ended 31 March 2007.

NOTES TO THE FINANCIAL STATEMENTS

1. SEGMENT INFORMATION

a) *Business segments* (i) *Revenue and results*

	Segment Revenue		Segment Results	
	2007 HK\$ Million	2006 HK\$ Million	2007 HK\$ Million	2006 HK\$ Million
Continuing operations				
Property investment	458	449	287	278
Property development	1,942	2,689	558	890
Investment and others	436	376	386	645
	2,836	3,514	1,231	1,813
Inter-segment revenue				
Investment and others	(65)	(89)	–	–
	2,771	3,425	1,231	1,813
Unallocated expenses			(28)	(21)
Operating profit			1,203	1,792
Increase in fair value of investment properties			380	3,429
Write back of provision for properties			23	193
			1,606	5,414
Borrowing costs			(214)	(218)
Share of profits less losses of associates (Note)			5,371	6,871
Profit before taxation			6,763	12,067
Income tax			(131)	(672)
Profit for the year from continuing operations			6,632	11,395
Discontinued operation (Note 7)				
Property agency	447	800	68	20
Investment and others	5	10	4	33
	452	810	72	53
Borrowing costs			(1)	(1)
Share of profits less losses of associates (Note)			10	–
Profit before taxation			81	52
Income tax			(23)	(30)
Profit for the year from a discontinued operation			58	22
Net gain on disposal of subsidiaries			475	–
Profit from a discontinued operation			533	22
Profit for the year			7,165	11,417

Note: Share of profits less losses of associates

	Segment Results	
	2007	2006
	HK\$ Million	HK\$ Million
Continuing operations		
Property investment	1,984	1,731
Property development	54	78
Communications, media and entertainment	135	243
Logistics	998	1,019
Investment and others	338	196
Increase in fair value of investment properties	3,909	5,701
Write back of provision for properties	100	24
Provision for telecommunications	(50)	–
Borrowing costs	(411)	(281)
Income tax	(1,153)	(1,264)
Unallocated expenses and other items	(533)	(576)
	5,371	6,871
Discontinued operation		
Property agency	10	–
	5,381	6,871

(ii) Assets and liabilities

	Assets		Liabilities	
	2007 HK\$ Million	2006 HK\$ Million (restated)	2007 HK\$ Million	2006 HK\$ Million (restated)
Continuing operations				
Property investment	8,977	8,612	154	138
Property development	10,063	9,949	3,337	1,716
Investment and others	4,455	2,482	26	73
	23,495	21,043	3,517	1,927
Discontinued operation				
Property agency	–	605	–	133
Segment assets and liabilities	23,495	21,648	3,517	2,060
Interest in associates (Note)	37,417	32,012	–	–
Unallocated items	6,466	4,518	7,083	8,750
Total assets and liabilities	67,378	58,178	10,600	10,810

Note: Share of net segment assets less liabilities of associates

	2007 HK\$ Million	2006 HK\$ Million (restated)
Property investment	42,527	38,525
Property development	3,206	2,068
Communications, media and entertainment	1,929	2,114
Logistics	2,404	1,650
Investment and others	3	6
Unallocated and other items	(12,652)	(12,351)
	37,417	32,012

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

During the year, the Group incurred capital expenditure of HK\$155 million (2006: HK\$144 million) mainly in respect of the acquisition of properties (2006: acquisition of properties and other fixed assets) in the United Kingdom. The Group has no significant depreciation and amortisation.

b) Geographical segments**(i) Revenue and results**

	Segment Revenue		Segment Results (Operating Profit)	
	2007 HK\$ Million	2006 HK\$ Million	2007 HK\$ Million	2006 HK\$ Million
Continuing operations				
Hong Kong	2,368	2,854	800	1,260
Singapore	362	521	245	475
Others	41	50	158	57
	2,771	3,425	1,203	1,792
Discontinued operation				
United Kingdom	450	788	71	45
Others	2	22	1	8
	452	810	72	53
	3,223	4,235	1,275	1,845

(ii) Assets

	2007 HK\$ Million	2006 HK\$ Million
Continuing operations		
Hong Kong	8,665	10,421
Singapore	14,604	10,116
Others	226	506
	23,495	21,043
Discontinued operation		
United Kingdom	–	605
	23,495	21,648

(iii) During the year, more than 90% of the Group's share of results of associates arose in Hong Kong.

2. TURNOVER AND OPERATING PROFIT

a) Turnover

The principal activities of the Group are property investment, property development, treasury management and investment holding. Analysis of the Group's turnover is as follows:

	2007 HK\$ Million	2006 HK\$ Million
Continuing operations		
Property investment	458	449
Property development	1,942	2,689
Investment and others	371	287
	2,771	3,425
Discontinued operation		
Property agency	447	800
Investment and others	5	10
	452	810
	3,223	4,235

b) Operating profit

	2007 HK\$ Million	2006 HK\$ Million
Operating profit is arrived at:		
Continuing operations		
after charging:		
Staff costs *	207	150
– including contributions to defined contribution retirement schemes of HK\$9 million (2006: HK\$7 million)		
Cost of properties for sale sold	1,275	1,618
Operating lease charges: minimum lease payments		
Properties	24	37
Others	–	13
Depreciation	11	17
Amortisation of intangible assets	–	1
Loss on disposal of fixed assets	–	9
Auditors' remuneration		
Audit services	4	5
Other services	1	2

	2007	2006
	HK\$ Million	HK\$ Million
and crediting:		
Rental income from operating leases less outgoings	311	306
Interest income	189	144
Dividend income from listed investments	60	32
Discontinued operation		
after charging:		
Staff costs	157	321
– including contributions to defined contribution retirement schemes of HK\$12 million (2006: HK\$25 million)		
and crediting:		
Interest income	5	10

* In addition to the above staff costs charged directly to the consolidated profit and loss account, staff costs of HK\$26 million (2006: HK\$15 million) were capitalised as part of the costs of properties under development for sale.

c) Directors' emoluments

	Fees HK\$'000	Basic salaries, housing and other allowances, and benefits in kind HK\$'000	Discretionary bonuses and/or performance related bonuses HK\$'000	Contributions to pension schemes HK\$'000	Compensation for loss of office/ inducement for joining the Group HK\$'000	2007 Total emoluments HK\$'000	2006 Total emoluments HK\$'000
Board of Directors							
Peter K C Woo	94	4,080	4,000	12	–	8,186	8,149
Gonzaga W J Li	84	–	–	–	–	84	94
Stephen T H Ng	52	–	–	–	–	52	50
Paul Y C Tsui	52	2,102	1,169	12	–	3,335	2,647
Independent Non-executive Directors							
Alexander S K Au	69*	–	–	–	–	69	65
B M Chang	69*	–	–	–	–	69	65
Kenneth W S Ting	54*	–	–	–	–	54	50
Past Directors							
William Turnbull	63*	–	–	–	–	63	65
David J Lawrence	–	–	–	–	–	–	6,505
	537	6,182	5,169	24	–	11,912	17,690
Total for 2006	538	10,106	6,993	53	–	–	17,690

* Includes Audit Committee Member's fee in a total amount of HK\$48,479 (2006: HK\$45,000) receivable by relevant Directors.

d) 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 March 2007 of four employees (2006: three) of the Group who, not being Directors of the Company, were among the top five highest paid individuals (including persons who held the office of Directors of the Company at any time during the year as well as other employees of the Group) employed by the Group.

(i) Aggregate emoluments

	2007 HK\$ Million	2006 HK\$ Million
Basic salaries, housing and other allowances, and benefits in kind	16	11
Deemed profit on share option exercise	–	–
Pension scheme contributions	–	1
Discretionary bonuses and/or performance-related bonuses	49	–
Compensation for loss of office/inducement for joining the Group	–	3
	65	15

(ii) Bandings

	2007 Number	2006 Number
Bands (in HK\$)		
\$3,500,001 – \$4,000,000	–	1
\$4,000,001 – \$4,500,000	1	1
\$6,500,001 – \$7,000,000	–	1
\$8,000,001 – \$8,500,000	1	–
\$8,500,001 – \$9,000,000	1	–
\$43,500,001 – \$44,000,000	1	–
	4	3

3. OTHER NET INCOME

	2007 HK\$ Million	2006 HK\$ Million
Continuing operations		
Net profit on disposal of available-for-sale investments *	61	240
Net profit on disposal of investment properties	119	98
Deferred profit realised	18	6
Exchange (loss)/gain and others	(12)	34
	186	378
Discontinued operation		
Net profit on disposal of available-for-sale investments *	–	22
Exchange (loss)/gain and others	(1)	1
	(1)	23
	185	401

* Included in the net profit on disposal of available-for-sale investments is a net revaluation surplus, before deduction of minority interests, of HK\$7 million (2006: HK\$118 million) transferred from the investment revaluation reserves.

4. WRITE BACK OF PROVISION FOR PROPERTIES

Following a review based on the property market conditions prevailing at 31 March 2007, a net provision of HK\$23 million (2006: HK\$193 million) from continuing operations charged to the consolidated profit and loss account in prior years for properties under development for sale and held for sale was written back as a result of the increase in net realisable value of certain properties.

5. BORROWING COSTS

	2007 HK\$ Million	2006 HK\$ Million
Continuing operations		
Interest on		
Bank loans and overdrafts	254	235
Other loans repayable within 5 years	25	13
Other borrowing costs	16	13
	295	261
Less: Amount capitalised	(81)	(43)
	214	218
Discontinued operation		
Interest on bank loans and overdrafts	1	1
	215	219

The Group's effective borrowing interest rate for the year was approximately 4.2% (2006: 3.4%) per annum.

6. INCOME TAX

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

c) Taxation in the consolidated profit and loss account represents:

	2007 HK\$ Million	2006 HK\$ Million
Continuing operations		
Current tax		
Hong Kong profits tax	98	35
Overseas taxation	53	29
Over provision in prior years	(5)	(23)
	146	41
Deferred tax (Note 22)		
Change in fair value of investment properties	71	619
Reversal on disposal of investment properties	(68)	(15)
Effect of change in tax rate	(1)	–
Origination and reversal of temporary differences	(8)	27
Benefit of previously unrecognised tax losses now recognised	(9)	–
	(15)	631
	131	672
Discontinued operation (Note 7)		
Current tax		
Overseas taxation	22	29
Under provision in prior years	3	2
Income tax on gain on disposal of subsidiaries	122	–
	147	31
Deferred tax (Note 22)		
Origination and reversal of temporary differences	(2)	(1)
	145	30
	276	702

Notes:

- i) The Singapore Government enacted a change in the income tax rate from 20% to 18% for the fiscal year 2007.
- ii) The over provision from continuing operations for the year ended 31 March 2007 represented the write back of a tax provision resulting from the reduction of Singapore income tax rate as mentioned above.

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

	2007	2006
	HK\$ Million	HK\$ Million
Profit before taxation (including profit from a discontinued operation)	7,441	12,119
Notional tax on accounting profit calculated at applicable tax rates	1,254	2,156
Notional tax on share of profits of associates	(942)	(1,202)
Tax effect of non-deductible expenses	52	34
Tax effect of non-taxable revenue	(64)	(163)
Tax effect of unused tax losses not recognised	2	6
Tax effect of prior year's tax losses utilised this year	(14)	(108)
Over provision in prior years	(2)	(21)
Effect of change in tax rate	(1)	–
Benefit of previously unrecognised tax losses now recognised	(9)	–
Actual total tax charge	276	702
Tax charge attributable to a discontinued operation	(145)	(30)
Tax charge attributable to continuing operations	131	672

e) None of the current tax payable in the consolidated balance sheet is expected to be settled after more than one year.

f) Share of associates' tax for the year ended 31 March 2007 of HK\$1,153 million (2006: HK\$1,264 million) is included in the share of profits less losses of associates.

7. DISCONTINUED OPERATION

	2007 HK\$ Million	2006 HK\$ Million
Gain on disposal of subsidiaries	597	–
Income tax on gain on disposal of subsidiaries	(122)	–
Net gain on disposal of subsidiaries	475	–
Profit for the year from a discontinued operation	58	22
	533	22

On 31 July 2006, WPSL entered into an agreement to sell its 100% interest in Hamptons at a consideration of £82 million (about HK\$1,182 million) payable by cash. The disposal was completed on 24 August 2006. Hamptons' principal business is estate agency services in the residential property market in the United Kingdom. Details of the disposal were set out in the Company's announcement and circular dated 1 August 2006 and 22 August 2006 respectively.

The results of Hamptons are presented below:

	2007 HK\$ Million	2006 HK\$ Million
Turnover	452	810
Other net (loss)/income	(1)	23
	451	833
Direct costs and operating expenses	(164)	(394)
Selling and marketing expenses	(139)	(226)
Administrative expenses	(76)	(160)
Operating profit	72	53
Borrowing costs	(1)	(1)
Share of profits less losses of associates	10	–
Profit before taxation	81	52
Income tax	(23)	(30)
Profit for the year	58	22
Attributable to:		
Shareholders	33	10
Minority interests	25	12
	58	22
The net cash flows incurred by the disposed subsidiaries are as follows:		
Operating activities	51	68
Investing activities	1,027	(351)
Financing activities	44	–
Net cash inflow/(outflow)	1,122	(283)

8. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

Profit attributable to equity shareholders of the Company is dealt with in the financial statements of the Company to the extent of HK\$259 million (2006: HK\$231 million).

9. DIVIDENDS

a) Dividends payable to equity shareholders of the Company attributable to the year

	2007 HK\$ Million	2006 HK\$ Million
Interim dividend declared and paid of 2.5 cents (2006: 2.5 cents) per share	51	51
Final dividend proposed after the balance sheet date of 10.0 cents (2006: 10.0 cents) per share	203	203
	254	254

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

b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2007 HK\$ Million	2006 HK\$ Million
Final dividend in respect of the previous financial year, approved and paid during the year, of 10.0 cents (2006: 8.5 cents) per share	203	173

10. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on profit attributable to ordinary equity shareholders of the Company for the year of HK\$6,310 million (2006: HK\$10,316 million) and 2,032 million ordinary shares in issue throughout the year ended 31 March 2007 and the previous year.

Profit for the year is analysed as follows:

	2007 HK\$ Million	2006 HK\$ Million
Attributable to:		
Continuing operations	6,009	10,306
Discontinued operation	301	10
	6,310	10,316

11. FIXED ASSETS

Group 2007	Investment properties HK\$ Million	Property under construction HK\$ Million	Other properties HK\$ Million	Other fixed assets HK\$ Million	Total HK\$ Million
Cost or valuation					
At 1 April 2006	8,560	–	53	79	8,692
Exchange differences	161	–	8	7	176
Additions	45	–	86	24	155
Transfer from development properties	–	560	–	–	560
Disposals					
Others	(745)	–	–	(9)	(754)
Through disposal of subsidiaries	–	–	(62)	(75)	(137)
Revaluation surplus	380	–	–	–	380
At 31 March 2007	8,401	560	85	26	9,072
Accumulated depreciation					
At 1 April 2006	–	–	–	27	27
Exchange differences	–	–	–	2	2
Charge for the year	–	–	1	10	11
Written back on disposals					
Others	–	–	–	(3)	(3)
Through disposal of subsidiaries	–	–	–	(23)	(23)
At 31 March 2007	–	–	1	13	14
Net book value					
At 31 March 2007	8,401	560	84	13	9,058
2006					
Cost or valuation					
At 1 April 2005	5,314	–	–	25	5,339
Exchange differences	(12)	–	(1)	(5)	(18)
Additions					
Through acquisition of subsidiaries	–	–	–	44	44
Others	18	–	54	28	100
Disposals	(189)	–	–	(13)	(202)
Revaluation surplus	3,429	–	–	–	3,429
At 31 March 2006	8,560	–	53	79	8,692
Accumulated depreciation					
At 1 April 2005	–	–	–	13	13
Charge for the year	–	–	–	17	17
Written back on disposals	–	–	–	(3)	(3)
At 31 March 2006	–	–	–	27	27
Net book value					
At 31 March 2006	8,560	–	53	52	8,665

a) The analysis of cost or valuation of the above assets is as follows:

	Investment properties HK\$ Million	Property under construction HK\$ Million	Other properties HK\$ Million	Other fixed assets HK\$ Million	Total HK\$ Million
Balance at 31 March 2007					
2007 valuation	8,401	-	-	-	8,401
At cost	-	560	85	26	671
	8,401	560	85	26	9,072
Balance at 31 March 2006					
2006 valuation	8,560	-	-	-	8,560
At cost	-	-	53	79	132
	8,560	-	53	79	8,692

b) Tenure of title to properties:

	2007 HK\$ Million	2006 HK\$ Million
Investment properties		
Held in Hong Kong		
Long lease	5,816	5,907
Held outside Hong Kong		
Freehold	-	493
Long lease	2,585	2,160
	8,401	8,560
Property under construction held outside Hong Kong – Freehold	560	-
Other properties held outside Hong Kong – Long lease	84	53

c) Properties revaluation

The Group's investment properties in Hong Kong and Singapore have been revalued as at 31 March 2007 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 or deficit arising on revaluation is recognised directly in the consolidated profit and loss account in accordance with the Group's accounting policies.

d) The gross amount of investment properties of the Group held for use in operating leases was HK\$8,401 million (2006: HK\$8,560 million).

e) The Group leases out properties under operating leases, which generally run for an initial period of one to seven 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.

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

	Group	
	2007 HK\$ Million	2006 HK\$ Million
Within 1 year	302	247
After 1 year but within 5 years	300	247
After 5 years	99	2
	701	496

g) During the year, WPSL has reclassified the retail podium of Scotts Square from properties under development for sale to other property, plant and equipment as the intention of the management is to hold the retail podium of the properties for long-term. Upon receipt of the Temporary Occupation Permit, it will be transferred to investment properties.

h) Property under construction amounting to HK\$560 million (2006: HK\$Nil) are pledged as security to obtain bank loans.

12. INTEREST IN SUBSIDIARIES

	Company	
	2007 HK\$ Million	2006 HK\$ Million
Unlisted shares, at cost	3,495	3,495
Amounts due from subsidiaries	2,178	2,960
Amounts due to subsidiaries	(1,181)	(1,967)
	4,492	4,488

Details of principal subsidiaries at 31 March 2007 are shown on pages 105 and 106.

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

13. GOODWILL AND OTHER INTANGIBLE ASSETS

Group	Goodwill on consolidation HK\$ Million	Trade name HK\$ Million	Customer relationships HK\$ Million	Total HK\$ Million
Cost				
At 1 April 2006	94	205	8	307
Exchange differences	7	16	1	24
Disposal of subsidiaries	(101)	(221)	(9)	(331)
At 31 March 2007	-	-	-	-
Accumulated amortisation				
At 1 April 2006	-	-	1	1
Written back on disposal of subsidiaries	-	-	(1)	(1)
At 31 March 2007	-	-	-	-
Carrying amount				
At 31 March 2007	-	-	-	-

Group	Goodwill on consolidation HK\$ Million	Trade name HK\$ Million	Customer relationships HK\$ Million	Total HK\$ Million
Cost				
At 1 April 2005	–	–	–	–
Acquisition of subsidiaries	104	153	6	263
Exchange differences	(10)	(21)	(1)	(32)
Arising from assets previously held	–	73	3	76
At 31 March 2006	94	205	8	307
Accumulated amortisation				
At 1 April 2005	–	–	–	–
Charge for the year	–	–	1	1
At 31 March 2006	–	–	1	1
Carrying amount				
At 31 March 2006	94	205	7	306

The amortisation charge for the year ended 31 March 2006 was included in “administrative expenses” in the consolidated profit and loss account.

Intangible assets with indefinite useful lives

The trade name of “Hamptons”, identified as an intangible asset on acquisition of Hamptons in 2006, was assumed to have an indefinite useful life on the basis that the “Hamptons” trade name has been in existence for more than one hundred years, and the Group continued to use the “Hamptons” trade name until the date of disposal of Hamptons.

All the intangible assets arising from Hamptons were disposed of upon the disposal of Hamptons on 24 August 2006.

14. INTEREST IN ASSOCIATES

	Group	
	2007	2006
	HK\$ Million	HK\$ Million (restated)
Share of net assets	37,654	32,776
Amounts due from associates	82	122
Amounts due to associates (Note b)	(319)	(886)
	37,417	32,012
a) Analysis of the cost of investments of the above:		
Shares listed in Hong Kong	11,443	11,443
Unlisted shares	–	5
	11,443	11,448
Market value of listed shares	35,450	34,839

- b)** Included in the amounts due to associates is a loan of HK\$308 million (2006: HK\$882 million) contributed by an associate in proportion to its equity interest in the Bellagio project. The loan bears interest at rates as determined by the shareholders of the property holding company with reference to the prevailing market rates which were between 4.4% to 5.0% (2006: 4.7% to 4.9%) per annum for the current financial year. Interest expenses in respect of the loan from the associate for the year ended 31 March 2007 amounted to HK\$25 million (2006: HK\$12 million). The loan is unsecured and has no fixed terms of repayment.

c) Summary financial information on associates

	2007		2006	
	Total HK\$ Million	Attributable interest HK\$ Million	Total HK\$ Million	Attributable interest HK\$ Million
Balance Sheets				
Assets	119,817	59,726	105,204	52,363
Liabilities	(44,267)	(22,072)	(39,300)	(19,587)
Equity	75,550	37,654	65,904	32,776
Profit and Loss Accounts				
Revenue	13,802	6,765	13,804	6,433
Profit before taxation	13,229	6,524	16,565	8,135
Income tax	(2,338)	(1,153)	(2,567)	(1,264)
Profit after taxation	10,891	5,371	13,998	6,871

- d)** The Group has equity accounted for the results and net assets of The Wharf (Holdings) Limited (“Wharf”), the Group’s significant listed associate, based on its audited financial statements for the year ended 31 December 2006. Extracts of Wharf’s audited consolidated profit and loss account and balance sheet are shown on page 107.
- e)** Details of principal associates at 31 March 2007 are shown on page 106.

15. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2007 HK\$ Million	2006 HK\$ Million
Equity securities, at market value		
Listed in Hong Kong	76	69
Listed outside Hong Kong	4,084	2,111
	4,160	2,180
Unlisted investments	7	7
	4,167	2,187

Equity securities listed outside Hong Kong include the Group's 20.06% (2006: 20.97%) interest in Hotel Properties Limited ("HPL"), a company incorporated and listed in Singapore. This equity interest 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.

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)** Properties under development for sale and properties held for sale in the amount of HK\$230 million (2006: HK\$785 million) were carried at net realisable value.
- b)** Properties under development for sale in the amount of HK\$4,942 million (2006: HK\$6,627 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\$7,435 million (2006: HK\$4,014 million) are pledged as security for banking facilities made available to the Group.
- d)** Properties under development for sale in the amount of HK\$179 million (2006: HK\$2,386 million) temporarily held for use in operating leases, which run for a period of one to two years with no option to renew upon expiry.

- e) 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	
	2007 HK\$ Million	2006 HK\$ Million
Held in Hong Kong		
Long lease	898	899
Medium term leases	639	1,297
	1,537	2,196
Held outside Hong Kong		
Freehold	6,201	5,005
	7,738	7,201

18. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables (net of impairment losses for bad and doubtful debts) with an ageing analysis as at 31 March 2007 as follows:

	Group	
	2007 HK\$ Million	2006 HK\$ Million
Current	137	567
31 – 60 days	2	8
61 – 90 days	1	7
Over 90 days	1	23
	141	605
Other receivables	400	485
	541	1,090

The Group maintains and closely monitors defined credit policies for its businesses and trade receivables in order to control the credit risk associated with trade receivables. Included in trade and other receivables are amounts mainly denominated in the functional currency of the entity to which they relate.

19. BANK BALANCES AND DEPOSITS

Included in bank balances and deposits is an amount of HK\$1,062 million (2006: HK\$709 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 designated for payments for expenditure incurred on projects.

20. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with an ageing analysis as at 31 March 2007 as follows:

	Group	
	2007 HK\$ Million	2006 HK\$ Million
Amounts payable in the next:		
0 – 30 days	266	230
31 – 60 days	61	70
61 – 90 days	97	126
Over 90 days	206	316
Other payables	630	742
	362	406
	992	1,148

Included in trade and other payables are amounts mainly denominated in the functional currency of the entity to which they relate.

21. LOANS

	Group	
	2007	2006
	HK\$ Million	HK\$ Million
Secured bank loans		
Repayable within 1 year	515	–
Repayable after 1 year, but within 2 years	–	1,211
Repayable after 2 years, but within 5 years	1,950	402
	2,465	1,613
Unsecured bank loans		
Repayable within 1 year	500	1,976
Repayable after 1 year, but within 2 years	600	576
Repayable after 2 years, but within 5 years	1,571	2,789
	2,671	5,341
Secured bonds (Note)	5,136	6,954
	–	251
Total loans	5,136	7,205
Less: Amounts repayable within 1 year	(1,015)	(1,976)
Total long-term loans	4,121	5,229

Included in loans are amounts mainly denominated in the functional currency of the entity to which they relate.

Note: The secured bonds as at 31 March 2006 bore interest at 1.14% per annum and were repaid during the year.

22. DEFERRED TAX

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

	Revaluation of investment properties HK\$ Million	Revaluation of investment HK\$ Million	Depreciation allowances in excess of the related depreciation HK\$ Million	Intangible assets HK\$ Million	Others HK\$ Million	Total HK\$ Million
Group						
Balance at 1 April 2005	103	-	59	-	(27)	135
Charged to the profit and loss account	604	-	2	-	24	630
Charged to reserves	-	-	-	23	-	23
Through acquisition of subsidiaries	-	-	-	41	(2)	39
Balance at 31 March/ 1 April 2006	707	-	61	64	(5)	827
Exchange differences	-	-	3	5	-	8
Charged/(credited) to the profit and loss account	2	-	-	-	(19)	(17)
Charged to reserves	-	280	-	-	-	280
Through disposal of subsidiaries	-	-	-	(69)	5	(64)
Balance at 31 March 2007	709	280	64	-	(19)	1,034

b) *Deferred tax assets unrecognised*

The Group has not accounted for deferred tax assets in respect of cumulative tax losses of HK\$703 million (2006: HK\$685 million) and certain deductible temporary differences of HK\$29 million (2006: HK\$109 million), with details below.

	Group	
	2007 HK\$ Million	2006 HK\$ Million
Deductible temporary differences	5	22
Future benefits of tax losses	123	120
	128	142

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.

23. DEFERRED ITEMS

Included in deferred items are deferred profits of HK\$425 million (2006: HK\$443 million).

Deferred profits represent unrealised profits resulting from transactions between the Group and its associates. The deferred profits will be released to the consolidated profit and loss account when the relevant assets are sold to third parties.

24. SHARE CAPITAL

	2007 No. of shares Million	2006 No. of shares Million	2007 HK\$ Million	2006 HK\$ Million
Authorised				
Ordinary shares of HK\$0.50 each	2,800	2,800	1,400	1,400
Issued and fully paid				
Ordinary shares of HK\$0.50 each	2,032	2,032	1,016	1,016

25. TOTAL EQUITY

	Share capital HK\$ Million	Share premium HK\$ Million	Capital redemption reserve HK\$ Million	Investment revaluation reserves HK\$ Million	Other capital reserves HK\$ Million	Revenue reserves HK\$ Million	Shareholders' equity HK\$ Million	Minority interests HK\$ Million	Total equity HK\$ Million
a) Group									
Company and subsidiaries									
Balance at 1 April 2006	1,016	1,914	19	502	285	16,404	20,140	5,881	26,021
Final dividend approved in respect of the previous year (Note 9b)	-	-	-	-	-	(203)	(203)	-	(203)
Dividend to minority interests	-	-	-	-	-	-	-	(144)	(144)
Revaluation surplus	-	-	-	937	-	-	937	626	1,563
Transferred to the profit and loss account on:									
Disposal of available-for-sale investments	-	-	-	(5)	-	-	(5)	(2)	(7)
Disposal of properties	-	-	-	-	(3)	-	(3)	(1)	(4)
Exchange differences	-	-	-	-	341	-	341	264	605
Disposal of subsidiaries	-	-	-	-	(26)	26	-	(6)	(6)
Transfer	-	-	-	-	4	(4)	-	-	-
Profit for the year retained	-	-	-	-	-	2,059	2,059	703	2,762
Interim dividend declared in respect of the current year (Note 9a)	-	-	-	-	-	(51)	(51)	-	(51)
Balance at 31 March 2007	1,016	1,914	19	1,434	601	18,231	23,215	7,321	30,536
Associates									
Balance at 1 April 2006	-	-	-	242	52	20,553	20,847	470	21,317
As previously reported	-	-	-	-	-	29	29	1	30
Prior year adjustment for HKAS 19 (Note 30a)	-	-	-	-	-	-	-	-	-
As restated	-	-	-	242	52	20,582	20,876	471	21,347
Revaluation surplus	-	-	-	372	-	-	372	14	386
Actuarial gains on defined benefit pension schemes	-	-	-	-	-	16	16	-	16
Transferred to the profit and loss account on disposal of available-for-sale investments	-	-	-	(1)	-	-	(1)	-	(1)
Exchange differences/others	-	-	-	-	87	-	87	4	91
Profit for the year retained	-	-	-	-	-	4,251	4,251	152	4,403
Balance at 31 March 2007	-	-	-	613	139	24,849	25,601	641	26,242
Total equity at 31 March 2007	1,016	1,914	19	2,047	740	43,080	48,816	7,962	56,778

NOTES TO THE FINANCIAL STATEMENTS

	Share capital HK\$ Million	Share premium HK\$ Million	Capital redemption reserve HK\$ Million	Investment revaluation reserves HK\$ Million	Other capital reserves HK\$ Million	Revenue reserves HK\$ Million	Shareholders' equity HK\$ Million	Minority interests HK\$ Million	Total equity HK\$ Million
a) Group									
Company and subsidiaries									
Balance at 1 April 2005	1,016	1,914	19	316	211	11,896	15,372	4,927	20,299
Final dividend approved in respect of the previous year (Note 9b)	-	-	-	-	-	(173)	(173)	-	(173)
Dividend to minority interests	-	-	-	-	-	-	-	(837)	(837)
Revaluation surplus	-	-	-	273	30	-	303	124	427
Transferred to the profit and loss account on disposal of available-for-sale investments	-	-	-	(87)	-	-	(87)	(31)	(118)
Rights issue of a subsidiary attributable to minority interests	-	-	-	-	-	-	-	776	776
Acquisition of additional interests in subsidiaries	-	-	-	-	-	(4)	(4)	(33)	(37)
Through acquisition of subsidiaries	-	-	-	-	-	-	-	3	3
Reclassification from associates	-	-	-	-	29	(3)	26	22	48
Exchange differences	-	-	-	-	15	-	15	15	30
Others	-	-	-	-	-	(3)	(3)	(1)	(4)
Profit for the year retained	-	-	-	-	-	4,742	4,742	916	5,658
Interim dividend declared in respect of the current year (Note 9a)	-	-	-	-	-	(51)	(51)	-	(51)
Balance at 31 March 2006	1,016	1,914	19	502	285	16,404	20,140	5,881	26,021
Associates									
Balance at 1 April 2005	-	-	-	226	199	15,716	16,141	341	16,482
As previously reported	-	-	-	-	-	14	14	1	15
Prior year adjustments for HKAS 19 (Note 30a)	-	-	-	-	-	-	-	-	-
As restated	-	-	-	226	199	15,730	16,155	342	16,497
Revaluation surplus	-	-	-	49	-	-	49	2	51
Actuarial gains on defined benefit pension schemes	-	-	-	-	-	15	15	-	15
Transferred to the profit and loss account on disposal of available-for-sale investments	-	-	-	(33)	-	-	(33)	(3)	(36)
Reclassification to subsidiaries	-	-	-	-	(29)	3	(26)	(22)	(48)
Reserve utilised for acquisition of interests in subsidiaries	-	-	-	-	-	(860)	(860)	(33)	(893)
Transfers	-	-	-	-	(118)	120	2	-	2
Profit for the year retained	-	-	-	-	-	5,574	5,574	185	5,759
Balance at 31 March 2006	-	-	-	242	52	20,582	20,876	471	21,347
Total equity at 31 March 2006	1,016	1,914	19	744	337	36,986	41,016	6,352	47,368

	Share capital HK\$ Million	Share premium HK\$ Million	Capital redemption reserve HK\$ Million	Other capital reserves HK\$ Million	Revenue reserves HK\$ Million	Total HK\$ Million
b) Company						
Shareholders' equity at 1 April 2006	1,016	1,914	19	77	1,457	4,483
Final dividend approved in respect of the previous year (Note 9b)	-	-	-	-	(203)	(203)
Profit for the year	-	-	-	-	259	259
Interim dividend declared in respect of the current year (Note 9a)	-	-	-	-	(51)	(51)
Shareholders' equity at 31 March 2007	1,016	1,914	19	77	1,462	4,488
Shareholders' equity at 1 April 2005	1,016	1,914	19	77	1,450	4,476
Final dividend approved in respect of the previous year (Note 9b)	-	-	-	-	(173)	(173)
Profit for the year	-	-	-	-	231	231
Interim dividend declared in respect of the current year (Note 9a)	-	-	-	-	(51)	(51)
Shareholders' equity at 31 March 2006	1,016	1,914	19	77	1,457	4,483

Reserves of the Company available for distribution to shareholders at 31 March 2007 amounted to HK\$1,462 million (2006: HK\$1,457 million). The application of the share premium account and the capital redemption reserve account are governed by section 48B and section 49H of the Hong Kong Companies Ordinance respectively. The revaluation reserves and other capital reserves have been set up and will be dealt with in accordance with the accounting policies adopted by the Group.

26. FINANCIAL INSTRUMENTS

Exposure to interest rate, foreign currency, liquidity and credit risks arises in the normal course of the Group's business. These risks are managed by the Group's financial management policies and practices described below:

a) Interest rate risk

The Group's exposure to market risk for changes in interest rates primarily relates to the Group's debt obligations with financial institutions which are denominated into Singapore Dollars, Japanese Yen and Pounds Sterling. Interest rates on borrowings are determined based on prevailing market rates. The Group does not use derivative financial instruments to hedge interest rate risks.

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or the maturity dates, if earlier.

Group	2007			2006		
	Effective interest rates %	Within 1 year HK\$ Million	After 1 year but within 5 years HK\$ Million	Effective interest rates %	Within 1 year HK\$ Million	After 1 year but within 5 years HK\$ Million
Financial assets						
Bank balances and deposits	2.4 – 5.2	6,466	–	1.5 – 4.7	4,518	–
Financial liabilities						
Bank loans						
Secured	3.3 – 4.0	(2,465)	–	4.0 – 4.3	(1,613)	–
Unsecured	3.8 – 4.6	(2,671)	–	0.6 – 5.0	(5,341)	–
Secured bonds	–	–	–	1.14	–	(251)
		(5,136)	–		(6,954)	(251)
Total		1,330	–		(2,436)	(251)

b) Foreign currency risk

The Group has exposure to foreign currency risk as a result of its investments in subsidiaries operating overseas. The currencies giving rise to this risk are primarily Singapore Dollars, Renminbi, Japanese Yen and Pounds Sterling.

The Group uses forward foreign exchange contracts and local currency borrowings to hedge its foreign currency risk except its net investments in Singapore subsidiaries. Most of the forward foreign exchange contracts have maturities of less than three months after the balance sheet date. Where necessary, the forward foreign exchange contracts are rolled over at maturity.

c) Liquidity risk

Cash management of the Company and wholly-owned subsidiaries of the Group is centralised at the Group level. The 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 Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, if any, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

d) Credit risk

The Group's credit risk is primarily attributable to rental, other trade and service receivables. The exposures to these credit risks are closely monitored on an ongoing basis by established credit policies in each of its core businesses. In respect of rental receivables, sufficient rental deposits are held to cover potential exposure to 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 credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 27. There are no significant concentrations of credit risk within the Group.

e) Fair values

Listed investments are stated at market prices. Unlisted investments for which fair values cannot be reliably measured are stated at cost.

The fair values of debtors, bank balances and other liquid funds, creditors 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 March 2007 and 31 March 2006. Amounts due from/(to) subsidiaries are unsecured, non-interest bearing and have no fixed repayment terms. Given these terms, it is not meaningful to disclose fair values.

27. CONTINGENT LIABILITIES

	Group		Company	
	2007 HK\$ Million	2006 HK\$ Million	2007 HK\$ Million	2006 HK\$ Million
Guarantee given in respect of banking facilities available to subsidiaries	–	–	5,270	6,170

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 was HK\$Nil.

28. COMMITMENTS**a) Acquisition of and future development expenditure relating to properties**

	Group	
	2007 HK\$ Million	2006 HK\$ Million
Contracted but not provided for	2,283	766
Authorised but not contracted for	562	–

b) At 31 March 2007, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Group			
	2007		2006	
	Properties HK\$ Million	Others HK\$ Million	Properties HK\$ Million	Others HK\$ Million
Within 1 year	–	–	31	8
After 1 year but within 5 years	–	–	95	5
After 5 years	–	–	74	–
	–	–	200	13

29. RELATED PARTY TRANSACTIONS

Except for the transactions noted below, the Group has not been a party to any material related party transactions during the year ended 31 March 2007:

Included in interest in associates is a loan of HK\$308 million (2006: HK\$882 million) contributed by an associate in proportion to its equity interest in the Bellagio property development project. The loan bears interest at a rate as determined by the shareholders of the property holding company with reference to prevailing market rates which were between 4.4% and 5.0% (2006: 4.7% and 4.9%) per annum for the current financial year. Interest expenses in respect of the loan from the associate for the year ended 31 March 2007 amounted to HK\$25 million (2006: HK\$12 million). The loan is unsecured and has no fixed terms of repayment. This transaction did not constitute a connected transaction of the Company under the Listing Rules.

30. CHANGES IN ACCOUNTING POLICIES

The Hong Kong Institute of Certified Public Accountants has issued certain new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective or available for early adoption for the current accounting period of the Group.

The “Principal accounting policies” set out on pages 89 to 104 summarises the accounting policies of the Group after the adoption of these policies to the extent that they are relevant to the Group. The following sets out information on the significant changes in accounting policies 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 (see Note 33).

a) *HKAS 19 “Employee benefits”*

In prior years, the associate of the Group in calculating its obligation in respect of a defined benefit pension scheme, if any cumulative unrecognised actuarial gain or loss exceeded 10% of the greater of the present value of the defined benefit obligation and the fair value of scheme assets, that portion was recognised in the consolidated profit and loss account over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss was not recognised.

With effect from 1 January 2006, the associate adopted retrospectively the alternative recognition policy in the amendment to HKAS 19 under which all actuarial gain or loss of all defined benefit pension schemes can be recognised outside profit or loss. As a result of this change, the Group’s shareholders’ equity and minority interests as at 1 April 2006 increased by HK\$29 million and HK\$1 million (1 April 2005: HK\$14 million and HK\$1 million) respectively.

b) *Financial guarantees issued (Amendments to HKAS 39, Financial instruments: Recognition and measurement: Financial guarantee contracts)*

In prior years, financial guarantees issued by the Group were disclosed as contingent liabilities in accordance with HKFRS 4, Insurance contracts and HKAS 37, Provisions, contingent liabilities and contingent assets. No provisions were made in respect of these guarantees unless it was more likely than not that the guarantee would be called upon.

With effect from 1 April 2006, in order to comply with the amendments to HKAS 39 in respect of financial guarantee contracts, the Group has changed its accounting policy for financial guarantees issued. Under the new policy, financial guarantees issued are accounted for as financial liabilities under HKAS 39 and measured initially at fair value, where material and the fair value can be reliably measured. Subsequently, they are measured at the higher of the amount initially recognised, less accumulated amortisation, and the amount of the provision, if any, that should be recognised in accordance with HKAS 37.

The adoption of the amendment does not have any impact on the Group's results of operation and financial position for the financial years 2005/06 and 2006/07.

31. POST BALANCE SHEET EVENTS

- a) After the balance sheet date the Directors proposed a final dividend. Further details are disclosed in note 9 to the financial statements.
- b) On 1 June 2007, the Company issued an announcement in relation to its proposed acquisition of additional equity interest in The Wharf (Holdings) Limited (the "Proposed Transaction"). The Proposed Transaction required shareholders' approval from the Company which is scheduled in August 2007.

32. COMPARATIVE FIGURES

As a result of the disposal of Hamptons, which was reported as a discontinued operation in the financial statements in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations", certain comparative figures have been adjusted or reclassified to conform with the current year's presentation.

33. 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. These new standards have not been adopted since they are only effective after 31 March 2007.

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 the adoption of the 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:

	Effective for accounting periods beginning on or after
HKFRS 7, Financial instruments: disclosures	1 January 2007
Amendment to HKAS 1, Presentation of financial statements: capital disclosures	1 January 2007

34. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 14 June 2007.

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 (“HKASs”) 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.

b) *Basis of preparation of the financial statements*

The consolidated financial statements for the year ended 31 March 2007 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 (z).

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 the 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 of 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.

(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 or 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 (r)(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 (k).

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 ultimately to be achieved, based on prevailing market conditions and the anticipated costs to completion.

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 management, based on prevailing market conditions. Costs of completed properties held for sale comprises 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.

f) Depreciation of fixed assets

Depreciation is calculated to write-off the cost of items of fixed assets, less their estimated residual value, 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 51 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 the assets of between 3 to 10 years.

g) Investments in debt and equity securities

(i) Investments in securities held for trading are classified as current assets and are initially stated at fair value. 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 initially recognised in the balance sheet at fair value plus transaction costs. Subsequently, they 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) Other investments in securities are classified as available-for-sale investments and are initially recognised at fair value plus transaction costs. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised directly in the investment revaluation reserves in equity, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses 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, the cumulative gain or loss previously recognised directly in the investment 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) Intangible assets (other than goodwill)

Other intangible assets with finite lives are stated at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised on a straight-line basis from the date the asset is available for use and over its estimated useful lives of 3 to 5 years.

Intangible assets that have indefinite lives are stated at cost less impairment losses. Such intangible assets are tested for impairment annually as described in note (l)(ii).

k) Leased assets**(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; 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(ii)) 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 (l)(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.

l) Impairment of assets

(i) Impairment of financial assets

Investments in debt and equity securities 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.
- 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 had 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.

(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.

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.

m) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for 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 impairment losses for bad and doubtful debts.

n) Interest-bearing borrowings

Interest-bearing borrowings for which there is a hedging relationship with a derivative financial instrument, which does not qualify for hedge accounting are initially recognised at fair value less transaction costs. At each balance sheet date the fair value is remeasured and any change in fair value is recognised in the consolidated profit and loss account.

Other 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.

o) 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.

p) 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 cash flow statement.

q) 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 or associates are translated into Hong Kong dollars at the monthly weighted average exchange rates for the year. Differences arising from the translation of the financial statements of overseas subsidiaries or associates, and those arising from foreign currency borrowings used to hedge a net investment in a foreign operation, are dealt with in other capital reserves. 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 the other capital reserves which relate to that overseas subsidiary or associate is included in the calculation of the profit or loss on disposal.

r) Recognition of revenue

- (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 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 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)** Residential agency income comprises fees and commissions which are brought into account on the exchange of contracts for the property to which they relate. Lettings income relates to fees for finding and renewing tenants for landlord of properties and are recognised on the commencement of the tenancy.
- (iv)** Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.
- (v)** Interest income is recognised as it accrues using the effective interest method.

s) Income taxes

- (i)** Income tax for the year comprises current tax and deferred tax. Income tax is recognised in the consolidated profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is 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 respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Deferred tax is provided, using the balance sheet liability method, in respect of all temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits, with limited exceptions. Deferred tax liabilities are provided in full on all temporary differences while deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

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.

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.

t) 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 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.

u) 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.

v) *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 profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note(v)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(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.

w) 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.

x) 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.

y) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the profit and loss account, which comprises the post-tax profit or loss of the discontinued operation; and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation. When an operation is classified as a discontinued operation, the comparative profit and loss account is restated as if the operation had been discontinued from the start of the comparative period.

z) 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:

- Valuation of investment properties

Investment properties are included in the balance sheet at their market values, which are assessed annually by 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.

- Business combinations and allocation of purchase price amongst intangible assets

The Group accounted for the business combination in accordance with HKFRS 3 "Business Combinations". The Group is required to recognise separately, at the acquisition date, the acquiree's identifiable assets, including tangible and intangible assets that satisfy the recognition criteria regardless of whether they had been previously recognised in the acquiree's financial statements.

The valuation in respect of the intangible assets recognised upon the acquisition was performed by an independent valuer by reference to the future economic benefits to be derived from these assets based on fair value assessment. The assumptions adopted in the valuation include the revenue growth, expected percentage of recurring business and the general market conditions.

- Assessment of impairment of non-current assets
The Group has non-current assets, including properties, goodwill and other intangible assets. Assets that have an indefinite useful life are tested for impairment annually. Assets that are subject to depreciation and amortisation are assessed on an annual basis as to whether there is any indication of impairment loss which suggests that the carrying value of these assets may not be recoverable. Management assesses the recoverable amount of each non-current 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 assets. 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 the remaining useful life of the asset and the most recent financial budgets/forecasts are approved by management.

- Assessment of provision for properties held under development and for sale
Management determines the net realisable value of properties held for sale by using (1) prevailing market data such as most recent sale transactions and market survey reports available from independent property valuers; and (2) 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.

- 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 and operational and financing cashflows.

PRINCIPAL SUBSIDIARIES AND ASSOCIATES

At 31 March 2007

Subsidiaries	Place of incorporation/operation	Issued & fully paid up share capital (all being ordinary shares except otherwise stated)	Percentage of equity attributable to the Group	Principal activities
Actbilt Pte Limited	Singapore	1,000,000 S\$1 shares	56	Property
Belgravia Properties Pte. Ltd.	Singapore	1,000,000 S\$1 shares	56	Property
Bestbilt Pte. Ltd.	Singapore	1,000,000 S\$1 shares	56	Property
Botanica Pte. Ltd.	Singapore	1,000,000 S\$1 shares	56	Property
Everbilt Developers Pte Ltd	Singapore	160,000,000 S\$1 shares	56	Property
Harriman Property Management Limited	Hong Kong	198 HK\$100 shares	100	Property management
Harriman Leasing Limited	Hong Kong	100,049 HK\$10 shares 50 non-voting HK\$10 shares	50 100	Letting agent
Janeworth Company Limited	Hong Kong	550,000,000 HK\$1 shares	74	Property
Kowloon Properties Company Limited	Hong Kong	10,000 HK\$1 shares	66	Property
Marnav Holdings Limited	Hong Kong	1,000,000 HK\$1 shares	74	Property
Mer Vue Developments Pte. Ltd.	Singapore	1,000,000 S\$1 shares	56	Property
NART Finance Limited	Hong Kong	3 HK\$10 shares	74	Finance
Nassim Developments Pte. Ltd.	Singapore	2 S\$1 shares	56	Investment
Pizzicato Limited	Hong Kong	2 HK\$10 shares	74	Property
Realty Development Corporation Limited	Hong Kong	1,151,389,640 HK\$0.2 shares	74	Holding company
Ridge Limited	Hong Kong	2 HK\$1 shares	100	Property
Salisbury Company Limited	Hong Kong	2 HK\$1 shares	74	Property
Samover Company Limited	Hong Kong	2 HK\$1 shares	74	Property

PRINCIPAL SUBSIDIARIES AND ASSOCIATES

At 31 March 2007

Subsidiaries	Place of incorporation/operation	Issued & fully paid up share capital (all being ordinary shares except otherwise stated)	Percentage of equity attributable to the Group	Principal activities
Sandsprings Limited	Hong Kong	2 HK\$10 shares	74	Property
Titano Limited	Hong Kong	2 HK\$1 shares	74	Property
Wheelock Corporate Services Limited (held directly)	Hong Kong	10,000,000 HK\$1 shares	100	Commercial services
Wheelock Finance Limited	Hong Kong	2 HK\$1 shares	100	Finance
Wheelock Properties Limited	Hong Kong	2,069,637,125 HK\$0.2 shares	74	Holding company
Wheelock Properties (Singapore) Limited	Singapore	398,853,292 S\$1 shares & 797,706,584 shares issued at S\$0.825 per share	56	Holding company/ Property
Wheelock Properties (Hong Kong) Limited (held directly)	Hong Kong	10 HK\$100 shares	100	Property services and management
Wheelock Properties (China) Limited	Hong Kong/ China	2 HK\$10 shares	100	Property development in China
Wheelock Travel Limited	Hong Kong	50,000 HK\$10 shares	100	Travel agency
		Percentage of share capital (of the class of shares stated below)	Percentage	
Associates	Place of incorporation/operation	held by subsidiary(ies) of the Company	of equity attributable to the Group	Principal activities
Dramstar Company Limited (Note 1)	Hong Kong	100 ("B" shares)	33	Property
Grace Sign Limited (Note 1)	Hong Kong	20 (ordinary shares)	15	Property
The Wharf (Holdings) Limited	Hong Kong	49.9 (ordinary shares)	48	Holding company

Notes

- 1) The financial statements of these associates have been audited by a firm of accountants other than KPMG.
- 2) Unless otherwise stated, the subsidiaries and associates were held indirectly by the Company.
- 3) The above list gives the principal subsidiaries and associates of the Group which, in the opinion of the Directors, principally affect the profit and assets of the Group.
- 4) All associates are corporate entities.

THE WHARF (HOLDINGS) LIMITED

EXTRACTS FROM THE PUBLISHED FINANCIAL STATEMENTS

THE WHARF (HOLDINGS) LIMITED

Accounts for the year ended 31 December 2006

Consolidated Profit and Loss Account	Year ended 31/12/2006 HK\$ Million	Year ended 31/12/2005 HK\$ Million
Turnover	13,364	12,543
Group profit attributable to shareholders	10,757	13,888
Dividends attributable to the year	1,958	1,958
Consolidated Balance Sheet	31/12/2006 HK\$ Million	31/12/2005 HK\$ Million (restated)
Fixed assets	102,198	90,658
Goodwill and other intangible assets	306	297
Associates	781	1,638
Jointly controlled entity	788	896
Available-for-sale investments	2,921	1,677
Long-term receivables	371	410
Programming library	186	143
Defined benefit pension scheme assets	230	150
Deferred tax assets	429	468
Derivative financial assets	17	54
Current assets	11,050	8,101
Current liabilities	(9,986)	(9,873)
Long-term loans	(16,003)	(14,155)
Deferred tax liabilities	(13,116)	(11,672)
Other deferred liabilities	(254)	(263)
Derivative financial liabilities	–	(3)
	79,918	68,526
Capital and reserves		
Share capital	2,448	2,448
Reserves	72,714	62,926
Shareholders' equity	75,162	65,374
Minority interests	4,756	3,152
	79,918	68,526

SCHEDULE OF PRINCIPAL PROPERTIES

At 31 March 2007

Investment properties/ other properties held for own use	Lot number	Lease expiry	Approx. gross floor area (sq.ft.)	Attributable % owned	Year of completion	Type/usage
Investment properties						
Crawford House, 70 Queen's Road Central, Central	IL7 R.P. & IL45 Sec.A R.P.	2842	189,200	100	1977	Office & shops
3/F-24/F, Wheelock House, 20 Pedder Street, Central	ML99 Sec.A,C, R.P. & ML 100 Sec.A,B, R.P.	2854	192,900	74	1984	Office
Fitfort, Basement – 3/F, Healthy Gardens Podium, 560 King's Road, North Point	IL 3546	2086	125,400 & 353 car parks	74	1979	Shopping arcade & car parks
Various shops at Great Western Plaza, 100-142 Belcher's Street, Kennedy Town	IL 906 Sec. L,M & R.P.	2882	13,200	74	1960s & 70s	Shops
Wheelock Place, 501 Orchard Road, Singapore	–	2089	465,000	56	1993	Office & shopping arcade
Other properties held for own use						
34 Grosvenor Square, London, England	–	2057	5,900	56	–	Office

SCHEDULE OF PRINCIPAL PROPERTIES

At 31 March 2007

Properties under development/ completed properties for sale	Lot number	Site area (sq.ft.)	Approx. gross floor area (sq.ft.)	Attributable % owned	Expected year of completion	Type/usage	Stage of completion
Properties under/ held for development							
6D-6E Babington Path, Mid-Levels	IL609C R.P. & Sec D R.P.	5,837	47,000	74	2009	Residential	Foundation work in progress
2 Heung Yip Road, Wong Chuk Hang, Aberdeen	AIL 374	49,000	735,000	74	2009	Industrial/ Office	Demolition completed
The Sea View, Amber Close, Singapore	–	381,803	796,100 (all units pre-sold)	56	2007	Residential	Superstructure in progress
The Cosmopolitan, 390 Kim Seng Road, Singapore	–	112,862	316,000 (all units pre-sold)	56	2007	Residential	Superstructure in progress
Orchard View, 29 Anguilla Park, Singapore	–	29,078	89,600	56	2008	Residential	Superstructure in progress
Ardmore II, 1 & 2 Ardmore Park, Singapore	–	89,630	238,700 (224,600 s.f. pre-sold)	56	2009	Residential	Foundation work in progress
Scotts Square, 6 Scotts Road, Singapore	–	71,145	373,300	56	2010	Residential & Commercial	Demolition in progress
Ardmore III, 3 Ardmore Park, Singapore	–	54,981	169,300	56	2011	Residential	Planning

SCHEDULE OF PRINCIPAL PROPERTIES

At 31 March 2007

Properties under development/ completed properties for sale	Lot number	Site area (sq.ft.)	Approx. gross floor area (sq.ft.)	Attributable % owned	Expected year of completion	Type/usage	Stage of completion
Completed properties for sale							
Various units of Bellagio, 33 Castle Peak Road, Sham Tseng	Lot No. 269 R.P. in DD 390	566,090	224,400	74	–	Residential	Completed
Various units of World Tech Centre, 95 How Ming Street, Kwun Tong	KTIL 195 R.P.	37,341	52,800	74	–	Industrial	Completed
Various units of My Loft, 9 Hoi Wing Road, Tuen Mun	TMTL 379	40,946	29,500	74	–	Godown	Completed
4/F South Seas Centre, Tower 1, 75 Mody Road, Tsimshatsui	KIL 10549	–	14,500	74	–	Office	Completed
12/F Wing On Plaza, 62 Mody Road, Tsimshatsui	KIL 10586	–	19,900	74	–	Office	Completed
Various units of Parc Palais, 18 Wylie Road, King's Park, Homantin	KIL 11118	387,569	50,700	15	–	Residential	Completed

Notes:

- 1) All the above properties are in Hong Kong except otherwise stated.
- 2) The gross floor area of completed properties for sale represents unsold area of the respective properties.

FIVE-YEAR FINANCIAL SUMMARY

HK\$ Million

Financial year ended 31 March	2003 (restated)	2004	2005 (restated)	2006 (restated)	2007
Consolidated Profit and Loss Account					
Turnover	9,868	7,116	4,521	4,235	3,223
Group profit attributable to shareholders	64	2,303	4,167	10,316	6,310
Prior year adjustments (Notes 1 & 2)	(29)	–	4,170	–	–
Restated amount	35	2,303	8,337	10,316	6,310
Dividends attributable to the year	152	183	224	254	254
Consolidated Balance Sheet					
Fixed assets	3,886	4,011	5,326	8,665	9,058
Goodwill and other intangible assets	–	–	–	306	–
Interest in associates (Notes 1 to 3)	20,488	24,528	26,562	32,012	37,417
Available-for-sale investments	753	1,167	1,488	2,187	4,167
Deferred debtors	385	496	371	231	127
Current assets (Note 2)	16,490	10,677	15,008	14,777	16,609
Current liabilities	(5,192)	(3,830)	(4,072)	(4,311)	(5,020)
Long-term loans	(10,036)	(5,864)	(7,415)	(5,229)	(4,121)
Deferred tax (Notes 1 & 2)	(54)	(72)	(135)	(827)	(1,034)
Deferred items	(517)	(476)	(467)	(443)	(425)
	26,203	30,637	36,666	47,368	56,778
Share capital	1,016	1,016	1,016	1,016	1,016
Reserves (Notes 1 to 3)	21,774	25,528	30,419	40,000	47,800
Shareholders' equity	22,790	26,544	31,435	41,016	48,816
Minority interests (Notes 1 to 3)	3,413	4,093	5,231	6,352	7,962
Total equity	26,203	30,637	36,666	47,368	56,778

Notes:

Pursuant to the adoption of the Hong Kong Accounting Standard 19 ("HKAS 19") "Employee benefits – Actuarial gains and losses, group plans and disclosures" in 2007, all applicable HKFRSs in 2006 and the revised Statement of Standard Accounting Practice 12 ("SSAP 12") "Income taxes" in 2004, certain figures have been reclassified or restated as set out below:

- 1) These figures for the year 2003 have been restated pursuant to the adoption of SSAP 12 (revised) as explained in note 11 to the 2004 financial statements.
- 2) These figures for the year 2005 have been restated pursuant to the adoption of all applicable HKFRSs as explained in note 10 to the 2006 financial statements. Figures for 2004 and prior years have not been restated as it would involve delay and expenses out of proportion to the benefit to shareholders.
- 3) These figures for the year 2006 have been restated pursuant to the adoption of HKAS 19 by the Group's associate as explained in note 30 to the 2007 financial statements. Figures for 2005 and prior years have not been restated as it would involve delay and expenses out of proportion to the benefit to shareholders.

A Chinese version of this Annual Report is available from the Company upon request.
如有需要，可向本公司索取本年報之中文版本。