PROPERTY

Bellagio (effectively 74%-owned)

Bellagio is a residential development in Sham Tseng overlooking the Tsing Ma Bridge. Out of the total of 3,345 units in the development, cumulative sales have reached 3,123 units (or 93%) by the end of March 2007.

Crawford House (wholly-owned) (formerly known as Lane Crawford House)

The office portion of Crawford House was 74% leased at satisfactory rental rates. Hennes & Mauritz AB (H&M), a reputable international retailer, leased the majority of the retail podium.

WHEELOCK PROPERTIES LIMITED (A 74%-OWNED LISTED SUBSIDIARY) ("WPL")

Including a one-off gain from the disposal of Hamptons Group Limited ("Hamptons") but excluding the unrealised surplus from the revaluation of investment properties and property write-backs, WPL's profit for the year under review increased by 13% to HK$1,151 million (2006: HK$1,017 million). Including the lower unrealised surplus from the revaluation of investment properties and property write-backs, WPL's profit was HK$1,450 million (2006: HK$2,234 million).

Parc Palais is a one-million-square-foot GFA residential development in Homantin. 96% (or 673 units) of the 700 units have been sold by March 2007. WPL effectively owns 20% of Parc Palais.

Re-development of 6D-6E Babington Path, Mid-levels and 2 Heung Yip Road, Aberdeen, is underway. Both projects are currently scheduled for completion in the fourth quarter of 2009.

Wheelock House and Fitfort were 98% and 96% leased respectively at satisfactory rental rates at the end of March 2007.

In December 2006, the WPL group completed the disposal of its entire interest in Shop C at Wheelock House for HK$225 million.

The WPL group successfully acquired a 50% interest in a site for property development in Foshan of Guangdong Province through a joint venture in a public auction in February 2007. The joint venture committed a price of RMB950 million for the site.

During the year, the Group received a cash dividend of HK$138 million (2006: HK$123 million) from WPL.

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

Profit for Wheelock Properties (Singapore) Limited ("WPSL") amounted to S$297.9 million for the year under review (2006: S$183.7 million).

In February 2007, WPSL acquired The Habitat One for S$180 million. It will be an international and stylish development for sale in the prestigious Ardmore Park and will be re-named Ardmore III.

In January 2007, WPSL completed the sale of Oakwood Residence Azabujuban and realised a profit on disposal amounting to S$52 million.

In August 2006, WPSL sold its entire interest in Hamptons for £82 million and realised a profit on disposal amounting to S$91 million.

In March 2006, WPSL acquired for investment a 20.97% stake in Hotel Properties Limited, a listed company in Singapore, for S$171.4 million. The group's average cost of S$1.8 per share compares favourably to the traded market value of S$5.1 per share as at 31 March 2007.

Development Properties

The Sea View is a residential condominium development of six tower blocks with 546 apartments. Construction is in progress and development completion is scheduled in the fourth quarter of 2007. All of the 546 units have been pre-sold by March 2007.

The Cosmopolitan is a residential condominium development with 228 apartments on the former Times House site. Construction is in progress and the project is scheduled for completion in the fourth quarter of 2007. All of the 228 units have been pre-sold by March 2007.

Ardmore II is a prime residential condominium development with 118 apartments. Piling works commenced in early 2007 and development completion is scheduled in 2009. Pre-sales has met with favourable response and has reached 94% by March 2007.

Main construction work for Orchard View is underway and the project is scheduled for completion by December 2008.

The Scotts Shopping Centre and the Ascott Serviced Apartment will be re-developed into a prime residential condominium development, to be known as Scotts Square. Demolition of the previous buildings is in progress. Development completion is scheduled in the middle of 2010.

Investment Properties

Wheelock Place, a commercial development at Orchard Road, Singapore was 100% committed at satisfactory rental rates at the end of March 2007.

THE WHARF (HOLDINGS) LIMITED (A 48%-OWNED LISTED ASSOCIATE)

Wharf's group turnover increased by 7% to HK$13,364 million (2005: HK$12,543 million) and operating profit increased by 8% to HK$6,471 million (2005: HK$6,003 million). However, borrowing costs rose in a higher interest rate environment and taxation charge (excluding deferred taxation on the revaluation surplus of investment properties) rose primarily due to deferred tax items recorded by i-CABLE Communications Limited since 2005. Net profit attributable to shareholders excluding the net surplus arising on the revaluation of investment properties decreased by 5% to HK$4,285 million (2005: HK$4,499 million). Including the lower unrealised surplus from the revaluation of investment properties, net profit attributable to shareholders was HK$10,757 million (2005: HK$13,888 million).

Core properties, Harbour City and Times Square in Hong Kong represent close to 60% of Wharf group's total assets. In 2006, their combined turnover rose by 12% to HK$4,722 million and operation profit by 14% to HK$3,414 million.

Harbour City (wholly-owned by Wharf)

Harbour City turned over HK$3,722 million during 2006, for an increase of 12% over 2005; operating profit increased by 14% to HK$2,574 million.

Positive local sentiment and tourist arrivals fuelled the momentum of retail sales. Turnover of Harbour City's retail sector grew by 14% to HK$1,472 million. An average occupancy of 96% was maintained throughout 2006 with favourable rental growth. Tenants at Harbour City continued to achieve impressive sales performance, with a 16% increase in average sales per square foot during the year reaching a record high of over HK$1,400 in December 2006.

The office sector reported turnover growth of 10% to HK$1,104 million, on the back of strong rental reversion. Average office occupancy was maintained at 95% in 2006. Average rental rate for leases signed in 2006 was 60% higher than the rates of the expired leases, thanks to the strong upsurge in spot rates in the last two years.

Turnover for the serviced apartments sector decreased by 8% to HK$202 million, attributable to lower occupancy as a result of keener competition. The three hotels in Harbour City performed strongly during the year, with consolidated occupancy of 90% and a healthy 20% growth in average room rate.

Times Square (wholly-owned by Wharf)

Times Square's turnover reached HK$1,000 million in 2006, an increase of 13% over 2005; operating profit increased by 13% to HK$840 million.

Average retail occupancy was maintained at nearly 100% during the year, with favourable rental growth for all new lettings and renewals. Tenants enjoyed a 12% increase in average sales per square foot achieved in December 2006. The use of themes and zoning successfully focus shopper's attention and distribute traffic evenly around the Times Square retail mall.

Turnover for the office sector rose by 15% to HK$294 million during 2006, resulting from strong rental reversions. Office occupancy stood at 93% at the end of 2006, and rental rates increased steadily throughout the year.

China Properties

The group is increasing its investments in China with further land acquisitions. In December 2006 and January 2007, the group acquired three prime lots in the cities of Suzhou, Wuxi and Chengdu. With these additions, the land bank including existing investment properties in the Mainland now reaches over 50 million square feet, covering eight cities: Beijing, Shanghai, Chongqing, Wuhan, Dalian, Chengdu, Suzhou and Wuxi. Some of the earlier projects are expected to start to make a profit contribution in 2007.

The three completed properties, namely, Beijing Capital Times Square, Shanghai Times Square and the retail podium of Chongqing Times Square, all performed satisfactorily. Rental revenue rose by 15% and operating profit by 53% during 2006.

Pre-sales of some of the residential units at Wellington Garden in Shanghai and Wuhan Times Square are well underway. 57% and 72% of the units launched were pre-sold respectively by the end of 2006.

Modern Terminals (a 68%-owned subsidiary of Wharf)

Modern Terminals' investment in Mainland ports accelerates. The transformation of Modern Terminals from operating at a single port (Hong Kong) to a portfolio of strategic ports is rapidly taking shape.

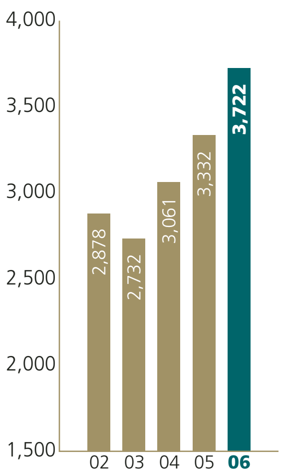
Despite a 7% throughput growth to 5.42 million TEUs, Modern Terminals' revenue and operating profit decreased by 2% and 4% respectively in 2006, as a result of box mix shift in favour of transshipment and feeder cargos, and increasing competition in Hong Kong and South China. Modern Terminals currently operates 7.5 berths with total handling capacity of 7.0 million TEUs and its market share in Kwai Chung was maintained at 33.8% at the end of 2006.

In China, Chiwan Container Terminals and Shekou Container Terminals (SCT) handled 3.9 million TEUs and 2.0 million TEUs respectively during 2006. Modern Terminals entered into a contract in December 2006 to increase its investment in the Shekou Container Terminals.

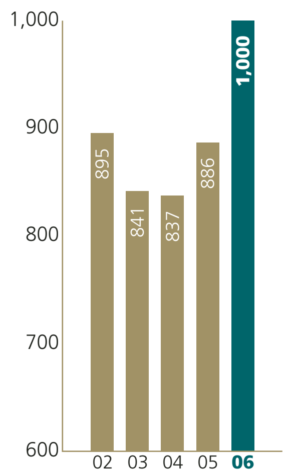
Throughput for Phase I of Taicang (51%-owned by Modern Terminals) grew substantially by 86% to 467,000 TEUs in 2006, reflecting strong growth in intra-Asia trade. The first berth of Phase II (70%-owned by Modern Terminals) commenced operation in November 2006. Dachan Bay Phase I (65%-owned by Modern Terminals) will increase Modern Terminals' own operating capacity in Pearl River Delta from 7.5 to 12.5 berths. The first two berths will commence operations towards the end of 2007.

A framework agreement on strategic cooperation for the development of Dayaowan terminals in Dalian was signed in March 2007.

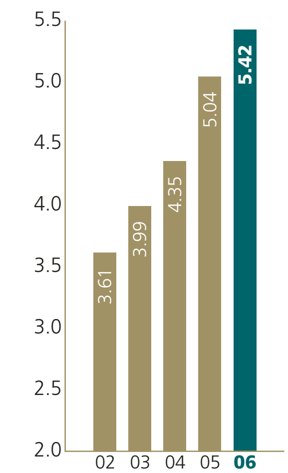
Harbour City: Gross Revenue
(HK$ Million)



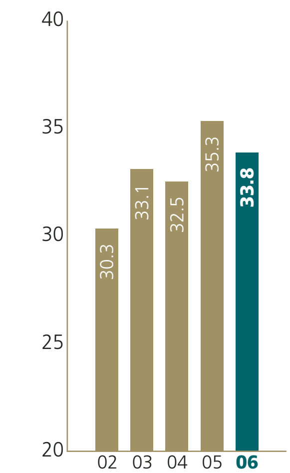
Times Square: Gross Revenue
(HK$ Million)



Modern Terminals: Throughput
(Million TEUs)



Modern Terminals: Market Share
(%)



Other Businesses

Other Hong Kong Properties

Plaza Hollywood registered turnover growth of 6% to HK$277 million, resulting from favourable rental growth in both new lettings and renewals. Average occupancy maintained at nearly 100% throughout 2006.

60 Victoria Road, Kennedy Town, is 100%-owned by listed subsidiary Harbour Centre Development Limited. Virtually all of the 73 units have been sold, to realise proceeds of HK$278 million.

Leasing activities for the Peak Portfolio remained strong during 2006. Average occupancy at Mountain Court, Chelsea Court and 1 Plantation Road was over 90% at the end of 2006, with favourable rental reversion achieved.

Two houses at Gough Hill Residences, which comprises five deluxe houses, were promptly sold at an average of HK$28,000 per square foot in 2006, realising proceeds of HK$446 million. The remaining three houses were sold in March and May 2007 at an average of HK$32,000 per square foot.

The group is actively seeking opportunities to dispose of its non-core properties.

i-CABLE

Total revenue rose by 4% to HK$2,548 million and profit before taxation dipped by 26% to HK$210 million, as a result of escalating programming cost and keener marketing and pricing strategies. Intense competition from rival operators impacted on CABLE TV's performance and total revenue from Pay TV grew by 1% and operating profit decreased by 26% to HK$248 million. With a more flexible marketing approach, i-CABLE was able to overcome new threats from the competition to report a 7% growth in Pay TV subscribers to 786,000 at the end of 2006. Turnover from the Internet & Multimedia segment rose by 7% to HK$596 million and operating profit grew by 66% to HK$129 million. i-CABLE's Broadband subscribers grew by 2% year-on-year to 328,000 at the end of 2006, attributable to service enhancement through network upgrade, bundling strategies and the continued introduction of value-added services. Wholesale voice lines, meanwhile, climbed to 168,000, compared with 120,000 a year ago.

Wharf T&T

Turnover from the Wharf T&T group in 2006 plunged by 6% to HK$1,384 million while operating profit skidded by 162% to become an operating loss amounting to HK$64 million. Cashflow position, nevertheless, remained healthy with an inflow of HK$52 million (2005: HK$94 million). The fixed line installed base grew by 39,000 or 7% to 562,000, representing an overall market share of 13%.

For the financial year under review, total cash dividends received by the Group from Wharf amounted to HK$978 million (2006: HK$880 million).

Growth of Pay TV/Broadband Subscribers and Fixed Line Installment

(in thousands)