



WHEELOCK PROPERTIES

WHEELOCK PROPERTIES LIMITED

會德豐地產有限公司

INTERIM REPORT TO SHAREHOLDERS

for the half-year period ended 30 September 2005

致股東中期報告書

截至二〇〇五年九月三十日止半年度

GROUP RESULTS

The Group reported an unaudited profit attributable to Shareholders for the six months ended 30 September 2005 of HK\$1,036.9 million, compared to HK\$855.4 million in the same period last year. Earnings per share were 50.1 cents (2004/05: 41.3 cents).

INTERIM DIVIDEND

The Board has declared an interim dividend of 2.0 cents (2004/05: 2.0 cents) per share in respect of the half-year period ended 30 September 2005, payable on Friday, 30 December 2005 to Shareholders on record as at 23 December 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENT REVIEW

Given below is a review of various business segments of the Group. Apart from the matters mentioned below, there have been no material changes in respect of the business of the Group since the publication of the Company's last annual report.

Property development

Property sale revenue for the six-month period was HK\$288.3 million, a decrease of HK\$644.6 million or 69.1 per cent (2004/05: HK\$932.9 million). The operating profit dropped by HK\$79.7 million or 49.0 per cent to HK\$82.8 million as compared to the same period last year. The decrease was attributable to lower development profit from the sale of Grange Residences units in Singapore, being contributed by Wheelock Properties (Singapore) group ("WPSL"). For the period under review, the remaining 11 Grange Residences units were sold as compared to 56 units sold in the same period last year. Other property sales for the six-month period covered the industrial units at Metro Loft, My Loft and certain residential units at Palm Cove and one shop at Bailey Garden.

Property investment

Rental revenue for the six-month period increased by HK\$73.8 million or 57.8 per cent to HK\$201.5 million (2004/05: HK\$127.7 million). The operating profit rose by HK\$39.6 million or 45.7 per cent to HK\$126.2 million. The improvement was mainly due to the additional rental income aggregating HK\$76.3 million generated from Oakwood Residence Azabujuban serviced apartments in Japan, and The Ascotts and Scotts service apartments and retail area in Singapore, both acquired by WPSL in September 2004.

Property agency

Hamptons, a UK-based estate agency firm, has become a wholly-owned subsidiary of WPSL since April 2005 and its results were consolidated into the Group's results for the period under review. Property Agency segment reported revenue and operating profit of HK\$409.9 million and HK\$18.8 million respectively for the financial period under review.

Investment and others

Revenue from this segment for the six-month period under review was HK\$113.0 million, which mainly comprised recurring dividend income generated from the Group's long-term investment portfolio and interest earned. For the first half of 2005/06, profit generated from investment and others segment was HK\$297.6 million, which included profits arising from the disposal of certain long-term investments and Great Western Plaza units (investment property) of HK\$141.7 million and HK\$51.8 million respectively.

Results of WPSL, a 75%-owned Singapore listed subsidiary (already consolidated in the above results)

WPSL reported an unaudited profit attributable to its shareholders of S\$48.0 million (about HK\$223 million) for the six-month period ended 30 September 2005, compared to S\$75.5 million (about HK\$346 million) achieved in the corresponding period last year. The decrease in WPSL's profit was mainly due to less Grange Residences units being sold during the financial period under review compared to the corresponding period in the previous year.

Development properties

Grange Residences

To date, 100 per cent of the total 164 units have been sold.

Cosmopolitan

Cosmopolitan is a residential condominium development of 228 apartment units on the former Times House site. Piling works were completed in January 2005 and foundation works are in progress. A pre-launch campaign of Cosmopolitan was organised in March 2005 with 63 units or 27 per cent of the total 228 apartments having been pre-sold as at the end of September 2005.

Sea View

Sea View, a residential condominium development of 6 tower blocks with a total of 546 apartments on the amalgamated site of the former Sea View Hotel and the China Airlines House. Piling works were completed in May 2005 and to-date foundation works were also completed for 5 blocks. The Sea View was officially launched in July 2005 with 276 units pre-sold as at the end of September 2005.

Ardmore View

Demolition of the building was completed in May 2005. This site will be amalgamated with the adjoining Habitat II site for redevelopment into a prime residential condominium for sale.

Orchard View

Demolition of the building (formerly known as Angullia View) is in progress and piling works are expected to commence in the first quarter of 2006.

No. 6 Scotts Road

The Scotts Shopping Centre is currently 97 per cent leased or committed and The Ascott Singapore is currently 97 per cent leased at satisfactory rental rates.

Investment properties

Wheelock Place

Wheelock Place, a commercial building with a gross floor area of 465,000 square feet situate at Orchard Road in Singapore, is currently 95 per cent leased or committed at higher rental rates.

Oakwood Residence Azabujuban

The Oakwood Residence Azabujuban, a serviced apartment building in Tokyo is currently 94 per cent leased at satisfactory rental rates.

Development projects undertaken by associates

Bellagio (1/3-owned by the Group)

Bellagio, in Sham Tseng on the western shore of New Territories overlooking the Tsing Ma Bridge, is a joint venture development equally-owned by Wheelock, Wheelock Properties and Wharf. Phases I and II, comprising a total of 1,704 units, were completed in December 2002. As at the end of September 2005, cumulative sales reached 1,699 units (99.7 per cent), realising proceeds of about HK\$4.1 billion. Superstructure works for Phases III and IV, which provide a total of 1,641 residential units, are in progress, with target completion by the end of 2005. Pre-sales for Tower 1 and Tower 3 (Total: 797 units) were launched in September 2005 and met with an enthusiastic market response. Cumulative sales reached 271 units as at the end of September 2005. For Phases III and IV (Towers 1, 2, 3 and 5), cumulative sales reached 1,067 units (or 62 per cent) as at the end of September 2005, generating a total revenue of about HK\$4.1 billion. Occupancy permits for Phases III and IV were issued on 30 May 2005.

Sorrento (40%-owned by the Group)

Located above the Kowloon Station, Sorrento is a joint-venture project between MTRC and a five-member consortium equally owned by Wheelock, Wheelock Properties, Wharf, Harbour Centre Development, and a wholly-owned subsidiary of Wheelock Properties. As at the end of September 2005, cumulative sales of Phase II reached 850 units (99 per cent sold), realising proceeds of about HK\$5.9 billion.

Parc Palais (20%-owned by the Group)

Parc Palais is owned by a five-member consortium comprising Wheelock Properties, New World Development, Sino Land, Chinese Estates and Manhattan Garments. This residential project in Homantin boasts 700 units or a gross floor area of about one million square feet. As at the end of September 2005, cumulative sales and proceeds reached 647 units (92 per cent sold) and HK\$6.3 billion respectively.

FINANCIAL REVIEW

(I) Results Review

Profit attributable to shareholders

The Group reported an unaudited profit attributable to Shareholders of HK\$1,036.9 million for the six-month period ended 30 September 2005, increased by HK\$181.5 million from HK\$855.4 million for the corresponding period last year. Earnings per share were 50.1 cents (2004/05: 41.3 cents).

For the purpose of preparing the financial statements for the period under review, the Group has adopted the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), including all Hong Kong Accounting Standards and relevant Interpretations, which took effect on 1 January 2005. The resulting significant changes in accounting treatment and presentation are detailed in the below Note 1 to the accounts.

In compliance with the new HKFRSs, the Group revalued its investment properties as at 30 September 2005 and accounted for a net attributable surplus of HK\$357.1 million, representing revaluation surplus of HK\$432.8 million less related deferred tax of HK\$75.7 million, in its profit and loss account for the period under review. In prior years, property revaluation changes were dealt with in revaluation reserve. No revaluation of the investment property portfolio was carried out at 30 September 2004 and accordingly, there was no corresponding revaluation adjustment made for the same period last year.

Included in the results for the first half 2004/05 is the Group's share of a provision write-back of HK\$442.3 million in respect of Bellagio, a joint-venture development project held through an associate. Excluding these items in both periods, the Group's net profit attributable to shareholders would be HK\$679.8 million for the financial period under review, an increase of HK\$266.7 million or 64.6% compared to the interim results of HK\$413.1 million in 2004/05.

The improvement in profit was largely due to contributions from disposal of certain long-term investments of HK\$141.7 million and investment properties of HK\$51.8 million. This period also saw an increase in share of profit from sale of Bellagio units. The favourable results was partially offset by lower development profit from sale of Grange Residences units held by WPSL.

Group turnover

The Group's turnover for the period was HK\$1,012.7 million against HK\$1,195.5 million recorded in the same period of 2004/05, a decrease of HK\$182.8 million or 15.3%. The decrease was chiefly attributable to decrease in revenue from Property Development segment by HK\$644.6 million, resulting mainly from less Grange Residences units sold by WPSL during the period under review. Following Hamptons having become a wholly-owned subsidiary of WPSL since April 2005, its results were consolidated into the Group's results contributing property agency services income of HK\$409.9 million for the period. The results of Hamptons were equity accounted for as a 32.4%-owned associate of WPSL in the same period last year.

Operating profit before increase in fair value of investment properties

The Group's operating profit before increase in fair value of investment properties was HK\$517.9 million, an increase of HK\$129.1 million or 33.2% from HK\$388.8 million reported in the corresponding period last year. The increase was mainly attributable to the profit on sale of long-term investments and investment properties, but partly offset by lower profit on property sale by WPSL as mentioned above.

Borrowing costs

Borrowing costs charged to the profit and loss account increased to HK\$22.2 million (2004/05: HK\$14.4 million). Borrowing costs before capitalisation amounted to HK\$40.5 million (2004/05: HK\$26.5 million). For the period under review, the Group's effective borrowing interest rate was approximately 2.4% per annum (2004/05: 1.6%).

Share of profits less losses of associates

The share of profit of associates was HK\$248.8 million against HK\$548.9 million for the corresponding period last year. Included in the share of associates' profit in the first half of 2004/05 is an attributable provision write-back of HK\$442.3 million in respect of the Group's one-third interest in the Bellagio project. The share of associates' results for the period mainly came from profit on sale of Bellagio units and Parc Palais units undertaken by other associates.

Taxation

A taxation charge of HK\$96.0 million (2004/05: HK\$17.4 million) was reported for the period which included the deferred tax on net revaluation surplus of investment properties HK\$75.7 million (2004/05: Nil).

Minority interests

Profit shared by minority interests decreased to HK\$44.4 million (2004/05: HK\$50.5 million), which was attributable to WPSL's profit reduction.

(II) Liquidity and Financial Resources***Shareholders' equity***

At 30 September 2005, the Group's shareholders' equity totalled HK\$16,889.1 million or HK\$8.16 per share, against restated amount of HK\$14,978.3 million or HK\$7.24 per share at 31 March 2005. The improvement was chiefly due to the attributable appreciation in value of the Group's available for sale investments and investment properties portfolio of HK\$1,115.1 million and HK\$357.1 million (net of deferred tax), respectively.

Net cash and gearing

At 30 September 2005, the Group's net cash amounted to HK\$749.2 million, comprising deposits and cash of HK\$3,890.6 million less total debts of HK\$3,141.4 million, as compared to a net cash of HK\$369.6 million at 31 March 2005. WPSL's net debt decreased to HK\$620.0 million at 30 September 2005 compared to HK\$729.3 million at 31 March 2005, resulting from the sale proceeds of Grange Residences units, Sea View units and Cosmopolitan units, which was partially offset by the acquisition of additional interests in Hamptons Group Limited and the Orchard

View site. Excluding WPSL's net debt, the Company and its subsidiaries together had a net cash of HK\$1,369.2 million (31/3/2005: HK\$1,098.9 million). The major cash inflows for the period resulted from the sale of certain available for sale investments and sale of investment and other properties. Besides, proceeds from sale of Sorrento, Bellagio and Parc Palais units were distributed by the project companies among their shareholders in proportion to their equity interests in the respective projects and the Group had received HK\$0.3 billion from those associates. During the first half of 2005/06, the Group paid HK\$0.7 billion for the acquisition of Heung Yip Road property and some office properties in Hong Kong.

Committed and uncommitted facilities

- (a) The Group's committed and uncommitted loan facilities amounted to HK\$4.5 billion and HK\$0.5 billion respectively. The debt maturity profile of the Group at 30 September 2005 was analysed as follows:

	30/9/2005	31/3/2005
	HK\$ Million	HK\$ Million
Repayable after 1 year, but within 2 years	1,936.8	—
Repayable after 2 years, but within 5 years	1,204.6	3,114.9
	<u>3,141.4</u>	<u>3,114.9</u>
Undrawn facilities	<u>1,890.0</u>	<u>1,600.0</u>

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

	30/9/2005	31/3/2005
	HK\$ Million	HK\$ Million
Investment properties	448.9	474.5
Properties under development for sale	2,594.3	2,284.2
	<u>3,043.2</u>	<u>2,758.7</u>

- (c) At 30 September 2005, WPSL's borrowings for financing its properties in Singapore and Japan are primarily denominated in local currency i.e. Singapore dollars and Japanese yens, respectively. Forward exchange contracts are entered into by WPSL for hedging its foreign currency deposits and investments, including its investments in Hamptons. The Group has no other significant exposure to foreign exchange fluctuation except its net investments in Singapore subsidiaries.

Available for sale investments

At 30 September 2005, the Group maintained a portfolio of available for sale investments with market value of HK\$6,417.1 million (31/3/2005: HK\$5,701.2 million) which primarily comprised a 7% interest in Wharf and other blue chip securities.

In accordance with the Group's accounting policies, the non-trading securities classified as available for sale investments are stated in the balance sheet at fair value. Changes in fair value are recognised in the investment revaluation reserves until the security is sold. At 30 September 2005, such reserves had an attributable accumulated surplus of HK\$2,508.3 million compared to HK\$1,504.6 million at 31 March 2005. The performance of the portfolio was in line with the stock markets.

(III) Contingent Liabilities

At 31 March 2005 and 30 September 2005, there was no guarantee given by the Group in respect of banking facilities available to associates.

(IV) Acquisition of Properties/Subsidiary

No. 2 Heung Yip Road/other properties acquisition in Hong Kong

The Group completed in June 2005 the acquisition of the property, known as No. 2 Heung Yip Road, in Hong Kong at a consideration of HK\$455 million. During the six-month period under review, the Group also completed the acquisition of some office properties in Hong Kong at a total consideration of HK\$220 million.

Hamptons Group Limited ("Hamptons")

WPSL completed the acquisition of the remaining interests of 67.6% in Hamptons at a total consideration of approximately HK\$357 million in April 2005, making Hamptons a 100% owned subsidiary of WPSL. Accordingly, with effect from April 2005, the Group has consolidated Hamptons' results, assets and liabilities. Goodwill arising from the acquisition is currently estimated to be HK\$225 million. The amount of goodwill will be adjusted once the fair values of the identifiable assets and liabilities can be determined.

Orchard View, Singapore

WPSL completed in April 2005 the acquisition of the Orchard View at a consideration of S\$43.8 million (about HK\$209 million). WPSL has planned to redevelop it into a luxury apartment.

The Habitat II, Singapore

WPSL has entered into a conditional agreement to acquire The Habitat II at a consideration of S\$103.9 million (about HK\$480 million) in September 2005. A 5% deposit of S\$5.2 million (about HK\$24 million) has been paid. WPSL plans to amalgamate this site with the Ardmore View Site for redevelopment into a prime residential condominium for sale.

(V) Changes in Accounting Policies

The HKICPA has issued a number of new and revised HKFRS including all Hong Kong Accounting Standards which are effective for accounting periods beginning on or after 1 January 2005. The resulting significant changes in accounting treatment and presentation are detailed in Note 1 to the accounts.

(VI) Human Resources

The Group has 1,019 employees at 30 September 2005 (31/3/2005: 95). The increase of 924 employees is mainly due to the inclusion of Hamptons' employees after it became a subsidiary of the Group in April 2005. Employees are remunerated according to nature of the job and market trends, with a built-in merit component incorporated in the annual increment to reward and motivate individual performance. The Group also sponsors external training programmes that are complementary to certain job functions. Total staff costs for the period ended 30 September 2005 amounted to HK\$195.5 million.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the financial period under review, the Company has complied with all those code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited which became applicable to the Company in respect of the period under review, except for one code provision with respect to the roles of chairman and chief executive officer to be performed by different individuals. The deviation is deemed appropriate as it is considered to be more efficient to have one single person to be the Chairman of the Company as well as to discharge the executive functions of a chief executive officer. The Board of Directors believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high calibre individuals.

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the six months ended 30 September 2005

	Note	Unaudited 30/9/2005 HK\$ Million	Unaudited 30/9/2004 HK\$ Million
Turnover	2&3	1,012.7	1,195.5
Other net income	4	199.2	18.2
		1,211.9	1,213.7
Direct costs and operating expenses		(433.9)	(777.0)
Selling and marketing expenses		(125.1)	(13.4)
Administrative and corporate expenses		(135.0)	(34.5)
Operating profit before increase in fair value of investment properties	2&3	517.9	388.8
Increase in fair value of investment properties		432.8	—
Operating profit after increase in fair value of investment properties		950.7	388.8
Borrowing costs	5	(22.2)	(14.4)
Share of profits less losses of associates	6	248.8	548.9
Profit before taxation		1,177.3	923.3
Income tax	7	(96.0)	(17.4)
Profit for the period		1,081.3	905.9
Attributable to:			
Shareholders		1,036.9	855.4
Minority interests		44.4	50.5
		1,081.3	905.9
Interim dividend declared after the balance sheet date	8	41.4	41.4
Earnings per share	9	50.1 cents	41.3 cents
Interim dividend per share	8	2.0 cents	2.0 cents

CONSOLIDATED BALANCE SHEET
at 30 September 2005

	Note	Unaudited 30/9/2005 HK\$ Million	(Restated) Audited 31/3/2005 HK\$ Million
Non-current assets			
Fixed assets		4,626.1	4,365.5
Goodwill and other intangible assets		234.0	—
Associates		1,394.6	1,550.0
Available for sale investments		6,417.1	5,701.2
Deferred debtors		48.5	59.8
		<u>12,720.3</u>	<u>11,676.5</u>
Current assets			
Properties under development for sale		5,240.2	4,499.3
Properties held for sale		435.7	390.8
Trade and other receivables	10	390.8	360.5
Bank balances and deposits		3,890.6	3,484.5
		<u>9,957.3</u>	<u>8,735.1</u>
Current liabilities			
Trade and other payables	11	(474.4)	(379.6)
Deposits from sale of properties		(338.4)	—
Amounts due to fellow subsidiaries		(23.9)	(44.9)
Current tax		(124.8)	(108.0)
		<u>(961.5)</u>	<u>(532.5)</u>
Net current assets		<u>8,995.8</u>	<u>8,202.6</u>
Total assets less current liabilities		<u>21,716.1</u>	<u>19,879.1</u>
Non-current liabilities			
Long-term loans		(3,141.4)	(3,114.9)
Deferred tax		(154.1)	(88.0)
Deferred item		—	(146.0)
		<u>(3,295.5)</u>	<u>(3,348.9)</u>
Net assets		<u>18,420.6</u>	<u>16,530.2</u>
Capital and reserves			
Share capital		413.9	413.9
Reserves		16,475.2	14,564.4
Shareholders' equity		<u>16,889.1</u>	<u>14,978.3</u>
Minority interests		<u>1,531.5</u>	<u>1,551.9</u>
Total equity	12	<u>18,420.6</u>	<u>16,530.2</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 September 2005

	Unaudited 30/9/2005 HK\$ Million	(Restated) Unaudited 30/9/2004 HK\$ Million
Total equity at 31 March		
As previously reported		
Shareholders' equity	15,005.8	12,543.4
Minority interests	1,537.3	1,355.4
	<u>16,543.1</u>	<u>13,898.8</u>
Prior year adjustments arising		
from changes in accounting policies (Note 1)	(12.9)	106.3
As restated	<u>16,530.2</u>	<u>14,005.1</u>
Adjustment in respect of changes of		
accounting policy for goodwill (Note 1)	146.0	—
Total equity of 1 April, as restated	<u>16,676.2</u>	<u>14,005.1</u>
Shareholders' equity	<u>15,124.3</u>	<u>12,620.4</u>
Minority interests	<u>1,551.9</u>	<u>1,384.7</u>
Surplus on revaluation of available		
for sale investments	1,112.9	571.5
Exchange difference on translation		
of accounts of foreign entities	(196.5)	(35.7)
Net gain not recognised in the		
profit and loss account	916.4	535.8
Profit of the period	1,081.3	905.9
Reserves transferred to the profit and		
loss account on disposal of:		
Available for sale investments	(112.9)	2.3
Properties	—	(1.3)
Total recognised gain for the period	<u>1,884.8</u>	<u>1,442.7</u>
Shareholders' equity	<u>1,889.0</u>	<u>1,398.4</u>
Minority interests	<u>(4.2)</u>	<u>44.3</u>
Final dividend approved in respect		
of the previous year	(124.2)	(103.5)
Dividend to minority interests	(16.2)	(16.4)
Total equity at 30 September	<u><u>18,420.6</u></u>	<u><u>15,327.9</u></u>
Attributable to:		
Shareholders' equity	16,889.1	13,915.3
Minority interests	1,531.5	1,412.6
	<u>18,420.6</u>	<u>15,327.9</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 September 2005

	Unaudited 30/9/2005 HK\$ Million	Unaudited 30/9/2004 HK\$ Million
Net cash outflow from operating activities	(27.6)	(682.0)
Net cash generated from/(used in) investing activities	517.3	(15.2)
Net cash (used in)/generated from financing activities	(13.0)	784.3
Net increase in cash and cash equivalents	<u>476.7</u>	<u>87.1</u>
Cash and cash equivalents at 1 April	3,484.5	1,981.9
Effect of foreign exchange rate changes	(70.6)	(12.7)
Cash and cash equivalents at 30 September	<u>3,890.6</u>	<u>2,056.3</u>
Analysis of the balances of cash and cash equivalents at 30 September		
Bank balances and deposits	<u>3,890.6</u>	<u>2,056.3</u>

NOTES TO INTERIM ACCOUNTS

(1) Accounting policies and basis of preparation

The unaudited consolidated interim accounts have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and applicable discloseable provisions of Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The accounting policies and methods of computation used in the preparation of the interim accounts are consistent with those described in the annual accounts for the year ended 31 March 2005 except for those changes following the Group's adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRS"), including HKASs and relevant Interpretations ("HK(SIC)-INTs" and "HK-INTs") which took effect on 1 January 2005. The changes in accounting policies, which have significant impacts on the Group's accounts are summarised as follows:

(a) **HKAS 40 "Investment property"**

In prior years, the Group's investment properties were stated at fair value with the changes in the value of investment properties dealt with as movements in the investment properties revaluation reserves. Deficits arising on revaluation on a portfolio basis were set off against previous revaluation surpluses and thereafter charged to the profit and loss account.

With effect from 1 April 2005, upon the adoption of HKAS 40, all the Group's investment properties are stated at fair value with all the changes in fair value recognised directly in the profit and loss account. This new accounting policy has been applied retrospectively. Revenue reserves as at 1 April 2005 was increased by HK\$203.3 million (1 April 2004 : Nil), representing the transfers of accumulated attributable revaluation surplus previously recorded in the investment properties revaluation reserves.

The effect of the change has increased the Group's profit attributable to shareholders for the six-month period ended 30 September 2005 by HK\$432.8 million. This change has no impact in the Group's results for the period ended 30 September 2004 as no revaluation of the Group's investment properties was done at 30 September 2004.

(b) **HK(SIC)-INT 21 "Income taxes — recovery of revalued non-depreciable assets"**

In prior years, deferred taxation was recognised on revaluation changes of the Group's investment properties on the basis that the recovery of the carrying amount of the investment properties would be through sales and no deferred taxation was provided on the revaluation changes of the properties, principally located in Hong Kong and Singapore, as the capital gain tax rate was nil.

With effect from 1 April 2005, HK(SIC)-INT 21 required deferred taxation to be recognised on any revaluation changes on investment properties on the basis that the recovery of the carrying amount of the investment properties would be through use and calculated at the applicable profits tax rate and charged to the profit and loss account. This new accounting policy has been applied retrospectively. Shareholders' equity as at 1 April 2005 had been restated and decreased by HK\$41.4 million (1 April 2004 : increased by HK\$77.0 million) whereas minority interests as at 1 April 2005 had been restated and increased by HK\$10.1 million (1 April 2004 : increased by HK\$29.3 million). The adjustment represented deferred tax liabilities/assets on the revaluation of the Group's investment properties.

As a result of this change, deferred tax charge for the six-month period ended 30 September 2005 increased by HK\$75.7 million. This change has no impact on the Group's results for the period ended 30 September 2004 as no revaluation of the Group's investment properties was done at 30 September 2004.

(c) HKFRS 3 "Business Combinations"

In prior years, the Group has recognised negative goodwill arising on acquisition of a subsidiary or an associate after 1 April 2001 as deferred item and this is released to the profit and loss account on a proportional basis, when the relevant assets acquired are sold or otherwise realised. For negative goodwill arising on acquisition prior to 1 April 2001, the Group has relied upon the transitional provisions set out in Statement of Standard Accounting Practice 30 "Business Combinations" such that negative goodwill has been taken to capital reserves in the period in which it arose and has not been restated. In respect of positive goodwill, it was the Group's policy to recognise as an asset and to amortise to the profit and loss account on a straight line basis over its estimated useful life. As at 31 March 2005, the Group did not have any positive goodwill.

With effect from 1 April 2005, in accordance with HKFRS 3 "Business Combinations" and HKAS 36 "Impairment of Assets", positive goodwill is tested annually for impairment, including in the year of its initial recognition, as well as when there are indications of impairment. Impairment losses are recognised when the carrying amount of the cash generating units to which the goodwill has been allocated exceeds its recoverable amount.

Negative goodwill was recognised in the profit and loss account immediately. Under the transitional arrangements of HKFRS 3, the existing negative goodwill classified as deferred item or taken to capital reserves will be derecognised by way of an adjustment to the retained earnings at 1 April 2005. The change in accounting policy has been adopted prospectively from 1 April 2005. No comparative figures are required to be adjusted. As a result, the Group's net assets and retained earnings as at 1 April 2005 were increased by HK\$146.0 million and HK\$322.1 million respectively while the Group's other capital reserves as at 1 April 2005 was decreased by HK\$176.1 million.

(d) HKAS 16 "Property, Plant and Equipment"

In prior years, the rental income earned while the property is still under its development stage, was capitalised to the development cost of the property.

With effect from 1 April 2005, upon the adoption of HKAS 16, capitalisation of such rental income is no longer allowed and the rental income is required to be recognised in the profit and loss account. As a result of this change, the shareholders' equity as at 1 April 2005 was increased by HK\$13.9 million. Attributable rental (after minority interests) earned from property held for redevelopment during the current six-month period amounted to HK\$16.4 million (2004/05 : Nil).

(e) HKAS 32 "Financial instruments: Disclosure and Presentation", and HKAS 39 "Financial instruments: Recognition and Measurement"

The application of HKAS 32 and 39 has resulted in a change in accounting policy relating to the classification of financial assets and liabilities and their measurement. The principal effects of the change on the Group are summarised as below:

i. Classification and measurement of financial assets and financial liabilities

From 1 April 2005 onwards, the Group classifies and measures its financial assets and financial liabilities in accordance with the requirements of HKAS 39. Financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss" including trading securities, "loans and receivables", "held-to-maturity financial assets" or "available-for-sale financial assets" including non-trading investments. Financial assets at fair value through profit or loss are initially recognised and remeasured at fair value through the profit and loss account. Other financial assets are generally measured at amortised cost using the effective interest method. Available-for-sale financial assets are carried at fair value with any unrealised gains and losses recognised in equity.

Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" and "other financial liabilities" carried at amortised cost using the effective interest method.

The change has resulted in reclassifications of certain financial assets and liabilities together with the corresponding comparatives and has no significant impacts on the Group's results and equity.

ii. Derivatives and hedging

From 1 April 2005 onwards, all derivatives are initially recognised at fair value on the date of entering the derivative contract and are subsequently remeasured at fair value at each balance sheet date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and the nature of the item being hedged. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the profit and loss account.

In accordance with HKAS 39, there are three types of hedge relationships, including fair value hedges, cash flow hedges and net investment hedges.

- Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges together with any changes in the fair value of the corresponding hedged asset or liability are recorded in the profit and loss account.

- Cash flow hedges

Changes in the fair value of derivatives held as hedging instruments that are designated and qualify as cash flow hedges are recognised in equity to the extent that the hedge is effective. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any related cumulative gain or loss existing in equity is recognised in the profit and loss account. When a forecast transaction is no longer expected to occur, the related cumulative gain or loss in equity is immediately transferred to the profit and loss account.

- Net investment hedges

Changes in the fair value of the effective portion of hedging instruments are recognised initially in equity. Changes in the fair value of the ineffective portion of hedging instruments are recognised directly in the profit and loss account. On disposal of a foreign operation, the gain or loss on the hedging instrument remaining in equity will be transferred to the profit and loss account for the period in which the disposal takes place.

At 31 March 2005, the Group's derivative financial instruments, mainly forward currency contracts, were used to manage the Group's exposure to foreign exchange rate fluctuation. The notional amounts of derivatives were previously recorded off balance sheet.

The Group has applied the relevant transitional provisions of HKAS 39 and adopted hedge accounting in accordance with the standard with effect from 1 April 2005 onwards. As a result of the change, the fair values of the Group's financial derivative assets totaling HK\$3.1 million has been recognised, whereas the hedged assets have been decreased by HK\$3.1 million and are reflected in the balance sheet at 30 September 2005. This change has no significant impact in the Group's results and equity.

(f) Presentational changes

The application of the new HKFRSs has also resulted in changes in the presentation of the accounts retrospectively with comparatives restated to conform to the current period's presentation, in particular of below:

- i. In prior years, minority interests were presented in the consolidated balance sheet separately from liabilities and as a deduction from net assets. Financial results shared by minority interests were separately presented in the consolidated profit and loss account as a deduction before arriving at the profit attributable to shareholders.

With effect from 1 April 2005, in order to comply with HKAS 1 "Presentation of Financial Statements" and HKAS 27 "Consolidated and Separate Financial Statements", minority interests are presented in the consolidated balance sheet as an element of total equity, separately from the equity attributable to the shareholders of the Company, and the results shared by minority interests are presented on the face of the consolidated profit and loss account as an allocation of the attributable profit between the minority interests and the shareholders of the Company.

- ii. In prior years, shares of associates' tax was presented as a component of taxation in the profit and loss account. On adoption of the HKAS 1, share of associates' tax is presented net of the share of associates' profits.

(g) Summary of the effect of changes in the accounting policies

- i. Effect on opening balance of total equity at 1 April 2005 and 1 April 2004 (as adjusted)

	Shareholders' equity			Minority interests HK\$Million	Total equity HK\$Million
	Revenue reserves HK\$Million	Other reserves HK\$Million	Total HK\$Million		
At 1 April 2005					
Prior year adjustments					
HKAS 40	203.3	(203.3)	—	—	—
HK(SIC)-INT 21	(41.4)	—	(41.4)	10.1	(31.3)
HKAS 16	13.7	0.2	13.9	4.5	18.4
	<u>175.6</u>	<u>(203.1)</u>	<u>(27.5)</u>	<u>14.6</u>	<u>(12.9)</u>
Opening adjustment					
HKFRS 3	322.1	(176.1)	146.0	—	146.0
Increase/(decrease) in total equity	<u>497.7</u>	<u>(379.2)</u>	<u>118.5</u>	<u>14.6</u>	<u>133.1</u>
At 1 April 2004					
Prior year adjustments					
HK(SIC)-INT 21	<u>77.0</u>	<u>—</u>	<u>77.0</u>	<u>29.3</u>	<u>106.3</u>

ii. Effect on profit after taxation for the six months ended 30 September 2005

	Attributable to shareholders HK\$ Million	Minority interests HK\$ Million	Total HK\$ Million
HKAS 40	432.8	—	432.8
HK(SIC)-INT 21	(75.7)	—	(75.7)
HKAS 16	16.4	4.5	20.9
Increase in profit after taxation	<u>373.5</u>	<u>4.5</u>	<u>378.0</u>

(2) Segment information

(a) Business Segments

	Segment Revenue		Segment Results	
	6 months ended		6 months ended	
	30/9/2005 HK\$ Million	30/9/2004 HK\$ Million	30/9/2005 HK\$ Million	30/9/2004 HK\$ Million
Property development	288.3	932.9	82.8	162.5
Property investment	201.5	127.7	126.2	86.6
Property agency	409.9	—	18.8	—
Investment and others	113.0	134.9	297.6	142.5
	<u>1,012.7</u>	<u>1,195.5</u>	<u>525.4</u>	<u>391.6</u>
Unallocated expenses			(7.5)	(2.8)
Operating profit before increase in fair value of investment properties			517.9	388.8
Increase in fair value of investment properties			432.8	—
Operating profit after increase in fair value of investment properties			950.7	388.8
Borrowing costs			(22.2)	(14.4)
Associates				
Property development			246.3	94.7
Investment and others			2.5	11.9
Write back of provision for properties			—	442.3
Profit before taxation			<u>1,177.3</u>	<u>923.3</u>

(b) Geographical segments

	Segment Revenue		Segment Results (Operating profit)	
	6 months ended		6 months ended	
	30/9/2005	30/9/2004	30/9/2005	30/9/2004
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Hong Kong	232.5	266.1	166.9	161.4
Singapore	346.7	929.4	319.1	227.4
United Kingdom and Others	433.5	—	31.9	—
	<u>1,012.7</u>	<u>1,195.5</u>	<u>517.9</u>	<u>388.8</u>

(3) Turnover and operating profit**(a) Turnover**

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

	30/9/2005	30/9/2004
	HK\$ Million	HK\$ Million
Property development	288.3	932.9
Property investment	201.5	127.7
Property agency	409.9	—
Investment and others	113.0	134.9
	<u>1,012.7</u>	<u>1,195.5</u>

(b) Operating profit

	30/9/2005	30/9/2004
	HK\$ Million	HK\$ Million
Operating profit is arrived at:		
after charging:		
Staff costs	184.0	12.9
Cost of properties sold	178.1	738.8
Depreciation	<u>8.1</u>	<u>0.3</u>
after crediting:		
Dividend income from listed securities	<u>72.2</u>	<u>119.2</u>

In addition to the above staff costs charged directly to the profit and loss account, staff costs of HK\$11.5 million (2004/05: HK\$3.8 million) were capitalised as part of the costs of properties under development for sale.

(4) Other net income

	30/9/2005	30/9/2004
	HK\$ Million	HK\$ Million
Net profit on disposal of available for sale investments	141.7	0.5
Profit on disposal of investment properties	51.8	—
Amortisation of negative goodwill	—	5.8
Profit on disposal of an associate	—	9.4
Others	5.7	2.5
	<u>199.2</u>	<u>18.2</u>

(5) Borrowing costs

	30/9/2005	30/9/2004
	HK\$ Million	HK\$ Million
Interest payable on bank loans and overdrafts	38.1	14.5
Other borrowing costs	2.4	12.0
	<u>40.5</u>	<u>26.5</u>
Less: Amounts capitalised	(18.3)	(12.1)
	<u>22.2</u>	<u>14.4</u>

The Group's effective borrowing interest rate for the six-month period was approximately 2.4% (2004/05: 1.6%) per annum.

(6) Share of profits less losses of associates

Share of profits less losses of associates for the six-month period ended 30 September 2005 amounted to HK\$248.8 million (2004/05: HK\$548.9 million), comprising mainly attributable profits from sale of Bellagio and Parc Palais units undertaken by associates. Included in the share of profits of associates in the first half 2004/05 is an amount of HK\$442.3 million being the Group's share of a provision write-back for the Bellagio development project.

(7) Income tax

- (a) The provision for Hong Kong profits tax is based on the profit for the period as adjusted for tax purposes at the rate of 17.5% (2004/05: 17.5%). Overseas taxation is calculated at rates of tax applicable in countries in which the Group is assessed for tax. The taxation charge is made up as follows:

	30/9/2005	30/9/2004
	HK\$ Million	HK\$ Million
<i>Current tax</i>		
Hong Kong profits tax for the period	4.9	5.8
Overseas taxation for the period	25.7	9.1
	30.6	14.9
<i>Deferred tax</i>		
Change in fair value of investment properties	75.7	—
Reversal on disposal of investment properties	(10.3)	—
Origination and reversal of temporary differences	—	2.5
	65.4	2.5
	96.0	17.4

- (b) Share of associates' tax for the six months ended 30 September 2005 of HK\$21.9 million (2004/05: HK\$27.7 million) is included in the share of profits less losses of associates.

(8) Dividends**(a) Dividends attributable to the period**

	30/9/2005	30/9/2004
	HK\$ Million	HK\$ Million
Interim dividend proposed after the balance sheet date of 2.0 cents (2004/05: 2.0 cents) per share	41.4	41.4

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

(b) Dividends attributable to the previous financial year, approved and paid during the period

	30/9/2005	30/9/2004
	HK\$ Million	HK\$ Million
Final dividend in respect of the previous financial year, approved and paid during the period, of 6.0 cents (2004/05: 5.0 cents) per share	<u>124.2</u>	<u>103.5</u>

(9) Earnings per share

The calculation of basic earnings per share is based on profit attributable to the Shareholders for the period of HK\$1,036.9 million (2004/05: HK\$855.4 million) and 2,069.6 million ordinary shares in issue throughout the financial period ended 30 September 2005 and the previous year's corresponding period.

(10) Trade and other receivables

The Group maintains and closely monitors defined credit policies for its businesses and trade debtors in order to control the credit risk associated with trade debtors. Included in trade and other receivables are trade debtors with an ageing analysis as at 30 September 2005 as follows:

	30/9/2005	31/3/2005
	HK\$ Million	HK\$ Million
Current	236.5	212.3
31 - 60 days	8.8	2.7
61 - 90 days	5.2	0.3
Over 90 days	<u>24.6</u>	<u>3.2</u>
	275.1	218.5
Other debtors	<u>115.7</u>	<u>142.0</u>
	<u>390.8</u>	<u>360.5</u>

(11) Trade and other payables

Included in trade and other payables are trade creditors with an ageing analysis as at 30 September 2005 as follows:

	30/9/2005 HK\$ Million	31/3/2005 HK\$ Million
Amounts payable in the next:		
0 - 30 days	185.1	157.6
31 - 60 days	4.2	7.9
61 - 90 days	7.8	13.3
Over 90 days	16.7	30.3
	<u>213.8</u>	<u>209.1</u>
Other creditors and provisions	260.6	170.5
	<u>474.4</u>	<u>379.6</u>

(12) Total equity

	Share capital HK\$Million	Capital redemption reserve HK\$Million	Investment property revaluation reserves 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
Company and subsidiaries									
Balance at 1 April 2005									
As previously reported	413.9	4.9	203.3	1,502.4	281.1	12,536.5	14,942.1	1,524.5	16,466.6
Prior year adjustments in respect of:									
Investment properties (HKAS 40)	—	—	(203.3)	—	—	203.3	—	—	—
Deferred tax on investment properties revaluation surplus (HK(SIC)-INT 21)	—	—	—	—	—	(41.4)	(41.4)	10.1	(31.3)
Rental earned for property held for redevelopment (HKAS 16)	—	—	—	—	0.2	13.7	13.9	4.5	18.4
As restated	<u>413.9</u>	<u>4.9</u>	<u>—</u>	<u>1,502.4</u>	<u>281.3</u>	<u>12,712.1</u>	<u>14,914.6</u>	<u>1,539.1</u>	<u>16,453.7</u>
Negative goodwill derecognised to retained earnings (HKFRS 3)	—	—	—	—	(176.1)	322.1	146.0	—	146.0
Final dividend approved in respect of the previous year (Note 8b)	—	—	—	—	—	(124.2)	(124.2)	—	(124.2)
Dividend to minority interests	—	—	—	—	—	—	—	(16.2)	(16.2)
Revaluation surplus	—	—	—	1,115.1	—	—	1,115.1	(2.2)	1,112.9
Realised on disposal	—	—	—	(109.2)	—	—	(109.2)	(1.5)	(110.7)
Reclassification	—	—	—	—	6.7	—	6.7	5.6	12.3
Exchange difference	—	—	—	—	(151.6)	—	(151.6)	(49.1)	(200.7)
Profit for the period retained	—	—	—	—	—	935.4	935.4	55.8	991.2
Balance at 30 September 2005	<u>413.9</u>	<u>4.9</u>	<u>—</u>	<u>2,508.3</u>	<u>(39.7)</u>	<u>13,845.4</u>	<u>16,732.8</u>	<u>1,531.5</u>	<u>18,264.3</u>
Associates									
Balance at 1 April 2005	—	—	—	2.2	6.7	54.8	63.7	12.8	76.5
Realised on disposal	—	—	—	(2.2)	—	—	(2.2)	—	(2.2)
Reclassification	—	—	—	—	(6.7)	—	(6.7)	(1.4)	(8.1)
Profit for the period retained	—	—	—	—	—	101.5	101.5	(11.4)	90.1
Balance at 30 September 2005	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>156.3</u>	<u>156.3</u>	<u>—</u>	<u>156.3</u>
Total equity at 30 September 2005	<u>413.9</u>	<u>4.9</u>	<u>—</u>	<u>2,508.3</u>	<u>(39.7)</u>	<u>14,001.7</u>	<u>16,889.1</u>	<u>1,531.5</u>	<u>18,420.6</u>
Total equity at 31 March 2005	<u>413.9</u>	<u>4.9</u>	<u>—</u>	<u>1,504.6</u>	<u>288.0</u>	<u>12,766.9</u>	<u>14,978.3</u>	<u>1,551.9</u>	<u>16,530.2</u>

(13) Contingent liabilities

At 31 March 2005 and 30 September 2005, there was no guarantee given by the Group in respect of banking facilities available to associates.

(14) Commitments

	30/9/2005	31/3/2005
	HK\$ Million	HK\$ Million
(a) Acquisition of and future development expenditure relating to properties: Contracted but not provided for	<u>1,318.2</u>	<u>1,350.4</u>
(b) Forward exchange contracts: Forward exchange contracts outstanding	<u>556.1</u>	<u>120.7</u>
(c) Operating lease commitment	<u>221.5</u>	<u>—</u>

(15) Related party transactions

Except for the transactions noted below, the Group has not been a party to any material related party transaction during the period ended 30 September 2005.

(a) Bellagio project

Included in interest in associates is an advance of HK\$1,278.1 million (31/3/2005: HK\$1,387.6 million) made by the Group to an associate involved in the Bellagio project. The loan bears interest at such rate as may from time to time be agreed by the shareholders of the associate. For the current financial period, the advance is interest free, unsecured and has no fixed terms of repayment.

The above is considered to be a related party transaction and also constitutes a connected transaction as defined under the Listing Rules. A waiver from complying with the relevant connected transaction requirements was granted by the Stock Exchange in 1994.

- (b)** The Group paid a General Managers' Commission to a related party of HK\$19.9 million (2004/05: HK\$11.0 million) for the provision of management services to the Group during the period under review. The payment of such an amount to the General Managers was in accordance with an agreement dated 31 March 1992.

The above is considered to be a related party transaction and also constitutes a continuing connected transaction as defined under the Listing Rules.

- (c) The Group paid property managing and agency fees to certain related parties totalling HK\$4.9 million (2004/05: HK\$5.3 million) for the provision of property management and property leasing and related services to the Group during the period under review. The payment of such property managing and agency fees were in accordance with various agreements previously entered into between the Group and certain related companies.

The above are considered to be related party transactions and also constitute connected transactions as defined under the Listing Rules.

- (d) The Group received dividend income in the amount of HK\$61.9 million during the six-month period ended 30 September 2005 (2004/05: HK\$104.5 million) in respect of investments in a related company.
- (e) The Group disposed of its interest in 17,619,827 shares in i-CABLE Communications Limited at a consideration of HK\$45.4 million to The Wharf (Holdings) Limited in June 2005. Profits recognised by the Group amounted to HK\$5.2 million.

The above is considered to be a related party transaction and also constitutes a connected transaction as defined under the Listing Rules.

(16) Review of unaudited interim accounts

The unaudited interim accounts for the six months ended 30 September 2005 have been reviewed with no disagreement by the Audit Committee of the Company.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' DEALING IN SECURITIES

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors and all the Directors have complied with the required standard set out in the Model Code and its code of conduct regarding Directors' securities transactions.

DISCLOSURE OF FINANCIAL ASSISTANCE TO AN AFFILIATED COMPANY

In relation to the provision of financial assistance by the Company and/or its subsidiaries to an associate of the Company, namely, Diamond Hill Development Holdings Limited ("DHDHL") and/or its wholly-owned subsidiaries, which was as previously disclosed in the Company's annual report for the year ended 31 March 2005, obligations in relation to the aforesaid financial assistance by the Group continued to exist as at 30 September 2005.

Set out below is a proforma consolidated balance sheet of DHDHL as at 31 October 2005 (being the latest practicable date for determining the relevant figures) required to be disclosed under Rules 13.20 and 13.22 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"):-

Proforma Consolidated Balance Sheet of DHDHL

at 31 October 2005

	HK\$ Million
Properties held for sale	2,092.0
Stakeholders' deposits	217.4
Other net assets	1,124.8
	<u>3,434.2</u>
Shareholders' loans	(3,562.7)
Shareholders' deficit	<u>(128.5)</u>

Note: At 31 October 2005, the Group's attributable interests in DHDHL was 33-1/3%.

Terms of the Financial Assistance

A loan in the amount of HK\$1,187.6 million made to a subsidiary of DHDHL bears interest at such rates as may from time to time be agreed among all DHDHL's shareholders. At present, that loan is interest-free (also applicable to all the loans made to this subsidiary by all other DHDHL's shareholders). The loan is unsecured and has no fixed terms of repayment.

DIRECTORS' INTERESTS IN SHARES

At 30 September 2005, Directors of the Company had the following personal beneficial interests, all being long positions, in the share capitals of the Company, the Company's parent company, namely, Wheelock and Company Limited ("Wheelock"), a subsidiary of the Company, namely, Wheelock Properties (Singapore) Limited ("WPSL"), and an associate of Wheelock, namely, The Wharf (Holdings) Limited ("Wharf"), and the percentages which the shares represented to the issued share capitals of the Company, Wheelock, WPSL and Wharf respectively are also set out below:

The Company	No. of Ordinary Shares (percentage of issued capital)
G. W. J. Li	2,900 (0.0001%)
Wheelock	
G. W. J. Li	1,486,491 (0.0732%)
T. Y. Ng	70,000 (0.0034%)
WPSL	
D. J. Lawrence	250,000 (0.0627%)
Wharf	
G. W. J. Li	686,549 (0.0280%)
T. Y. Ng	178,016 (0.0073%)

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the Securities and Futures Ordinance ("SFO") in respect of information required to be notified to the Company and the Stock Exchange pursuant to the SFO or to the Model Code for Securities Transactions by Directors of Listed Issuers:

- (i) there were no interests, both long and short positions, held as at 30 September 2005 by any of the Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO); and
- (ii) there existed during the financial period no rights to subscribe for any shares, underlying shares or debentures of the Company which were held by any of the Directors or Chief Executive of the Company or any of their spouses or children under 18 years of age nor had there been any exercises during the financial period of any such rights by any of them.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company as at 30 September 2005, the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at that date as recorded in the register kept by the Company under section 336 of the SFO (the "Register") and the percentages which the shares represented to the issued share capital of the Company:

Names	No. of Ordinary Shares (percentage of issued capital)
(i) Myers Investments Limited	1,536,058,277 (74.22%)
(ii) Wheelock Corporate Services Limited	1,536,058,277 (74.22%)
(iii) Wheelock and Company Limited	1,536,058,277 (74.22%)
(iv) HSBC Trustee (Guernsey) Limited	1,536,058,277 (74.22%)

Notes: (1) For the avoidance of doubt and double counting, it should be noted that duplication occurs in respect of all of the above-stated shareholdings to the extent that the shareholdings stated against parties (i) to (iv) above represent the same block of shares.

(2) Due to the amalgamation of Bermuda Trust (Guernsey) Limited with HSBC Trustee (Guernsey) Limited into one company known as HSBC Trustee (Guernsey) Limited with effect from 1 January 2005, the name of Bermuda Trust (Guernsey) Limited, which appeared in the Register prior to 1 January 2005, has been accordingly amended to become HSBC Trustee (Guernsey) Limited.

All the interests stated above represented long positions and as at 30 September 2005, there were no short position interests recorded in the Register.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the financial period under review.

BOOK CLOSURE

The Register of Members will be closed from Monday, 19 December 2005 to Friday, 23 December 2005, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to qualify for the abovementioned interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrars, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 16 December 2005.

By Order of the Board

Wilson W. S. Chan

Secretary

Hong Kong, 15 November 2005

As at the date of this interim report, the Board of Directors of the Company comprises Mr. Gonzaga W. J. Li, Dr. Joseph M. K. Chow, Mr. David J. Lawrence, Mr. T. Y. Ng and Mr. Paul Y. C. Tsui, together with three independent Non-executive Directors, namely, Mr. Herald L. F. Lau, Mr. David T. C. Lie-A-Cheong and Mr. Glenn S. Yee.