WHEELOCK AND COMPANY LIMITED

ANNUAL REPORT 2004/2005

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WHEELOCK

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FINANCIAL HIGHLIGHTS

	2005 HK$ Million	2004 HK$ Million
Results		
Turnover	**4,461.1**	7,115.9
Operating profit	**1,372.7**	1,423.4
Group profit attributable to shareholders	**4,167.3**	2,302.6
Earnings per share	**HK$2.05**	HK$1.13
Dividends attributable to the year	**223.5**	182.9
Dividends per share	**11.0¢**	9.0¢
Dividends from major subsidiary/associate		
Wheelock Properties	**107.7**	107.5
Wharf (2004: includes scrip dividend in the form of i-CABLE shares of HK$253.9 million)	**743.3**	747.5
Financial position		
Total assets	**53,621.7**	40,878.6
Net debt	**4,520.4**	6,114.5
Shareholders' funds	**36,279.9**	26,544.2
Net assets per share	**HK$17.86**	HK$13.06
Net debt to total assets (excluding cash)	**9.0%**	15.7%
Net debt to shareholders' equity	**12.5%**	23.0%

Financial year	**Group profit/(loss) attributable to shareholders HK$ Million**	**Shareholders' funds HK$ Million**	**Earnings/(loss) per share HK¢**	**Dividends per share HK¢**	**Distribution cover Times**
1995/1996	2,459.2	39,170.2	122.0	41.0	2.98
1996/1997	2,535.5	45,820.0	125.5	43.5	2.87
1997/1998 (Restated)	(958.0)	39,920.8	(47.3)	28.0	N/A
1998/1999 (Restated)	657.4	27,548.2	32.4	7.5	4.32
1999/2000 (Restated)	864.4	27,242.4	42.6	7.5	5.68
2000/2001 (Restated)	523.3	28,419.3	25.8	7.5	3.44
2001/2002	546.6	26,485.1	26.9	7.5	3.59
2002/2003 (Restated)	34.7	22,790.3	1.7	7.5	0.23
2003/2004	2,302.6	26,544.2	113.3	9.0	12.59
2004/2005	**4,167.3**	**36,279.9**	**205.1**	**11.0**	**18.65**

CHAIRMAN'S STATEMENT

GENERAL OVERVIEW

During 2004, following the progressive extension of the Individual Traveller Scheme (ITS) in the second half of 2003, the local retail market made a swift rebound that boosted both retail rentals and capital values. Meanwhile, rentals for office space also soared on the back of strong demand as a result of acceleration of business activities brought by the CEPA effect and China's continued vibrant economic development. In addition, the labour market continued to show signs of improvement with the unemployment rate gradually declining. All in all, the Hong Kong economy experienced a solid, broad-based upturn. Last year, Hong Kong's GDP increased by 8.1 per cent, the highest year-on-year growth since 2002.

The 68 consecutive months of continuous deflation ended in July last year and moderate signs of inflation have crept in. The overall improvement in domestic spending, sentiment and confidence helped boost the property market and had a favourable impact on property value. The Group's attributable property provision write-back for the year under review was HK$1,666.5 million, an increase of HK$1,639.4 million from HK$27.1 million reported in 2003/2004. Its net asset value also increased from HK$13.06 per share to HK$17.86 per share at the financial year-end under review.

The Group's consolidated profit attributable to shareholders for the year ended 31 March 2005 was HK$4,167.3 million, compared to HK$2,302.6 million for the previous year. Earnings per share were HK$2.05, up from HK$1.13 a year ago. Due to the substantial write-back of property provision mentioned above, the results may be deemed distorted. By excluding this non-recurring write-back in the year under review and the previous year, the Group's profit would be HK$2,500.8 million for the year ended 31 March 2005, an increase of 9.9 per cent compared to the previous year.

An interim dividend of 2.5 cents per share was paid in January 2005, and the Directors recommend a final dividend of 8.5 cents per share to be approved at the forthcoming Annual General Meeting. The total dividend distribution for the year will be 11.0 cents per share, or HK$223.5 million. Total cash dividend received from publicly listed associate Wharf and subsidiary Wheelock Properties amounted to HK$851.0 million in total during the financial year under review, as compared to HK$601.1 million a year ago.

The Group's net debt was reduced from HK$6.1 billion to HK$4.5 billion during the financial year under review. The gearing ratio on shareholders' equity has decreased to 12.5 per cent.

CHAIRMAN'S STATEMENT

BUSINESS PERFORMANCE

Under the favourable operating environment during the financial year under review, all units recorded good progress and showed robust performance.

Property

Almost all units of Phase I and Phase II of both Sorrento and Bellagio have been sold out, realising total cumulative proceeds of HK$16 billion as at end of March 2005. Meanwhile, pre-sales for Tower 2 and Tower 5 of Bellagio were launched in September of 2004 and almost 90 per cent had been sold as at the end of March 2005, realising proceeds of HK$2.7 billion.

Wheelock Properties Limited

All current residential projects, including Bellagio, Sorrento and Parc Palais made favourable contributions to the company's underlying profit during the financial year under review.

Wheelock Properties (Singapore) Limited

Three significant acquisitions were made during the financial year under review, namely, Scotts Shopping Centre/ The Ascott Singapore, the previous China Airlines apartments site located right next to the Sea View Hotel site and Oakwood Residence Azabujuban in Tokyo. In April 2005, Wheelock Properties (Singapore) completed two additional acquisitions – purchase of Angullia View and acquisition of all other shares in Hamptons Group Limited in the UK not previously held by the group. Grange Residences obtained strata titles subdivisions in March 2005. To date, 97 per cent of the total 164 units have been sold.

The Wharf (Holdings) Limited

All five core businesses, namely, **Harbour City**, **Times Square**, **i-CABLE**, **Wharf T&T** and **Modern Terminals**, made good progress during the year. The Investment Property business, in particular **Harbour City** and **Times Square**, showed encouraging performance, as evidenced in the improvement of traffic, occupancy rates and average sales revenue per square foot during 2004. For the Communication, Media and Entertainment (CME) segment, the listed **i-CABLE** rose by 29 per cent in its consolidated net profit which surpassed all previous records while **Wharf T&T** achieved the milestone of free cash flow during 2004. Moreover, the timely introduction of triple-play offers followed the launch of the VoIP service enhanced the competitiveness of the Group's CME products. On the Logistics front, **Modern Terminals** handled 4.35 million TEUs in 2004, nine per cent higher than the record four million TEUs achieved in 2003.

OUTLOOK

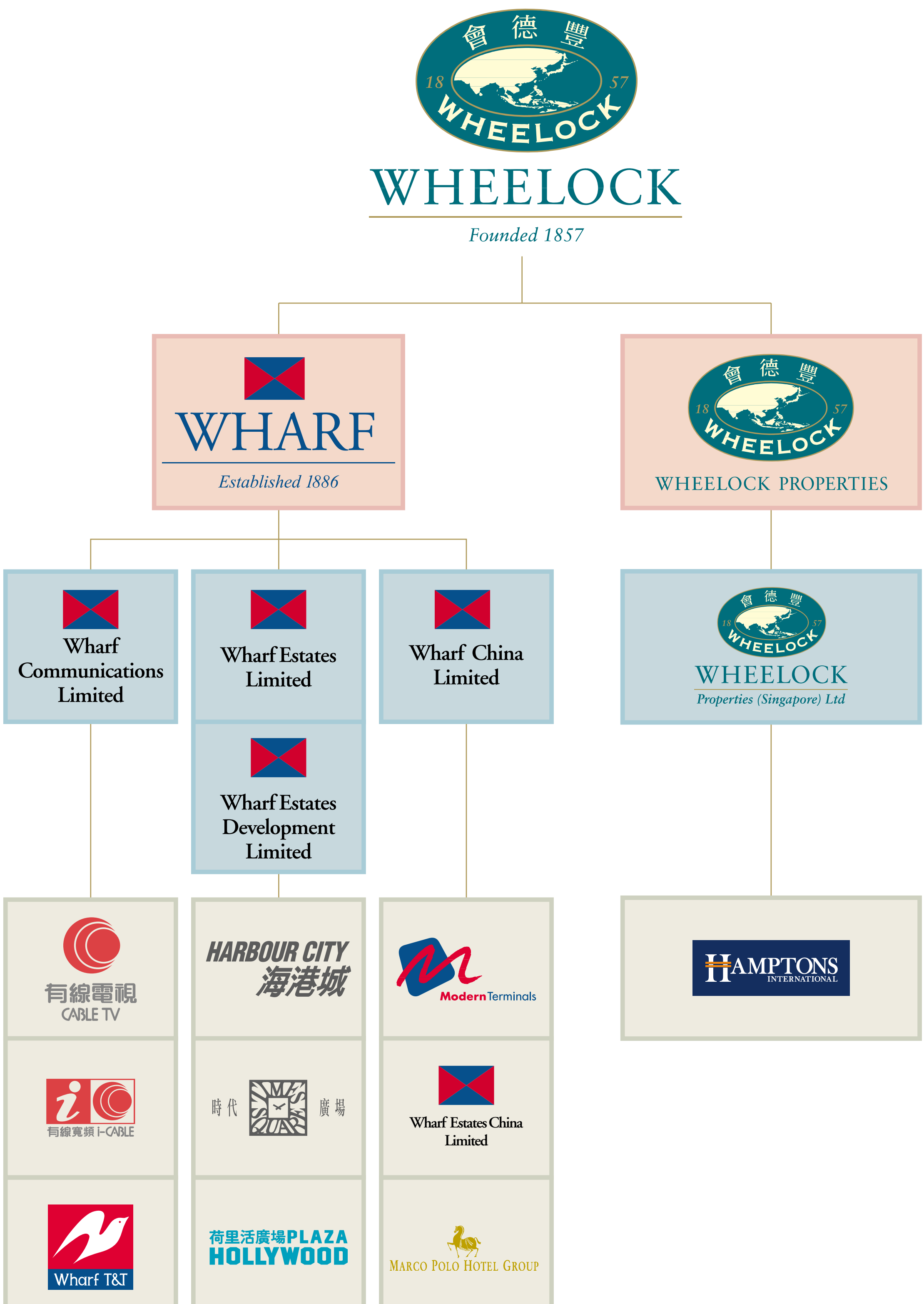
With progressive extension of the ITS as well as the opening of Hong Kong Disneyland, the retail sector will continue to benefit. The second stage of CEPA, which encourages Chinese private enterprises to make fuller use of the comprehensive trading services platform in Hong Kong, is expected to accelerate the process of "bringing in, going out" for mainland enterprises, further facilitating economic development in China and thus giving a boost to Hong Kong's business activities.

This economic vibrancy, together with the subsequent increase in job opportunities and growth in personal income, will continue to foster domestic sentiment and thus benefit the local market.

Peter K C Woo
Chairman

Hong Kong, 14 June 2005

CORPORATE STRUCTURE



GROUP PROFIT AND ASSETS COMPOSITION

GROUP NET PROFIT AND SHAREHOLDERS' FUNDS

	Group Net Profit				Shareholders' Funds			
	2005		2004		**2005**		2004	
	HK$ Million	**%**	HK$ Million	%	**HK$ Million**	**%**	HK$ Million	%
Wharf Holdings (1)	**1,600.1**	**63**	1,314.2	56	**31,279.5**	**76**	24,925.0	77
Wheelock Properties (2)	**590.4**	**23**	694.0	29	**8,003.5**	**19**	6,332.8	19
Other investments	**361.6**	**14**	358.0	15	**1,887.2**	**5**	1,292.6	4
	2,552.1	**100**	2,366.2	100	**41,170.2**	**100**	32,550.4	100
Corporate items (3)	**(51.3)**		(90.7)		**(4,890.3)**		(6,006.2)	
Non-recurring items (4)	**1,666.5**		27.1		**–**		–	
	4,167.3		2,302.6		**36,279.9**		26,544.2	
Per share	**HK$2.05**		HK$1.13		**HK$17.86**		HK$13.06	

Notes :

1) Wharf's profit contribution is based on attributable amount to the Group.
2) Wheelock Properties's attributable profit contribution and attributable shareholders' funds exclude the dividend income from and its 7% holdings in Wharf, respectively.
3) Corporate items represent borrowing costs and net debt of the Company and its wholly-owned subsidiaries, respectively.
4) Non-recurring items represent the Group's attributable property provision written back.

MARKET VALUE BASIS NET ASSETS

	2005		2004	
	HK$ Million	**%**	HK$ Million	%
Wharf Holdings*	**25,884.6**	**77**	24,572.0	80
Wheelock Properties*	**5,923.2**	**18**	4,884.7	16
Other investments	**1,887.2**	**5**	1,292.6	4
	33,695.0	**100**	30,749.3	100
Corporate items	**(4,890.3)**		(6,006.2)	
	28,804.7		24,743.1	
Per share	**HK$14.18**		HK$12.18	

* Listed and based on market values at 31 March 2005 and 2004, respectively.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Peter K. C. Woo, GBS, JP *(Chairman)*
Gonzaga W. J. Li *(Senior Deputy Chairman)*
Stephen T. H. Ng *(Deputy Chairman)*
Paul Y. C. Tsui *(Executive Director)*
David J. Lawrence *(Executive Director)*

Independent Non-executive Directors

Alexander S. K. Au, OBE*
B. M. Chang*
Kenneth W. S. Ting, JP
William Turnbull, OBE, JP*

* Members of the Audit Committee

SECRETARY

Wilson W. S. Chan, FCIS

REGISTRARS

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PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

AUDITORS

PricewaterhouseCoopers

PROPERTY

Bellagio (effectively 74%-owned)

Bellagio, in Sham Tseng on the western shore of the 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 March 2005, cumulative sales reached 1,691 units (99 per cent sold), 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. The project is expected to be completed by the end of 2005. Pre-sales for Tower 2 and Tower 5 (total: 844 units) were launched in early September of 2004 and met with favourable market responses. As at the end of March 2005, cumulative sales reached 752 units (89 per cent sold), realising proceeds of HK$2.7 billion.

Sorrento (effectively 66%-owned)

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 this financial year under review, cumulative sales and proceeds reached 2,111 units (99 per cent sold) and HK$12.0 billion respectively.

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

Sorrento and Bellagio are effectively 40 per cent and 33.33 per cent owned by Wheelock Properties respectively.

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 March 2005, cumulative sales and proceeds reached 607 units (86 per cent sold) and HK$5.8 billion respectively.

Wheelock Properties (Singapore) Limited (A 75%-owned Listed Subsidiary)

Wheelock Properties (Singapore) Limited has made three significant acquisitions during the financial year under review, namely, Scotts Shopping Centre/The Ascott Singapore, the previous China Airlines apartments site which is located right next to the Sea View Hotel site and the Oakwood Residence Azabujuban in Tokyo. In April 2005, the company also completed its purchase of the Angullia View, which will be redeveloped into residential apartments for sale and, through its wholly-owned subsidiary Firstbilt Pte Limited, acquired all other shares in Hamptons Group Limited ("Hamptons") in the UK not previously held by the group, making Hamptons a wholly-owned subsidiary of the company.

Development Properties

Grange Residences obtained strata titles subdivisions in March 2005. To date, 97 per cent of the total 164 units have been sold.

The Cosmopolitan is a residential condominium development of 228 apartments on the former Times House site, with completion targeted for August 2007. A pre-launch preview of The Cosmopolitan was organised in March 2005. To date, 15 per cent of the total 228 apartments have been sold.

The Sea View, a residential condominium development with 546 apartments for sale, is proposed on the amalgamated site. Piling works were completed in May 2005 and construction is expected to be completed in July 2007. This development is expected to be launched in mid-2005.

All tenancies of Ardmore Vue expired at the end of November 2004 with all the tenants having vacated the premises. Demolition of the building is in progress and is scheduled to be completed by mid-2005.

The Scotts Shopping Centre is currently 97 per cent leased and The Ascott Singapore is currently 79 per cent leased at satisfactory rental rates.

Investment Properties

Wheelock Place, a commercial building with 465,000 square feet in GFA on Orchard Road in Singapore, is currently 95 per cent leased at satisfactory rental rates.

Oakwood Residence Azabujuban in Tokyo is currently 87 per cent leased at satisfactory rental rates.

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

Harbour City (wholly-owned)

Harbour City office's total revenue in 2004 was slightly lower than a year ago due to the negative reversionary cycle. With 75 per cent retention rate for office tenancies that expired in 2004 and new lettings commitments totalling about 750,000 square feet, **Harbour City**'s office occupancy climbed steadily from 2003 year-end's 88 per cent to 2004 year-end's 95 per cent. Tsim Sha Tsui is fast becoming Hong Kong's core Central Business District for companies associated with the Pearl River Delta and other mainland markets. Gateway Apartments' occupancy grew sharply to 83 per cent at 2004 year-end from January's average of 68 per cent. With the rebound of the hotel industry in 2004, the consolidated occupancy for the three Marco Polo hotels at **Harbour City** increased significantly from 67 per cent in 2003 to 91 per cent in 2004. **Harbour City** showed encouraging performance in light of an upswing in the retail market and improving local sentiment. Retail occupancy maintained at around 98 per cent throughout 2004. Most new leases and renewals recorded favourable rental growth. Backed by an influx of mainland and overseas tourists and an upsurge in local spending throughout 2004, **Harbour City** tenants recorded an average of more than HK$1,000 in terms of sales per square foot in December 2004, representing a new high since 1998.

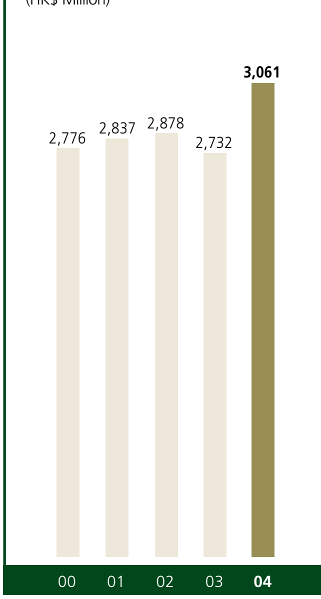
Times Square (wholly-owned)

Times Square recorded a slight increase in retail revenue on the back of a booming retail market, and a slight decrease in office revenue arising from the negative office reversionary cycle in 2004. Retail occupancy maintained at about 96 per cent amid buoyant consumer sentiment. Most retail tenants enjoyed satisfactory improvement in sales per square foot. Re-merchandising in the trade mix continued to attract traffic to **Times Square** during the year. Refurbishment on Basement 2 was completed in August. **Times Square**'s office occupancy grew from 83 per cent in 2003 to 95 per cent at the end of 2004.

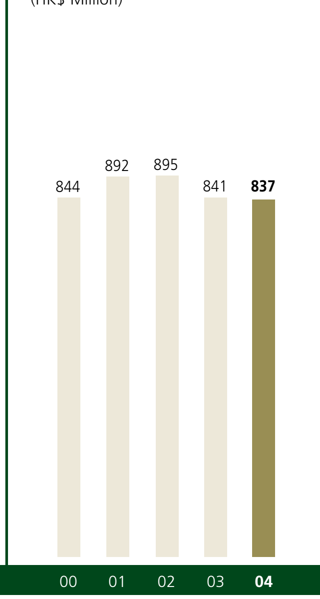
i-CABLE (a 67%- owned listed subsidiary)

Consolidated net profit of the listed **i-CABLE** rose by 29 per cent in 2004, surpassing all previous records despite intensified competition in its core markets. The timely introduction of the company's own triple-play service (viz, broadband, television and voice) during the last quarter of 2004 further enhanced its competitiveness. Total Pay TV subscribers grew by seven per cent year-on-year to 702,000 at 2004 year-end. A total of 22 new channels were launched, including the EPL Channel, Soccer Betting Channel and NBA TV. Additionally, full operation of the Digitised Sports Centre, catering particularly for the upcoming FIFA World Cup 06, commenced in 2004. **i-CABLE** also substantially completed its migration to the digital transmission platform, which enabled the deployment of more efficient countermeasures against the perennial problem of piracy. Continuous efforts in expanding business beyond the conventional markets bore fruit in 2004 – **i-CABLE** is now the sole supplier of local news services to Cathay Pacific Airways. It will soon become the sole content provider and exclusive commercial-airtime sales agent for a video display service on KCRC trains. Broadband subscribers grew by 13 per cent to 291,000 at 2004 year-end and ARPU for the full year recorded a nine per cent growth to HK$140. **i-CABLE**'s leading position in content-provision was further enhanced with the conclusion of additional carriage agreements with mobile operators to open up mobile content opportunities in the mainland.

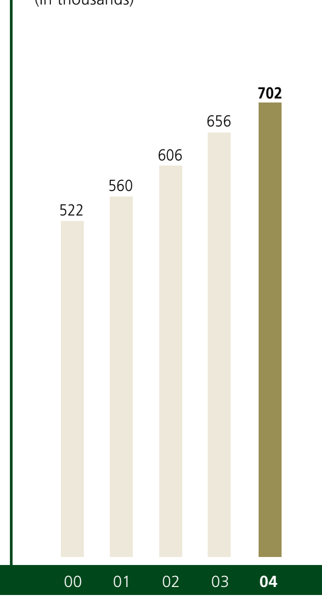
Harbour City: Gross Revenue
(HK$ Million)



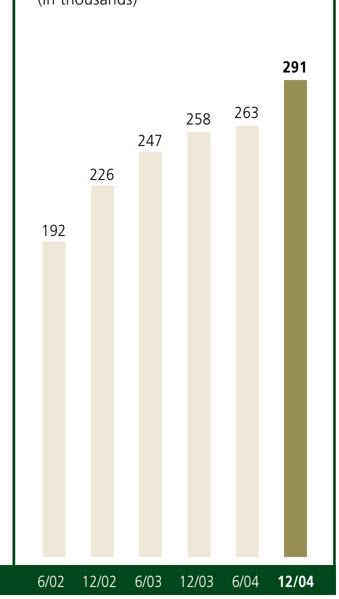
Times Square: Gross Revenue
(HK$ Million)



i-CABLE: Pay TV Subscribers
(In thousands)



i-CABLE: Broadband Subscribers
(In thousands)

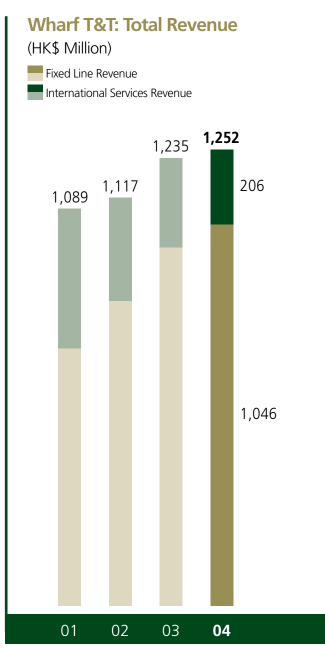


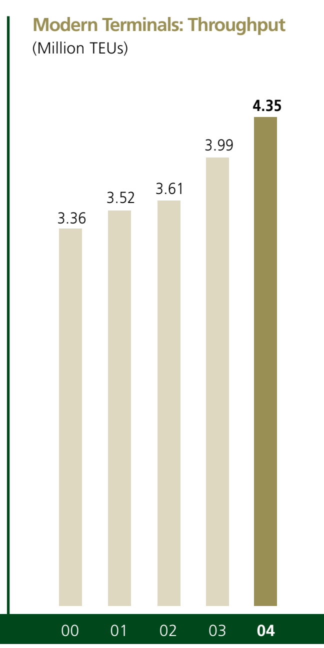
Wharf T&T (a wholly-owned subsidiary)

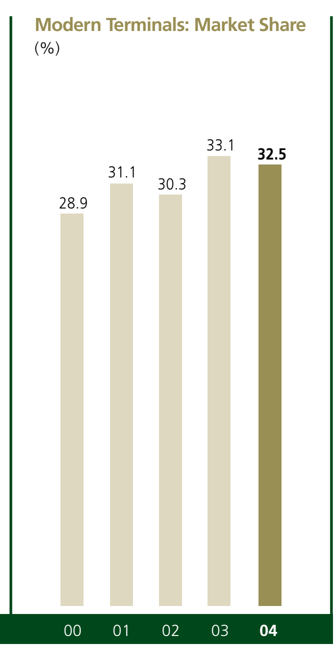
Wharf T&T achieved the milestone of free cash flow during 2004. The fixed line installed base grew by 42,000 or 10 per cent year-on-year to reach 475,000, representing an overall market share of 12 per cent. Of this installed base, 319,000 lines were for business and 156,000 lines for residential. Relative market share in these two segments was 18 per cent and seven per cent respectively. Business lines increased by 26,000 or nine per cent while residential lines grew by 16,000 or 11 per cent during 2004. Total outgoing IDD volume in 2004 increased by 23 per cent to 466 million minutes compared to the year before. Riding on the strategic repositioning of the company, Digital HomeLine (DHL) was rolled out with aggressive selling through various channels including direct sales, telesales and bundled offers via i-CABLE and CABLE TV.

Modern Terminals (a 55%-owned subsidiary)

Modern Terminals' total throughput for 2004 increased by 9.1 per cent or 362,000 TEUs against that of 2003. This was mainly driven by feeder, transshipment and intra-Asia volume. With the delivery of four CT9 berths to **Modern Terminals**, its operations in Kwai Chung now consist of 7.5 berths, spreading over Container Terminals 1, 2, 5 and 9, with a total handling capacity of 5.5 million TEUs. **Modern Terminals** is poised to achieve better operational synergy with the completion of berth consolidation and terminal area expansion following the delivery of CT9. At the end of 2004, **Modern Terminals**' market share remained at about one-third of the total market in Kwai Chung. Chiwan Container Terminals recorded a throughput growth of 60 per cent or 880,000 TEUs while Shekou Container Terminals (Phase II) handled an increase of 3.6 times or 841,000 TEUs in 2004 when compared with the previous year. Phase I of Dachan Bay project in Shenzhen West obtained approval from the National Development and Reform Commission at the end of March 2005, two months ahead of schedule. All other ongoing projects in China including the Taicang project in Suzhou are progressing smoothly and on schedule.







MANAGEMENT DISCUSSION AND ANALYSIS

(I) REVIEW OF 2004/05 RESULTS AND SEGMENTAL PERFORMANCE

Profit attributable to shareholders

The Group reported a profit attributable to Shareholders of HK$4,167.3 million for the year ended 31 March 2005, increased by HK$1,864.7 million from HK$2,302.6 million for the previous year. Earnings per share were HK$2.05 (2004: HK$1.13).

The significant improvement in profit was primarily due to the inclusion in the results of a write-back of attributable provisions totalling HK$1,666.5 million (2004: HK$27.1 million) for the Group's certain investment properties located in both Hong Kong and Singapore, and Bellagio, a property development project in Hong Kong. With the non-recurring write-back in both years excluded, the Group's net profit would be HK$2,500.8 million for the financial year under review, an increase of HK$225.3 million or 9.9% compared to HK$2,275.5 million in 2003/04. This resulted from the increase in profit contribution from The Wharf (Holdings) Limited ("Wharf") and a reduction in borrowing costs.

Though Wheelock Properties (Singapore) Limited group ("WPSL") contributed a higher property development profit from the sale of Grange Residences units in Singapore, this gain was neutralised by lower property development profit recognised in Hong Kong from the sale of Sorrento units and Parc Palais units undertaken by an associate.

Group turnover

The Group's turnover for the year was HK$4,461.1 million, a significant decrease of HK$2,654.8 million or 37.3% from HK$7,115.9 million achieved in 2003/04. The decrease was mainly a result of lower property revenue recognised from the sale of Sorrento units, which contributed a turnover of HK$4,294.0 million in the previous financial year.

Property development

Property sales for the year was HK$3,900.4 million (2004: HK$6,522.4 million), derived mostly from the pre-sale of Bellagio units and the sale of Grange Residences units. In the year under review, 766 units at Bellagio and 92 units at Grange Residences were sold. Other property sales covered residential units at Sorrento, The Astrid, Palm Cove and The Regalia, and industrial units at Metro Loft.

Property investment

The Property Investment segment reported an increase in rental revenue of HK$12.3 million to HK$343.0 million (2004: HK$330.7 million) largely because of rental revenue generated from Oakwood Residence, a serviced apartment building in Japan newly acquired by WPSL during the year. Wheelock House, Lane Crawford House and Fitfort (a retail mall) in Hong Kong as well as Wheelock Place in Singapore were approximately 95% leased at satisfactory rental rates, while Oakwood Residence in Japan was over 90% occupied.

Group operating profit

The Group's operating profit before borrowing costs and write-back of property provision was HK$1,372.7 million, a decrease of HK$50.7 million or 3.6% from that reported in 2003/04.

Property development

The Property Development segment recorded a profit of HK$861.2 million, a decrease of HK$119.1 million from HK$980.3 million achieved in 2003/04. Profit for the year under review was largely attributable to the profit from sale of residential units at Grange Residences and Bellagio whereas the sale of Sorrento units was the major profit contributor in the preceding year.

Property investment

The operating profit of the Property Investment segment for the year under review was HK$237.2 million against HK$235.8 million earned in 2003/04. Both the Group's retail and office areas performed satisfactorily.

Others

The Investment and Others segment reported a profit of HK$287.0 million (2004: HK$215.0 million), comprising mainly recurring dividend income, interest income and income from property management and other management services. Included in the Investment and Others segment results was a profit of HK$89.3 million on disposal of certain non-trading listed securities by WPSL.

Performance of the listed subsidiaries (already consolidated into the Group's results)

Wheelock Properties Limited group ("WPL") reported a profit attributable to its shareholders of HK$1,743.0 million for the year ended 31 March 2005, compared to HK$1,053.7 million achieved in the previous year. The significant improvement in profit was largely due to the inclusion in its results a write-back of attributable provisions totalling HK$844.3 million mainly for its investment properties and its one-third interest in the Bellagio project notwithstanding lower development profit contribution from the sale of Parc Palais and Sorrento units by its associates.

WPSL reported a profit attributable to its shareholders of S$198.1 million (approximately HK$925 million) for the year ended 31 March 2005, compared to S$89.8 million (approximately HK$406 million) achieved in the previous year. The increase in WPSL's profit for the year was mainly attributable to the sale of 92 Grange Residences units and a write-back of property provision charged to the profit and loss account in prior years in respect of Wheelock Place. At 31 March 2005, cumulative sales of Grange Residences reached 153 units or 93% of the total 164 units.

Attributable profit for the year to the Group from WPL (which owns 75% of WPSL), before write-back of property provision and dividend income from WPL's 7% holdings in Wharf, was HK$590.4 million (2004: HK$694.0 million). During the year under review, the Group received a cash dividend totalling HK$107.7 million (2004: HK$107.5 million) from WPL.

Borrowing costs

Borrowing costs charged to the profit and loss account for the year were HK$78.9 million, a substantial decline of 42.4% from HK$137.0 million in the previous year. This was mainly caused by the persistent low interest rate environment coupled with the Group's declining net debt level. For the year under review, the Group's effective borrowing interest rate was approximately 1.4% per annum, against 1.8% per annum for the preceding year.

Write back of provision for properties

Following a valuation review based on the property market conditions prevailing at 31 March 2005, the Group had written back an aggregate property provision of HK$2,237.9 million – HK$885.8 million for the Group's investment properties in respect of the revaluation deficits charged to the profit and loss account in prior years and HK$1,352.1 million for other properties, in accordance with the Group's accounting policies. Out of the aggregate provision written back, HK$1,327.0 million was for Bellagio and the balance for the Group's investment and other properties.

Share of profits less losses of associates

The share of profit of associates before taxation was HK$2,167.9 million, substantially contributed by Wharf, against HK$2,047.3 million for the previous year. Wharf, the major listed associate of and profit contributor to the Group, reported a profit attributable to shareholders of HK$3,767 million for its financial year ended 31 December 2004, compared to HK$3,043 million achieved in 2003. The growth in Wharf's profit was largely driven by the steady growth in retail rental income, recovery in its hotel operations from the low base result in 2003, improved profitability of i-CABLE Communications Limited ("i-CABLE") and reduction in borrowing costs.

Included in Wharf's results for the year was an amount of HK$442 million being its one-third share of the provision write-back in respect of the Bellagio project, whereas for the preceding year, a deemed profit of HK$312 million was recognised by Wharf in respect of its distribution of scrip dividend in the form of shares in i-CABLE as part of the 2003 interim dividend payment of Wharf. Since the distribution effectively did no change to the Group's attributable interest in i-CABLE, the said deemed profit was not recognised by the Group and was fully eliminated in accordance with the Group's accounting policies.

Excluding the above-mentioned non-recurring item in both years, Wharf's net profit contribution to the Group was HK$1,600.1 million (2004: HK$1,314.2 million) representing a growth of 21.8%. Aggregate cash dividends received from Wharf amounted to HK$743.3 million (2004: HK$747.5 million, including scrip dividend in the form of shares in i-CABLE of HK$253.9 million).

The share of associates' results also included the profit derived from sale of Parc Palais units undertaken by a 20%-owned associate of WPL.

Other items

Income tax

A taxation charge of HK$506.0 million was provided for the year against HK$536.8 million for the previous year.

Minority interests

For the year under review, profit accrued to minority interests rose to HK$1,026.3 million from HK$534.3 million in the previous year mainly due to the write-back of property provision for the Bellagio project attributable to the minority shareholders of the project company and due to WPL's profit increase.

(II) LIQUIDITY AND FINANCIAL RESOURCES

Shareholders' funds

At 31 March 2005, the Group's shareholders' funds totalled HK$36,279.9 million or HK$17.86 per share, against HK$26,544.2 million or HK$13.06 per share at 31 March 2004. The improvement largely reflected the upward revaluation of investment property portfolio of the Group's major associate, namely, Wharf.

Net debt and gearing

At 31 March 2005, the ratio of the Group's net debt to shareholders' equity was 12.5% (2004: 23.0%) while the ratio of net debt to total assets was 9.0% (2004: 15.7%).

The Group's net debt amounted to HK$4,520.4 million, comprising total debts of HK$8,022.5 million less deposits and cash of HK$3,502.1 million, as compared to a net debt of HK$6,114.5 million at 31 March 2004. The decrease in the Group's net debt was mainly due to net cash generated from the Group's operating activities of an amount of HK$2,361.4 million, which included net cash inflow from sale of Bellagio and Sorrento units. For the year under review, net cash inflow of HK$1.7 billion generated from the sale of Bellagio and Sorrento units were distributed by the project companies among their shareholders in proportion to their equity interests in the respective projects and the Group including WPL hence had received HK$1.1 billion. The major cash outflows for the year resulted from WPSL's acquisition of properties – the China Airlines apartments, Scotts Shopping Centre and The Ascott Singapore at No. 6 Scotts Road in Singapore and Oakwood Residence in Japan, for a total of approximately HK$2.1 billion.

Excluding WPL's net cash of HK$369.6 million, the Company together with its other subsidiaries had a net debt of HK$4,890.0 million, reduced by HK$1,112.3 million from HK$6,002.3 million as at 31 March 2004. For the year under review, total cash dividend received from Wharf and WPL, being the Group's main sources of recurring cash inflow, was HK$851.0 million (2004: HK$601.1 million).

Committed and uncommitted facilities

(a) The Group's committed and uncommitted loan facilities amounted to HK$9.8 billion and HK$1.9 billion respectively. The debt maturity profile of the Group at 31 March 2005 is analysed as follows:

	2005	2004
	HK$ Million	HK$ Million
Repayable within 1 year	**607.6**	2,267.6
Repayable after 1 year, but within 2 years	**300.0**	700.0
Repayable after 2 years, but within 5 years	**6,614.9**	5,164.1
Repayable after 5 years	**500.0**	–
	8,022.5	8,131.7
Undrawn facilities	**3,700.0**	4,400.0

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

	2005	2004
	HK$ Million	HK$ Million
Investment properties	**474.5**	1,658.9
Properties under development for sale	**2,284.2**	1,827.1
	2,758.7	3,486.0

(c) At 31 March 2005, the Group's borrowings are primarily denominated in Hong Kong dollars except that WPSL's borrowings for financing its properties in Singapore and Japan are primarily denominated in Singapore dollars and Japanese yens, respectively. Forward exchange contracts are entered into by WPSL for hedging its foreign currency deposits and investments. The Group has no other significant exposure to foreign exchange fluctuation except for its net investments in Singapore subsidiaries.

Long-term investments

At 31 March 2005, the Group maintained a portfolio of long-term investments with a value of HK$1,488.0 million, which primarily comprised blue chip securities with a market value of HK$1,421.6 million (2004: HK$1,104.4 million).

In accordance with the Group's accounting policies, the non-trading securities classified as long-term 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 31 March 2005, such reserves account had an attributable accumulated surplus of HK$316.3 million, representing an increase of HK$284.5 million from HK$31.8 million at 31 March 2004. The performance of the portfolio was in line with the stock markets.

(III) MAJOR PROPERTY DEVELOPMENT PROJECTS

Development projects in Hong Kong

Bellagio

Pre-sale of Bellagio Phases III and IV was first launched in September 2004 with an encouraging market response. For the year under review, 14 units in Phases I and II were sold while 752 units in Phases III and IV were pre-sold. At 31 March 2005, cumulative sales reached 1,691 units (or 99%) for Phases I and II and 752 units (or 44%) for Phases III and IV, generating total revenue of about HK$6.8 billion.

At 31 March 2005, the cash deposits in stakeholders' account of Bellagio amounted to HK$0.4 billion, which would be sufficient to fully cover its outstanding construction costs for completion of the project. The project company did not have any external borrowings at 31 March 2005.

Sorrento

Sale of Sorrento was continuing with 40 Phase II units sold in 2004/05. At 31 March 2005, cumulative sales reached 2,111 units (all 1,272 Phase I units and 839 (98%) Phase II units), generating a total revenue of approximately HK$12.0 billion.

At 31 March 2005, the cash deposits in stakeholders' account of Sorrento for meeting the outstanding construction costs amounted to HK$0.3 billion. The project company did not have any external borrowings at 31 March 2005.

Parc Palais

Sale of the Parc Palais project, 20%-owned by WPL, was continuing with good progress. For the year under review, 116 units were sold. At 31 March 2005, cumulative sales reached 607 units or 86% of the entire 700 units, generating a total revenue of approximately HK$5.8 billion.

A sufficient balance of sale proceeds received by the project company was held as deposits in stakeholders' account for meeting the outstanding construction costs and other liabilities of the project. The project company did not have any borrowings at 31 March 2005.

Development projects in Singapore

Grange Residences

Sale of Grange Residences undertaken by WPSL was continuing with good progress. For the year under review, 92 units were sold, making cumulative sales up to 31 March 2005 reach 153 units or 93% of the total 164 units.

The Cosmopolitan/The Sea View/Ardmore Vue

The redevelopment of other projects undertaken by WPSL, including The Cosmopolitan, The Sea View and Ardmore Vue, are progressing according to plan. A private pre-launch for The Cosmopolitan was organised in March 2005 with encouraging market response. The Sea View is expected to be marketed in 2005.

(IV) CONTINGENT LIABILITIES

At 31 March 2005, there was no guarantee given by the Group in respect of banking facilities available to associates (2004: HK$63.2 million).

(V) ACQUISITION/DISPOSAL OF PROPERTIES/SUBSIDIARIES

China Airlines apartments

WPSL completed in May 2004 the acquisition in Singapore of China Airlines apartments comprising 30 units, which are adjacent to the Sea View Hotel site previously acquired by WPSL, at a consideration of S$35 million (about HK$160 million). This site is amalgamated with the Sea View Hotel site for a residential condominium development of 546 apartments, The Sea View.

Scotts Shopping Centre ("SSC") and The Ascott Singapore ("TAS")

WPSL completed in September 2004 the acquisition of SSC and TAS in Singapore at a total consideration of S$345 million (about HK$1,576 million). The intention is to redevelop it when all prevailing leases and the property management agreement expire towards the end of 2006.

Oakwood Residence Azabujuban ("Oakwood")

WPSL completed in September 2004 the acquisition of Oakwood in Japan for JPY5.5 billion (about HK$383 million). WPSL intends to hold the property as investment till the expiry of the existing management contract in respect of the serviced apartment in year 2012.

Angullia View

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

No. 2 Heung Yip Road/other property acquisitions in Hong Kong

In May 2005, WPL entered into an agreement to acquire a property, known as No. 2 Heung Yip Road, in Hong Kong through a private tender at a total consideration of HK$455 million. The acquisition is expected to be completed by June 2005.

WPL also acquired some office properties in Hong Kong at a total consideration of approximately HK$220 million.

Kim Realty Investment Pte Ltd ("KRI")

WPSL completed in July 2004 the disposal to Wharf of its 30% equity interest in KRI which owns a 50% interest in a 4-star hotel in Xiamen, The Marco Polo Xiamen, for a total consideration of S$2.04 million (about HK$9.5 million).

Hamptons Group Limited ("Hamptons")

On 14 March 2005, WPSL entered into an agreement to acquire 2,424,310 shares in Hamptons, a UK-based estate agency company which was originally an associate of WPSL, at a purchase price of £3.12 per share payable by cash. The acquisition of such Hamptons shares was completed in April 2005. As this increased WPSL's shareholding interest in Hamptons beyond 35%, it triggered a general offer (described as a tag along offer under the articles of association of Hamptons), to all other shareholders of Hamptons who subsequently accepted the offer with the result that Hamptons has now become a wholly-owned subsidiary of WPSL. The total consideration paid by WPSL amounted to £23.8 million (about HK$357 million).

(VI) NEW ACCOUNTING INTERPRETATION FOR THE RECOGNITION OF REVENUE ARISING FROM PRE-SALE OF PROPERTIES

Prior to 1 January 2005, profit on pre-sale of properties is recognised over the course of development and is calculated each year as a proportion of the total estimated profit to completion. With the introduction of HK Interpretation ("HK-INT") 3 "Revenue – Pre-Completion contracts for the sale of development properties" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the Group now recognises revenue arising from pre-sale of properties upon completion of development of the property. The Group has relied on the transitional provision set out in the Interpretation such that the Group will continue to adopt the stage of completion method to recognise revenue arising from pre-sale contracts entered into before 1 January 2005 while the completion method is adopted for pre-sale contracts entered into on or after 1 January 2005. This change has no significant financial impact on the Group.

(VII) FUTURE CHANGES IN ACCOUNTING POLICIES

HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (collectively, "new HKFRSs"), which are effective for accounting periods beginning on or after 1 January 2005.

The Group has not early adopted these new HKFRSs in the accounts for the year ended 31 March 2005 and has made a preliminary assessment of the impact of these new HKFRSs. The Group has so far concluded that the adoption of Hong Kong Accounting Standards 40 "Investment Property", HK-INT 2 "The appropriate policies for hotel properties", Hong Kong Financial Reporting Standards ("HKFRS") 3 "Business Combinations" and HK(SIC) Interpretation ("HK(SIC)-INT") 21 "Income taxes – recovery of revalued non-depreciable assets" will have a significant impact on its consolidated accounts as detailed in Note 30 to the Accounts.

The Group will be continuing with the assessment of the impact of the other new HKFRSs and other significant changes may be identified as a result.

(VIII) EMPLOYEES

The Group has approximately 693 employees. 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 year ended 31 March 2005 amounted to HK$148.8 million.

DISCLOSURE OF FURTHER CORPORATE INFORMATION

Set out below is information disclosed pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"):

(A) BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGERS ETC.

(I) Directors

Peter K. C. Woo, *GBS, JP, Chairman (Age: 58)*
Mr. Woo has resumed the role of Chairman since 2002 after having formerly served as Chairman of the Company from 1986 to 1996. He is also the chairman of The Wharf (Holdings) Limited ("Wharf") and Modern Terminals Limited ("MTL").

Mr. Woo was appointed a Justice of the Peace in 1993 and awarded the Gold Bauhinia Star in 1998 by the Hong Kong SAR Government. He has for many years been actively engaged in community and related services, both locally and in the international arena, and has held various Government appointments. He has been the Government-appointed chairman of the Hong Kong Trade Development Council since October 2000 and had served as the chairman of Hospital Authority from 1995 to 2000 and the council chairman of Hong Kong Polytechnic University from 1993 to 1997. He is currently the chairman of the Hong Kong Environment and Conservation Fund Committee set up in 1994 which he co-funded with the Government. He also served as a deputy chairman in 1991 to Prince of Wales Business Leaders Forum, and as a member of the International Advisory Council of J. P. Morgan Chase & Co., National Westminster Bank, Banca Nazionale del Lavoro, Elf Aquitaine of France and General Electric of America. He has received Honorary Doctorates from various universities in the USA, Australia and Hong Kong.

Gonzaga W. J. Li, *Senior Deputy Chairman (Age: 76)*
Mr. Li has been a Director of the Company since 1969 and became Chairman in 1996. He relinquished the title of Chairman and has assumed the title of Senior Deputy Chairman of the Company since 2002. He is the senior deputy chairman of Wharf and the chairman of Harbour Centre Development Limited ("HCDL"), Wheelock Properties Limited ("WPL") and Wheelock Properties (Singapore) Limited ("WPSL") in Singapore and also the chairman and chief executive officer of Wharf China Limited. Furthermore, he is a director of Joyce Boutique Holdings Limited ("Joyce") and MTL.

DISCLOSURE OF FURTHER CORPORATE INFORMATION

Stephen T. H. Ng, *Deputy Chairman (Age: 52)*
Mr. Ng has been a Director of the Company since 1988 and became the Deputy Chairman in 1995. He is the deputy chairman and managing director of Wharf, the chairman, president and chief executive officer of both i-CABLE Communications Limited and Wharf T&T Limited and also a director of Joyce. Mr. Ng serves as a member of the General Committee of the Hong Kong General Chamber of Commerce.

Paul Y. C. Tsui, *Executive Director (Age: 58)*
Mr. Tsui has been a Director of the Company since 1998 and became Executive Director in 2003. He is also a director of Joyce, WPL and WPSL. Mr. Tsui is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Chartered Institute of Management Accountants.

David J. Lawrence, *Executive Director (Age: 59)*
Mr. Lawrence has been an Executive Director of the Company since July 2004. He is also a director of WPL. Mr. Lawrence joined Wharf in 1992. In 1993, he took up a board appointment with WPSL of which he is now the chief executive officer and managing director. He is a fellow member of The Hong Kong Institute of Surveyors, the Royal Institute of Chartered Surveyors, the Singapore Institute of Surveyors and Valuers, the Singapore Institute of Directors and The Hong Kong Institute of Directors.

Alexander S. K. Au, *OBE, Director (Age: 58)*
Mr. Au has been an independent Non-executive Director of the Company since 2002. He also serves as a member and the chairman of the Company's Audit Committee. Mr. Au is also an independent non-executive director of Hong Kong Ferry (Holdings) Company Limited and Miramar Hotel and Investment Company, Limited. He is also a member of the Council of the Hong Kong University of Science and Technology.

Mr. Au formerly served as a member of a number of Government advisory bodies and voluntary agencies, including the Exchange Fund Advisory Committee, the Banking Advisory Committee, the Hong Kong Trade Development Council, the City University of Hong Kong and the Community Chest of Hong Kong. He was named Hong Kong Banker of the Year in July 1996 and Hong Kong Business Executive of the Year in December 1996.

He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, The Chartered Institute of Bankers and the Hong Kong Institute of Bankers.

B. M. Chang, *Director (Age: 76)*
Mr. Chang has been a Director of the Company since 1969. He, being an independent Non-executive Director, also serves as a member of the Company's Audit Committee.

Kenneth W. S. Ting, *JP, Director (Age: 62)*
Mr. Ting has been an independent Non-executive Director of the Company since 2003. He is also the managing director, chief executive officer of publicly-listed Kader Holdings Company Limited and the chairman of Kader Industrial Company Limited, and a director of New Island Printing Holdings Limited and Van Shung Chong Holdings Limited. Mr. Ting currently serves as the chairman of the Federation of Hong Kong Industries, the non-executive director of the Mandatory Provident Fund Schemes Authority, the chairman of the Vocational Training Council-Plastics Training Board, the president of the Hong Kong Plastics Manufacturers' Association Limited, the honorary president of the Chinese Manufacturers' Association of Hong Kong and the honorary president of the Toys Manufacturers' Association of Hong Kong Limited.

Mr. Ting is also a member of the Hong Kong General Chamber of Commerce, the Hong Kong Trade Development Council and the Hong Kong Polytechnic University Court. Furthermore, he is a member of the Jiangsu Provincial Committee of the Chinese People's Political Consultative Conference and the Guangdong Provincial Committee of the Chinese People' Political Consultative Conference (Dong Shan District).

William Turnbull, *OBE, JP, Director (Age: 71)*
Mr. Turnbull has been an independent Non-executive Director of the Company since 2002. He also serves as a member of the Company's Audit Committee. Mr. Turnbull is also the non-executive chairman of Hong Kong Standards and Testing Centre Limited and Hong Kong Safety Institute Limited.

Note: The Company has received from each independent Non-executive Director an annual confirmation of his independence pursuant to the Listing Rules, and the Company still considers the independent Non-executive Directors to be independent.

(II) Senior Managers

Various businesses of the Group are respectively under the direct responsibility of the Chairman and the Executive Directors of the Company as named under (A)(I) above, who are regarded as senior management of the Group.

(B) DIRECTORS' INTERESTS IN SHARES

At 31 March 2005, Directors of the Company had the following beneficial interests, all being long positions, in the share capitals of the Company, of an associate of the Company, namely, Wharf, and of two subsidiaries of the Company, namely, WPL and WPSL, and the percentages which the shares represented to the issued share capitals of the Company, Wharf, WPL and WPSL respectively are also set out below:

	No. of Ordinary Shares (percentage of issued capital)	**Nature of Interest**
The Company		
Peter K. C. Woo	1,204,934,330 (59.3023%)	Personal Interest in 8,847,510 shares, Corporate Interest in 200,865,142 shares and Other Interest in 995,221,678 shares
B. M. Chang	8,629,575 (0.4247%)	Corporate Interest
G. W. J. Li	1,486,491 (0.0732%)	Personal Interest
S. T. H. Ng	300,000 (0.0148%)	Personal Interest
Wharf		
G. W. J. Li	686,549 (0.0281%)	Personal Interest
S. T. H. Ng	650,057 (0.0266%)	Personal Interest
WPL		
G. W. J. Li	2,900 (0.0001%)	Personal Interest
WPSL		
D. J. Lawrence	250,000 (0.0627%)	Personal Interest

Notes:

(1) The 995,221,678 shares of the Company stated above as "Other Interest" against the name of Mr. Peter K. C. Woo represented an interest comprised in certain trust properties in which Mr. Woo was taken, under certain provisions in Part XV of the Securities and Futures Ordinance (the "SFO") which are applicable to a director or chief executive of a listed company, to be interested.

(2) The shareholdings classified as "Corporate Interest" in which the Directors concerned were taken to be interested as stated above were interests of corporations at respective general meetings of which the relevant Directors were respectively either entitled to exercise (or taken under Part XV of the SFO to be able to exercise) or control the exercise of one-third or more of the voting power in general meetings of such corporations.

(3) The shareholding interests stated above as "Personal Interest" and "Corporate Interest" against the name of Mr. Peter K. C. Woo totalling 209,712,652 shares of the Company represented the same block of shares as that of the shareholding interest of Mrs. Bessie P. Y. Woo stated below in the section headed "Substantial Shareholders' Interests".

(4) The 995,221,678 shares of the Company as referred to under Note (1) above are entirely duplicated or included in the shareholding interest of HSBC Trustee (Guernsey) Limited stated below under the section headed "Substantial Shareholders' Interests".

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the 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 31 March 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 year 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 year of any such rights by any of them.

(C) SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties, other than person(s) who is/are Director of the Company, who/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 31 March 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)	Mrs. Bessie P. Y. Woo	209,712,652 (10.32%)
(ii)	HSBC Trustee (Guernsey) Limited	1,095,300,362 (53.91%)

Notes:

(1) Duplication occurred in respect of the abovementioned shareholding interests as set out above in Notes (3) and (4) under the section headed "Directors' Interests in 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 31 March 2005, there were no short positions recorded in the Register.

(D) PENSION SCHEMES

The Group operates a number of pension schemes. Set out below are certain particulars regarding the principal pension scheme (the "Pension Scheme") operated by the Group:

(I) Nature of the Pension Scheme

The Pension Scheme is a defined contribution scheme. The assets of the Pension Scheme are held separately by an independently administered fund.

(II) Funding of the Pension Scheme

The Pension Scheme is funded by contributions from employees and employers. The employees and employers contribute respectively to the Pension Scheme sums which represent percentages of their salaries as defined under the relevant trust deed.

(III) Forfeited Contributions

The contributions are expensed as incurred and may be reduced by contributions forfeited by those employees who have left the Pension Scheme prior to vesting fully in the contributions.

(IV) Cost of the Pension Scheme

The employer's cost charged to the profit and loss account during the year ended 31 March 2005 in respect of the Pension Scheme amounted to HK$3.5 million after a forfeiture of employers' contributions of HK$0.1 million.

Note: The total employers' pension cost in respect of all pension schemes of the Group, including the cost related to the Mandatory Provident Fund which is not operated by the Group, charged to the profit and loss account during the financial year ended 31 March 2005 amounted to HK$6.9 million.

(E) EXECUTIVE SHARE INCENTIVE SCHEME (THE "SCHEME")

(I) Summary of the Scheme

(a) Purpose of the Scheme:
To give executives of the Group the opportunity of acquiring an equity participation in the Company, to continue to provide them with the motivation and incentive to give their best contribution towards the Company's continued growth and success.

(b) Participants of the Scheme:
Any employee of the Company or any of its subsidiaries holding an executive, managerial, supervisory or similar position, including a Director of the Company or any of its subsidiaries holding executive office, who accepts the offer of the grant of an option in accordance with the terms of the Scheme (the "Employee(s)").

(c) (i) Total number of ordinary shares of HK$0.50 each in the capital of the Company (the "Shares") available for issue under the Scheme as at 31 March 2005:
82,401,464

(ii) Percentage of the issued share capital that it represents as at 31 March 2005:
4%

(d) Maximum entitlement of each participant under the Scheme as at 31 March 2005:
Not more than:

(i) 10% of the maximum number of Shares available for subscription under the terms of the Scheme; and

(ii) in terms of amount of the aggregate subscription price, such amount of aggregate subscription price in respect of all the Shares for which an Employee is granted options in any financial year as would exceed five times his or her gross annual remuneration.

(e) Period within which the Shares must be taken up under an option:
Within 10 years from the date on which the option is granted or such shorter period as the Board of Directors may approve.

(f) Minimum period for which an option must be held before it can be exercised:
One year from the date on which the option is granted.

(g) (i) Price payable on application or acceptance of the option:
HK$1.00

(ii) The period within which payments or calls must or may be made or loans of such purposes must be repaid:
Seven days after the offer date of an option.

(h) Basis of determining the exercise price:
Pursuant to rule 17.03 (9) of the Listing Rules, the exercise price must be at least the higher of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

(i) The remaining life of the Scheme:
Three years

(II) Details of Share Options Granted

No share option of the Company was issued, exercised, cancelled, lapsed or outstanding throughout the financial year.

(F) MAJOR CUSTOMERS & SUPPLIERS

For the financial year ended 31 March 2005:

(a) the aggregate amount of purchases (not including the purchases of items which are of a capital nature) attributable to the Group's five largest suppliers represented 87% of the Group's total purchases;

(b) the largest supplier accounted for 58% of the Group's total purchases;

(c) none of the Directors of the Company or their associates holds, nor does any shareholder owning (to the knowledge of the Directors) more than 5% of the Company's equity capital hold, any interests in any of the Group's five largest suppliers; and

(d) the aggregate amount of turnover attributable to the Group's five largest customers represented less than 30% of the Group's total turnover.

(G) INTEREST CAPITALISED

The amount of interest capitalised by the Group during the financial year is set out in Note 5 to the Accounts on page 55.

(H) 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 year.

(I) FREQUENCY OF DIRECTORS' MEETINGS

During the financial year under review, four Directors' Meetings were held.

(J) COMPLIANCE WITH CODE OF BEST PRACTICE

The Company has complied throughout the financial year with the Code of Best Practice as set out in Appendix 14 of the Listing Rules in force prior to 1 January 2005, which remain applicable to disclosure in annual reports in respect of accounting periods commencing before 1 January 2005 under the transitional arrangements.

(K) PROPOSED CHANGE OF AUDITORS

Following a recent review by the Audit Committee, the Board of Directors of the Company recommends to nominate Messrs. KPMG in place of Messrs. PricewaterhouseCoopers ("PwC") as the new Auditors of the Company for the ensuing financial year ending 31 March 2006. Messrs. KPMG have for many years been the auditors of most of the Company's subsidiaries and associates, including publicly listed subsidiary Wheelock Properties Limited and publicly listed associate The Wharf (Holdings) Limited. These two companies, in aggregate owning over 95% of the underlying gross assets of the Wheelock Group, have been expanding their business activities in recent years. With such change of auditors, the Group will be able to improve overall efficiency by achieving a more streamlined audit process. Certain reductions in overall cost in terms of management time and professional fees is also expected to occur.

At the request of the Company, PwC have agreed not to seek re-appointment at the forthcoming Annual General Meeting of the Company. Arrangements have also been made to appoint Messrs. KPMG in place of PwC as auditors of those subsidiaries of the Company whose auditors are PwC.

PwC have for a very long period served as Auditors of the Company. The Company has been very satisfied with their professional competence and regrets the proposed dissociation with PwC.

The Group would like to take this opportunity to express its sincere thanks to PwC for their valuable services to the Group during their tenure as the Auditors to the Company and its various subsidiaries.

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their Report and the Audited Statement of Accounts for the financial year ended 31 March 2005.

PRINCIPAL ACTIVITIES AND TRADING OPERATIONS

The principal activity of the Company is investment holding and those of its principal subsidiaries are set out on pages 74 and 75.

An analysis of the principal activities and geographical locations of trading operations of the Company and its subsidiaries during the financial year is set out in Note 2 to the Accounts on pages 48 to 51.

RESULTS, APPROPRIATIONS AND RESERVES

The results of the Group for the financial year ended 31 March 2005 are set out in the Consolidated Profit and Loss Account on page 33.

Appropriations of profits and movements in reserves during the financial year are set out in Note 22 to the Accounts on pages 65 to 67.

DIVIDENDS

An interim dividend of 2.5 cents per share was paid on 7 January 2005. The Directors have recommended for adoption at the Annual General Meeting to be held on Monday, 15 August 2005 the payment on 22 August 2005 to Shareholders on record as at 15 August 2005 of a final dividend of 8.5 cents per share in respect of the financial year ended 31 March 2005. This recommendation has been disclosed in the Accounts.

FIXED ASSETS

Movements in fixed assets during the financial year are set out in Note 11 to the Accounts on page 59.

BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

Particulars of all bank loans, overdrafts and/or other borrowings of the Company and of the Group as at 31 March 2005 which are repayable on demand or within a period not exceeding one year are set out in Note 19 to the Accounts on page 63. Those which would fall due for repayment after a period of one year are particularised in Note 23 to the Accounts on page 68.

DONATIONS

The Group made donations during the financial year totalling HK$4.7 million.

DIRECTORS

The Directors of the Company during the financial year were Messrs. P. K. C. Woo, A. S. K. Au, B. M. Chang, D. J. Lawrence (appointed on 1 July 2004 as an Executive Director), G. W. J. Li, S. T. H. Ng, P. Y. C. Tsui, K. W. S. Ting and W. Turnbull.

Messrs. G. W. J. Li and W. Turnbull are due to retire from the Board by rotation in accordance with Article 103(A) at the forthcoming Annual General Meeting. Being eligible, they offer themselves for re-election. None of the retiring Directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

Under the provisions of the Company's Articles of Association, the Chairman and the Directors holding executive office of the Company are not subject to retirement from the Board by rotation. As regards the other Directors (none of them holding any executive title of the Company), two of them will retire as Directors at the forthcoming Annual General Meeting to be held on 15 August 2005 as mentioned above, and the remaining four Directors will have their respective terms of office coming to an end by reason of retirement by rotation at the Annual General Meeting of the Company in 2006 or 2007 in accordance with Article 103(A) of the Company's Articles of Association.

INTERESTS IN CONTRACTS

No contract of significance in relation to the Company's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year.

MANAGEMENT CONTRACTS

No contracts for the management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the financial year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the financial year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

PricewaterhouseCoopers retire. A resolution for the appointment of auditors of the Company will be proposed at the forthcoming annual general meeting.

By Order of the Board
Wilson W S Chan
Secretary

Hong Kong, 14 June 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2005

	Note	**2005 HK$ Million**	2004 HK$ Million
Turnover	3	**4,461.1**	7,115.9
Other net income	4	**213.5**	17.3
		4,674.6	7,133.2
Direct costs and operating expenses		**(3,113.9)**	(5,427.0)
Selling and marketing expenses		**(127.3)**	(216.7)
Administrative expenses		**(60.7)**	(66.1)
Operating profit	3	**1,372.7**	1,423.4
Borrowing costs	5	**(78.9)**	(137.0)
Net operating profit before property provision		**1,293.8**	1,286.4
Write back of provision for properties	6	**2,237.9**	40.0
Share of profits less losses of associates	2	**2,167.9**	2,047.3
Profit before taxation		**5,699.6**	3,373.7
Income tax	7	**(506.0)**	(536.8)
Profit after taxation		**5,193.6**	2,836.9
Minority interests		**(1,026.3)**	(534.3)
Group profit attributable to shareholders	8	**4,167.3**	2,302.6
Dividends attributable to the year	9		
Interim dividend declared during the year		**50.8**	50.8
Final dividend proposed after the balance sheet date		**172.7**	132.1
		223.5	182.9
Earnings per share	10	**HK$2.05**	HK$1.13

The notes on pages 39 to 75 form part of these accounts.

CONSOLIDATED BALANCE SHEET

At 31 March 2005

	Note	2005	2005 HK$ Million	2004	2004 HK$ Million
Non-current assets					
Fixed assets	11		**5,326.4**		4,010.8
Associates	13		**31,447.6**		24,528.3
Long-term investments	14		**1,488.0**		1,166.5
Deferred debtors	15		**370.6**		496.3
			38,632.6		30,201.9
Current assets					
Properties under development for sale	16	**9,565.2**		5,205.3	
Properties held for sale	16	**620.1**		2,045.6	
Short-term investments	17	**–**		79.8	
Trade and other receivables	18	**1,301.7**		1,328.8	
Bank balances and deposits		**3,502.1**		2,017.2	
		14,989.1		10,676.7	
Current liabilities					
Bank loans and overdrafts	19	**607.6**		2,267.6	
Trade and other payables	20	**1,286.3**		1,443.5	
Deposits from sale of properties		**2,046.2**		–	
Current tax		**132.1**		118.5	
		4,072.2		3,829.6	
Net current assets			**10,916.9**		6,847.1
Total assets less current liabilities			**49,549.5**		37,049.0
Capital and reserves					
Share capital	21		**1,015.9**		1,015.9
Reserves	22		**35,264.0**		25,528.3
			36,279.9		26,544.2
Minority interests			**5,356.0**		4,093.4
Non-current liabilities					
Long-term loans	23	**7,414.9**		5,864.1	
Deferred tax	24	**31.7**		71.7	
Deferred items	25	**467.0**		475.6	
			7,913.6		6,411.4
Total equity and non-current liabilities			**49,549.5**		37,049.0

The notes on pages 39 to 75 form part of these accounts.

Peter K C Woo
Chairman

Paul Y C Tsui
Executive Director

COMPANY BALANCE SHEET

At 31 March 2005

	Note		2005 HK$ Million		2004 HK$ Million
Non-current assets					
Subsidiaries	12		**4,638.3**		4,475.8
Current assets					
Trade and other receivables		**0.4**		0.4	
Current liabilities					
Bank loans and overdrafts	19	**157.9**		–	
Trade and other payables		**4.5**		4.8	
		162.4		4.8	
Net current liabilities			**(162.0)**		(4.4)
Total assets less current liabilities			**4,476.3**		4,471.4
Capital and reserves					
Share capital	21		**1,015.9**		1,015.9
Reserves	22		**3,460.4**		3,455.5
Total equity			**4,476.3**		4,471.4

The notes on pages 39 to 75 form part of these accounts.

Peter K C Woo
Chairman

Paul Y C Tsui
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2005

	2005 HK$ Million	2004 HK$ Million
Total equity at 1 April	**26,544.2**	22,790.3
Company and subsidiaries		
Surplus on revaluation of non-trading securities	**301.2**	287.5
Exchange difference on translation of financial statements of foreign entities	**46.7**	121.7
Associates		
Surplus on revaluation of investment properties	**5,179.1**	1,010.6
Surplus on revaluation of other properties	**136.2**	32.7
Impairment of properties under or held for redevelopment	**–**	(151.6)
Surplus on revaluation of non-trading securities	**113.9**	209.6
Others	**2.5**	14.4
Net gain not recognised in the profit and loss account	**5,779.6**	1,524.9
Company and subsidiaries		
Group profit attributable to shareholders	**4,167.3**	2,302.6
Final dividend approved in respect of the previous year	**(132.1)**	(101.6)
Interim dividend declared in respect of the current year	**(50.8)**	(50.8)
Reserves transferred to the profit and loss account on:		
Disposal of non-trading securities	**(16.7)**	29.8
Disposal of properties	**(1.0)**	(0.3)
Impairment of non-trading securities	**–**	30.8
Associates		
Reserves transferred to the profit and loss account on:		
Disposal of non-trading securities	**(10.6)**	2.6
Impairment of non-trading securities	**–**	15.9
	3,956.1	2,229.0
Total equity at 31 March	**36,279.9**	26,544.2

The notes on pages 39 to 75 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2005

	2005 HK$ Million	2004 HK$ Million
Cash generated from operations (Note)	**1,529.6**	4,416.1
Interest received	**74.9**	120.9
Interest paid	**(87.8)**	(153.2)
Dividends received from associates	**914.6**	511.3
Dividends received from listed investments	**36.5**	38.4
Hong Kong profits tax paid	**(106.6)**	(75.9)
Overseas tax refunded/(paid)	**0.2**	(169.0)
Net cash inflow from operating activities	**2,361.4**	4,688.6
Investing activities		
Purchase of non-trading securities	**(189.0)**	(197.1)
Purchase of fixed assets	**(410.2)**	(6.0)
Proceeds from disposal of an associate	**9.5**	–
Proceeds from disposal of non-trading securities	**322.7**	261.7
Proceeds from disposal of fixed assets	**6.9**	10.7
Decrease/(increase) in deferred debtors	**125.7**	(111.2)
Decrease in net advances from associates	**(328.9)**	(1,738.5)
Increase in interest in a subsidiary	**–**	(7.8)
Net cash outflow relating to investing activities	**(463.3)**	(1,788.2)
Financing activities		
Drawdown of long-term loans	**6,119.2**	3,005.3
Repayment of long-term loans	**(4,498.1)**	(5,294.3)
Net repayment of short-term bank loans	**(1,760.0)**	(1,607.4)
Dividends paid to shareholders	**(182.9)**	(152.4)
Dividends paid to minority shareholders	**(121.1)**	(170.0)
Net cash outflow relating to financing activities	**(442.9)**	(4,218.8)
Net increase/(decrease) in cash and cash equivalents	**1,455.2**	(1,318.4)
Cash and cash equivalents at 1 April	**2,017.2**	3,182.7
Effect of foreign exchange rate changes	**29.7**	152.9
Cash and cash equivalents at 31 March	**3,502.1**	2,017.2
Analysis of the balances of cash and cash equivalents		
Bank balances and deposits	**3,502.1**	2,017.2

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2005

NOTE TO CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of profit before taxation to cash generated from operations

	2005 HK$ Million	2004 HK$ Million
Profit before taxation	**5,699.6**	3,373.7
Adjustments for:		
Share of profits less losses of associates	**(2,167.9)**	(2,047.3)
Interest income	**(74.6)**	(118.9)
Interest expense	**63.2**	116.7
Dividend income from listed investments	**(40.3)**	(32.6)
Depreciation	**1.9**	3.0
Write back of provision for properties	**(2,237.9)**	(40.0)
Impairment of non-trading securities	**–**	41.4
Profit on disposal of an associate	**(9.5)**	–
Net profit on disposal of non-trading securities	**(89.3)**	(19.8)
Deferred profit realised	**(111.2)**	–
Amortisation of negative goodwill	**(8.6)**	(45.5)
Loss/(profit) on disposal of fixed assets	**0.8**	(1.4)
Exchange differences	**55.1**	51.2
Operating profit before working capital changes	**1,081.3**	1,280.5
Increase in properties under development for sale	**(2,999.3)**	(1,898.0)
Decrease in properties held for sale	**1,453.0**	5,269.4
Decrease in short-term investments	**79.8**	22.2
Decrease in trade and other receivables	**31.9**	1,263.8
Increase/(decrease) in deposits from sale of properties	**2,046.2**	(1,418.0)
Decrease in trade and other payables	**(163.3)**	(103.8)
Cash generated from operations	**1,529.6**	4,416.1

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

a) Statement of compliance

These accounts have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (which include all applicable Statements of Standard Accounting Practice ("SSAPs") 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 accounts 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.

b) Basis of preparation of accounts

The measurement basis used in the preparation of the accounts is historical cost modified by the revaluation of investment properties and the marking to market of certain investments in securities as explained in the accounting policies set out below.

c) Basis of consolidation

(i) Subsidiaries and controlled companies

A subsidiary, in accordance with the Hong Kong Companies Ordinance, is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

An investment in a controlled subsidiary is consolidated into the consolidated accounts, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Group, in which case, it is stated in the balance sheet at fair value with changes in fair value recognised in the same way as for investments in securities.

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated accounts. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised profits, but only to the extent that there is no evidence of impairment.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (see note 1 (f)), unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Company, in which case, it is stated at fair value with changes in fair value recognised in the same way as for investments in securities.

(ii) ***Associates***

An associate is a company in which the Group 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 accounts 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, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions that significantly impair its ability to transfer funds to the Group, in which case, it is stated at fair value with changes in fair value recognised in the same way as for investments in securities. The profit and loss account reflects the Group's share of the post-acquisition results of the associates for the year, including any amortisation of positive or negative goodwill charged or credited during the year in accordance with note 1(c)(iii).

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated and deferred to the extent of the Group's interest in the associates until the concerned assets are on-sold to third parties. If there is evidence of impairment in value of the assets transferred, the unrealised losses will be recognised immediately in the profit and loss account.

(iii) ***Goodwill/negative goodwill***

The Group has adopted SSAP 30 "Business combinations" issued by the HKICPA with effect from 1 April 2001. The Group has relied upon the transitional provisions set out in SSAP 30 such that goodwill/negative goodwill arising on acquisition of a subsidiary or an associate by the Group prior to 1 April 2001, representing the excess/shortfall of the cost of investment over the appropriate share of the fair value of the identifiable assets and liabilities acquired, has been written off against/ taken to capital reserves in the period in which it arose and has not been restated.

For acquisitions after 1 April 2001, goodwill is recognised as an asset and is amortised to the profit and loss account on a straight-line basis over its estimated useful life. Negative goodwill which relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over the weighted average useful life of those non-monetary assets that are depreciable/amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the profit and loss account.

On disposal of a controlled subsidiary or an associate, any attributable amount of purchased goodwill not previously amortised through the profit and loss account or which has previously been dealt with as a movement on Group reserves is included in the calculation of the profit and loss on disposal.

The carrying amount of goodwill is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists an impairment loss is recognised as an expense in the profit and loss account.

d) Properties

(i) Investment properties

Investment properties are defined as properties which are income producing and intended to be held for the long-term, and such properties are included in the balance sheet at their open market value, on the basis of an annual professional valuation, less depreciation where the investment properties are held on leases with unexpired periods of 20 years or less. Changes in the value of investment properties are dealt with as movements in the investment property revaluation reserves. If the total of these reserves is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the profit and loss account. When a surplus arises on subsequent revaluation on a portfolio basis, it will be credited to the profit and loss account if and to the extent that a deficit on revaluation had previously been charged to the profit and loss account.

On disposal of investment properties, the revaluation surplus or deficit previously taken to investment property revaluation reserves is included in calculating the profit or loss on disposal.

(ii) Properties under development for sale

Properties under development for sale are classified under current assets and stated at the lower of cost, including capitalised borrowing costs, and net realisable value. Net realisable value is determined by management, based on prevailing market conditions.

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 profit and loss account in the period in which the reversal occurs.

Borrowing costs on loans relating to properties under development for sale are capitalised up to the date of practical completion of development.

Profit on pre-sale of properties under development for sale prior to 1 January 2005 is recognised over the course of the development and is calculated each year as a proportion of the total estimated profit to completion, the proportion used being the lower of the proportion of construction costs incurred at the balance sheet date to estimated total construction costs and the proportion of sales proceeds received and receivable at the balance sheet date to total sales proceeds in respect of the units sold.

With the introduction of the HK Interpretation 3 "Revenue – Pre-Completion contracts for the sale of development properties" issued by the HKICPA, the Group now recognises revenue arising from pre-sale of properties upon completion of the development of the property. The Group has relied on the transitional provisions set out in the Interpretation such that the Group will continue to adopt the stage of completion method to recognise revenue arising from pre-sale contracts entered into before 1 January 2005 while the completion method has been adopted for pre-sale contracts entered into after 1 January 2005.

(iii) Properties held for sale

Properties held for sale are classified under current assets and stated at the lower of cost and net realisable value. Cost is determined by apportionment of the total development costs for that development, including borrowing costs capitalised, attributable to unsold units. Net realisable value is determined by management, based on prevailing market conditions.

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 profit and loss account in the period in which the reversal occurs.

e) Depreciation of fixed assets

(i) Investment properties

No depreciation is provided in respect of investment properties with an unexpired lease term of more than 20 years since the valuation takes into account the state of each property at the date of valuation. Investment properties held on leases with unexpired periods of 20 years or less are depreciated over the remaining portion of the leases.

(ii) 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.

f) Impairment of assets

The carrying amounts of assets, other than investment properties carried at revalued amounts, 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. An impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. Impairment losses are recognised as an expense in the profit and loss account.

(i) Recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use.

(ii) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

A reversal of impairment losses 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 profit and loss account in the period in which the reversals are recognised.

g) Investments in securities

(i) Held-to-maturity securities are stated in the balance sheet at amortised cost less any provisions for diminution in value.

The carrying amounts of held-to-maturity securities are reviewed as at the balance sheet date in order to assess the credit risk and whether the carrying amounts are expected to be recovered. Provisions are made when carrying amounts are not expected to be recovered and are recognised as an expense in the profit and loss account for each security individually.

(ii) Non-trading securities are classified as long-term investments and stated in the balance sheet at fair value. Changes in fair value are recognised in the investment revaluation reserves until the security is sold, collected or otherwise disposed of or until there is objective evidence that the security is impaired, at which time the relevant cumulative surplus or deficit is transferred from the investment revaluation reserves to the profit and loss account.

Transfers from the investment revaluation reserves to the profit and loss account as a result of impairments are reversed when the circumstances and events that led to the impairment cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

Profits or losses on disposal of non-trading securities are determined as the difference between the net disposal proceeds and the carrying amount of the securities and are recognised in the profit and loss account as they arise. On disposal of non-trading securities, the relevant revaluation surplus or deficit previously taken to the investment revaluation reserves is also transferred to the profit and loss account for the year.

(iii) Trading securities are classified as short-term investment under current assets and stated in the balance sheet at fair value. Changes in fair value are recognised in the profit and loss account as they arise.

h) Cash and cash equivalent

The Group defines cash and cash equivalents as 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, which were within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

i) Foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at 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 rates of exchange ruling at the balance sheet date. The profit and loss accounts of overseas subsidiaries are translated into Hong Kong dollars at the average exchange rate for the year. Differences on foreign currency translation are dealt with in the profit and loss account with the exception of those arising on the translation of the accounts of overseas subsidiaries and associates which are dealt with in capital reserves. On disposal of an overseas subsidiary or associate, the cumulative amount of the exchange difference which related to that overseas subsidiary or associate is included in the calculation of the profit and loss on disposal.

Gains or losses on outstanding forward contracts computed by reference to the forward rates at the balance sheet date are dealt with in the profit and loss account. Gains and losses on forward contracts entered into as hedges against net investments in overseas subsidiaries and associates are offset as reserve movements against the exchange difference arising on the retranslation of the net investments.

j) Assets held for use in operating leases

Where the Group leases out assets under operating leases, the assets are included in the balance sheet according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies, as set out in note 1(e) above. Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in note 1(k)(i) below.

k) Recognition of revenue

(i) Rental income under operating leases is recognised in the 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 granted are recognised in the profit and loss account 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 from sale of completed property is recognised upon completion of the sale and purchase agreement and income from pre-sale of property under development for sale is recognised using the stage of completion method for contracts entered into before 1 January 2005, while completion method is adopted for contracts entered into on or after 1 January 2005 (see note 1(d)(ii)).

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

(iv) Interest income is accrued on a time-apportioned basis by reference to the principal outstanding and at the rate applicable.

(v) Income from management services is recognised upon provision of services.

l) Income taxes

(i) Income tax for the year comprises current tax and deferred tax. Income tax is recognised in the 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 accounts 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 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.

m) Borrowing costs

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

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is 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.

n) Related parties

For the purposes of these accounts, a party is considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

o) Provisions

Provisions are recognised for liabilities of uncertain timing or amount when the Company or the Group 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 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.

p) 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, corporate and financing expenses.

q) 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) Mandatory Provident Funds

Contributions to the Mandatory Provident Fund as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are charged to the profit and loss account when incurred.

(iii) 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 profit and loss account when incurred.

(iv) Equity compensation benefits

When the Group grants employees options to acquire shares of the Company, the option exercise price must be at least the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; and (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant and no employee benefit cost or obligation is recognised at that time. When the options are exercised, shareholders' equity is increased by the amount of the proceeds received.

(v) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group 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.

2. SEGMENT INFORMATION

a) Business segments

(i) Revenue and results

	Segment Revenue		Segment Results	
	2005	2004	**2005**	2004
	HK$ Million	HK$ Million	**HK$ Million**	HK$ Million
Property investment	**343.0**	330.7	**237.2**	235.8
Property development	**3,900.4**	6,522.4	**861.2**	980.3
Investment and others	**358.3**	375.7	**287.0**	215.0
	4,601.7	7,228.8	**1,385.4**	1,431.1
Inter-segment revenue (Note i)	**(140.6)**	(112.9)	**–**	–
	4,461.1	7,115.9	**1,385.4**	1,431.1
Unallocated expenses			**(12.7)**	(7.7)
Operating profit			**1,372.7**	1,423.4
Borrowing costs			**(78.9)**	(137.0)
Write back of provision/(provision) for properties				
Property development			**1,352.1**	(4.6)
Property investment			**885.8**	44.6
Share of results of associates (Note ii)			**2,167.9**	2,047.3
Profit before taxation			**5,699.6**	3,373.7
Income tax			**(506.0)**	(536.8)
Minority interests			**(1,026.3)**	(534.3)
Group profit attributable to shareholders			**4,167.3**	2,302.6

Notes:

(i) Inter-segment revenue eliminated on consolidation includes:

	2005 HK$ Million	2004 HK$ Million
Investment and others	**140.6**	112.9

(ii) Share of results of associates

	Segment Results 2005 HK$ Million	Segment Results 2004 HK$ Million
Property investment	**1,549.4**	1,448.5
Property development	**160.0**	367.3
Communications, media and entertainment	**227.7**	215.8
Pay television	**234.2**	221.7
Internet and multimedia	**(22.0)**	(42.4)
Telecommunications	**13.0**	17.5
Others	**2.5**	19.0
Logistics	**966.7**	912.2
Terminals	**904.3**	866.3
Other logistics business	**62.4**	45.9
Investment and others	**80.1**	132.4
Provision for telecommunications	**(148.8)**	(42.4)
Write back of provision/(provision) for properties	**53.9**	(145.8)
Provision for investment and others	**–**	(29.0)
Unallocated expenses and other items	**(601.8)**	(572.0)
Borrowing costs	**(119.3)**	(239.7)
	2,167.9	2,047.3

(ii) Assets and liabilities

	Assets		Liabilities	
	2005	2004	**2005**	2004
	HK$ Million	HK$ Million	**HK$ Million**	HK$ Million
Property investment	**5,341.0**	4,015.7	**102.0**	98.6
Property development	**11,393.7**	8,060.9	**3,072.4**	1,182.9
Investment and others	**1,930.3**	1,814.9	**6.8**	15.0
Segment assets and liabilities	**18,665.0**	13,891.5	**3,181.2**	1,296.5
Associates (Note)	**31,447.6**	24,528.3	**–**	–
Unallocated items	**3,509.1**	2,458.8	**8,804.6**	8,944.5
Total assets and liabilities	**53,621.7**	40,878.6	**11,985.8**	10,241.0

Note: Share of net segment assets less liabilities of associates

Property investment	**34,324.3**	29,198.5
Property development	**1,663.7**	1,490.9
Communications, media and entertainment	**2,249.7**	2,438.9
Logistics	**2,033.9**	2,024.4
Unallocated and other items	**(8,824.0)**	(10,624.4)
	31,447.6	24,528.3

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$411.2 million (2004: HK$6.0 million) mainly in respect of the acquisition of an investment property in Japan. The Group has no significant depreciation and amortisation.

b) Geographical segments

(i) Revenue and results

	Segment Revenue		Segment Results (Operating Profit)	
	2005	2004	**2005**	2004
	HK$ Million	HK$ Million	**HK$ Million**	HK$ Million
Hong Kong	**2,832.5**	6,077.2	**703.7**	1,158.6
Singapore	**1,605.5**	1,038.7	**652.7**	264.8
Others	**23.1**	–	**16.3**	–
	4,461.1	7,115.9	**1,372.7**	1,423.4

(ii) Assets

	Assets	
	2005	2004
	HK$ Million	HK$ Million
Hong Kong	**10,123.8**	7,443.5
Singapore	**7,985.0**	6,448.0
Others	**556.2**	–
	18,665.0	13,891.5

3. TURNOVER AND OPERATING PROFIT

a) Turnover

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

	2005 HK$ Million	2004 HK$ Million
Property investment	**343.0**	330.7
Property development	**3,900.4**	6,522.4
Investment and others	**217.7**	262.8
	4,461.1	7,115.9

b) Operating profit

	2005 HK$ Million	2004 HK$ Million
Operating profit is arrived at:		
after charging:		
Staff costs	**134.2**	133.3
– including contributions to defined contribution retirement schemes of HK$6.9 million (2004: HK$8.5 million)		
Cost of properties sold	**2,954.1**	5,192.2
Depreciation	**1.9**	3.0
Auditors' remuneration		
Audit services	**4.4**	3.3
Other services	**1.1**	0.2
and after crediting:		
Rental income from operating leases less outgoings	**246.8**	240.6
– including gross rental income from investment properties of HK$314.0 million (2004: HK$299.8 million) of which HK$0.7 million (2004: HK$3.9 million) is contingent rentals		
Dividend income from listed investments	**40.3**	32.6

Staff costs of HK$14.6 million (2004: HK$10.3 million) were capitalised in costs of properties under development for sale.

c) Directors' emoluments

	2005 HK$ Million	2004 HK$ Million
Fees	**0.4**	0.3
Basic salaries, housing allowances, other allowances and benefits in kind	**8.6**	4.0
Deemed profit on share option exercise	**–**	–
Retirement scheme contributions	**–**	–
Discretionary bonuses and/or performance – related bonuses	**5.9**	–
Compensation for loss of office	**–**	–
Inducement for joining the Group	**–**	–
	14.9	4.3

For the year under review, total emoluments (including any reimbursement of expenses) amounting to HK$165,890 (2004: Directors' fee of HK$168,096) were paid or payable to Independent Non-executive Directors of the Company, being in the form of Directors' fees of HK$154,796 and fee for acting as members of the Audit Committee of HK$11,094.

The emoluments in respect of the year ended 31 March 2005 of all the Directors of the Company in office during the year were in the following ranges:

Bands (in HK$)	2005 Number	2004 Number
Not more than $1,000,000	**6**	11
$2,500,001 – $3,000,000	**1**	–
$3,500,001 – $4,000,000	**1**	–
$4,000,001 – $4,500,000	**–**	1
$8,000,001 – $8,500,000	**1**	–
	9	12

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 2005 of two employees (2004: four) of the Group who, not being Directors of the Company, are 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

	2005 HK$ Million	2004 HK$ Million
Basic salaries, housing allowances, other allowances and benefits in kind	**2.6**	5.6
Deemed profit on share option exercise	**–**	–
Pension scheme contributions	**0.1**	0.2
Discretionary bonuses and/or performance-related bonuses	**1.1**	1.2
Compensation for loss of office	**–**	–
Inducement for joining the Group	**–**	–
	3.8	7.0

(ii) Bandings

Bands (in HK$)	2005 Number	2004 Number
$1,500,001 – $2,000,000	**1**	3
$2,000,001 – $2,500,000	**1**	1
	2	4

4. OTHER NET INCOME

	2005 HK$ Million	2004 HK$ Million
Net profit on disposal of non-trading securities	**89.3**	19.8
Amortisation of negative goodwill	**8.6**	45.5
Deferred profit realised	**111.2**	–
Impairment of non-trading securities	**–**	(41.4)
Others	**4.4**	(6.6)
	213.5	17.3

Included in the net profit on disposal of non-trading securities is a net surplus, before deduction of minority interests, of HK$30.6 million (2004: a net deficit of HK$37.4 million) transferred from the investment revaluation reserves.

5. BORROWING COSTS

	2005 HK$ Million	2004 HK$ Million
Interest payable on		
Bank loans and overdrafts	**90.2**	129.9
Other loans repayable within 5 years	**0.9**	17.1
Other borrowing costs	**19.7**	28.7
	110.8	175.7
Less: Amount capitalised	**(31.9)**	(38.7)
	78.9	137.0

The Group's effective borrowing interest rate for the year was approximately 1.4% (2004: 1.8%) per annum.

6. WRITE BACK OF PROVISION FOR PROPERTIES

Following a review based on the property market conditions prevailing at 31 March 2005, the Group had written back an aggregate property provision of HK$2,237.9 million, comprising HK$885.8 million for the Group's investment properties and HK$1,352.1 million for other properties, of which HK$1,327.0 million was written back in the interim accounts for the Bellagio Phases III and IV units according to the Group's accounting policy. The write back for the investment properties is related to the deficit charged to the profit and loss account in prior years.

7. INCOME TAX

a) The provision for Hong Kong profits tax is based on the profit for the year as adjusted for tax purposes at the rate of 17.5% (2004: 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:

	2005 HK$ Million	2004 HK$ Million
Company and subsidiaries		
Current tax		
Hong Kong profits tax for the year	**67.2**	76.9
Overseas taxation for the year	**38.9**	17.9
Underprovision/(overprovision) in prior years	**7.0**	(7.7)
	113.1	87.1
Deferred tax (Note 24)		
Origination and reversal of temporary differences	**(32.3)**	9.5
Effect of change in tax rates	**–**	(4.1)
	80.8	92.5
Associates		
Current tax		
Hong Kong profits tax for the year	**307.0**	353.7
Overseas taxation for the year	**3.7**	15.7
Underprovision in prior years	**60.0**	32.0
	370.7	401.4
Deferred tax		
Origination and reversal of temporary differences	**54.5**	1.4
Effect of change in tax rates	**–**	41.5
	425.2	444.3
	506.0	536.8

b) Reconciliation between the actual total tax charge and accounting profit at applicable tax rates

	2005 **HK$ Million**	2004 HK$ Million
Profit before taxation	**5,699.6**	3,373.7
Notional tax on accounting profit calculated at applicable tax rates	**1,012.7**	591.5
Tax effect of non-deductible expenses	**73.1**	91.0
Tax effect of non-taxable revenue	**(306.0)**	(105.4)
Tax effect of unused tax losses not recognised	**25.7**	71.6
Tax effect of prior year's tax losses utilised this year	**(366.5)**	(179.4)
Tax effect of timing differences not recognised	**–**	5.8
Underprovision in prior years	**67.0**	24.3
Effect of change in tax rates	**–**	37.4
Actual total tax charge	**506.0**	536.8

8. GROUP PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The Group profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK$187.8 million (2004: HK$145.8 million).

9. DIVIDENDS

a) Dividends attributable to the year

	2005 HK$ Million	2004 HK$ Million
Interim dividend declared and paid of 2.5 cents (2004: 2.5 cents) per share	**50.8**	50.8
Final dividend of 8.5 cents proposed after the balance sheet date (2004: 6.5 cents) per share	**172.7**	132.1
	223.5	182.9

The final 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 year

	2005 HK$ Million	2004 HK$ Million
Final dividend in respect of the previous financial year, approved and paid during the year, of 6.5 cents (2004: 5.0 cents) per share	**132.1**	101.6

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on earnings for the year of HK$4,167.3 million (2004: HK$2,302.6 million) and 2,031.8 million ordinary shares in issue throughout the financial year ended 31 March 2005 and the previous year.

11. FIXED ASSETS

Group	Investment properties HK$ Million	Other fixed assets HK$ Million	Total HK$ Million
Cost or valuation			
At 1 April 2004	**4,005.6**	**32.0**	**4,037.6**
Exchange differences	**29.4**	**(0.1)**	**29.3**
Additions	**398.5**	**12.7**	**411.2**
Disposals	**(5.6)**	**(19.0)**	**(24.6)**
Revaluation surplus	**885.8**	**–**	**885.8**
At 31 March 2005	**5,313.7**	**25.6**	**5,339.3**
Accumulated depreciation			
At 1 April 2004	**–**	**26.8**	**26.8**
Exchange differences	**–**	**0.1**	**0.1**
Charge for the year	**–**	**1.9**	**1.9**
Written back on disposals	**–**	**(15.9)**	**(15.9)**
At 31 March 2005	**–**	**12.9**	**12.9**
Net Book Value			
At 31 March 2005	**5,313.7**	**12.7**	**5,326.4**
At 31 March 2004	4,005.6	5.2	4,010.8
a) The analysis of cost or valuation of the above assets is as follows:			
At valuation in 2005	**5,313.7**	**–**	**5,313.7**
At cost	**–**	**25.6**	**25.6**
	5,313.7	**25.6**	**5,339.3**
b) Tenure of title to properties:			
Held in Hong Kong			
Long lease	**2,923.6**	**–**	**2,923.6**
Held outside Hong Kong			
Freehold	**474.5**	**–**	**474.5**
Long lease	**1,915.6**	**–**	**1,915.6**
	5,313.7	**–**	**5,313.7**

c) **Properties revaluation**

The Group's investment properties in Hong Kong, Singapore and Japan have been revalued as at 31 March 2005 by Wharf Estates Development Limited, an associated company engaged in professional valuation, CB Richard Ellis (Pte) Ltd and Ikoma CB Richard Ellis KK, independent firms of property consultants, on an open market value basis, after taking into consideration the net rental income allowing for reversionary potential and the redevelopment potential of the properties, where appropriate.

The surplus arising on revaluation less minority interests, where appropriate, is dealt with in the consolidated profit and loss account in accordance with the Group's accounting policies.

d) The gross amounts of investment properties of the Group held for use in operating leases were HK$5,313.7 million (2004: HK$4,005.6 million).

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

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

	Group	
	2005	2004
	HK$ Million	HK$ Million
Within 1 year	**250.4**	221.2
After 1 year but within 5 years	**152.4**	184.2
After 5 years	**–**	0.1
	402.8	405.5

12. SUBSIDIARIES

	Company	
	2005	2004
	HK$ Million	HK$ Million
Unlisted shares, at cost	**3,495.0**	3,495.0
Amounts due from subsidiaries	**4,442.5**	5,513.8
Amounts due to subsidiaries	**(3,299.2)**	(4,533.0)
	4,638.3	4,475.8

Details of principal subsidiaries at 31 March 2005 are shown on pages 74 and 75.

13. ASSOCIATES

	Group 2005 HK$ Million	2004 HK$ Million
Share of net assets	**32,907.6**	26,317.2
Amounts due from associates	**68.3**	263.5
Loans from associates (Note b)	**(79.8)**	(215.6)
Amounts due to associates (Note c)	**(1,448.5)**	(1,836.8)
	31,447.6	24,528.3
a) Analysis of the cost of investments of the above:		
Shares listed in Hong Kong	**11,483.8**	11,483.8
Unlisted shares	**72.4**	78.0
	11,556.2	11,561.8
Market value of listed shares	**30,427.8**	28,897.6

b) Loans from associates of HK$79.8 million (2004: HK$215.6 million) are contributed by associates in proportion to their equity interests in the Sorrento property development project. The loans from associates are interest bearing at rates as determined with reference to prevailing market rates. Interest expenses in respect of loans from associates for the year ended 31 March 2005 amounted to HK$0.8 million (2004: HK$17.0 million). The loans are unsecured and have no fixed terms of repayment.

c) Included in the amounts due to associates is an advance of HK$1,387.6 million (2004: HK$1,773.6 million) contributed by an associate in proportion to its equity interest in the Bellagio property development project. The advance bears interest at such rate as may from time to time be agreed by the shareholders of the property holding company. For the current financial year, the advance is unsecured and interest free.

d) The Group 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 2004. Extracts of Wharf's audited consolidated profit and loss account and balance sheet are shown on page 79.

e) Details of principal associates at 31 March 2005 are shown on page 75.

14. LONG-TERM INVESTMENTS

	Group 2005 HK$ Million	Group 2004 HK$ Million
Non-trading equity securities, at market value		
Listed in Hong Kong	**68.8**	122.6
Listed outside Hong Kong	**1,352.8**	981.8
	1,421.6	1,104.4
Unlisted investments	**66.4**	62.1
	1,488.0	1,166.5

15. DEFERRED DEBTORS

Deferred debtors represent receivables due after more than one year.

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

a) The amounts of properties under development for sale and properties held for sale carried at net realisable value is HK$661.3 million (2004: HK$4,204.6 million).

b) Properties under development for sale with a carrying value of HK$2,284.2 million (2004: HK$1,827.1 million) are pledged as security for banking facilities made available to the Group.

17. SHORT-TERM INVESTMENTS

	Group 2005 HK$ Million	Group 2004 HK$ Million
Unlisted investments	**–**	79.8

18. 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 stakeholders' deposits in the amount of HK$743.9 million (2004: HK$435.6 million) in respect of pre-sale of properties and trade debtors of HK$357.8 million (2004: HK$732.1 million). The ageing analysis of the Group's trade debtors as at 31 March 2004 and 2005 is as follows:

	Group	
	2005	2004
	HK$ Million	HK$ Million
Current	**256.1**	526.7
31 – 60 days	**54.4**	82.5
61 – 90 days	**22.8**	17.0
Over 90 days	**24.5**	105.9
	357.8	732.1

19. BANK LOANS AND OVERDRAFTS

	Group		Company	
	2005	2004	**2005**	2004
	HK$ Million	HK$ Million	**HK$ Million**	HK$ Million
Unsecured bank loans and overdrafts	**507.6**	337.6	**157.9**	–
Current portion of unsecured long-term bank loans	**100.0**	1,930.0	**–**	–
	607.6	2,267.6	**157.9**	–

20. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with an ageing analysis as at 31 March 2004 and 2005 as follows:

	Group	
	2005	2004
	HK$ Million	HK$ Million
Amounts payable in the next:		
0 – 30 days	**197.6**	216.9
31 – 60 days	**113.9**	125.3
61 – 90 days	**208.4**	303.0
Over 90 days	**449.0**	497.2
	968.9	1,142.4

21. SHARE CAPITAL

	2005	2004	**2005**	2004
	No. of shares	No. of shares		
	Million	Million	**HK$ Million**	HK$ Million
Authorised				
Ordinary shares of HK$0.50 each	**2,800.0**	2,800.0	**1,400.0**	1,400.0
Issued and fully paid				
Ordinary shares of HK$0.50 each	**2,031.8**	2,031.8	**1,015.9**	1,015.9

22. RESERVES

	Share premium 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	Total HK$ Million
a) Group							
Company and subsidiaries							
Balance at 1 April 2004	1,913.6	19.5	–	31.8	278.0	8,732.3	10,975.2
Final dividend approved in respect of the previous year (Note 9b)	–	–	–	–	–	(132.1)	(132.1)
Revaluation surplus	–	–	–	301.2	–	–	301.2
Transferred to the profit and loss account on							
Disposal of non-trading securities	–	–	–	(16.7)	–	–	(16.7)
Disposal of other property	–	–	–	–	(1.0)	–	(1.0)
Exchange differences	–	–	–	–	46.7	–	46.7
Profit for the year retained	–	–	–	–	–	3,228.0	3,228.0
Interim dividend declared in respect of the current year (Note 9a)	–	–	–	–	–	(50.8)	(50.8)
Balance at 31 March 2005	1,913.6	19.5	–	316.3	323.7	11,777.4	14,350.5
Associates							
Balance at 1 April 2004	–	–	10,671.0	122.6	(301.1)	4,060.6	14,553.1
Revaluation surplus	–	–	5,246.0	113.9	–	–	5,359.9
Revaluation surplus of other properties	–	–	–	–	136.2	–	136.2
Transferred to the profit and loss account on disposal of non-trading securities	–	–	–	(10.6)	–	–	(10.6)
Deferred tax on revaluation of certain investment properties	–	–	(66.9)	–	–	–	(66.9)
Others	–	–	–	–	21.9	(19.4)	2.5
Profit for the year retained	–	–	–	–	–	939.3	939.3
Balance at 31 March 2005	–	–	15,850.1	225.9	(143.0)	4,980.5	20,913.5
Total reserves at 31 March 2005	1,913.6	19.5	15,850.1	542.2	180.7	16,757.9	35,264.0

		Share premium 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	Total HK$ Million
a)	**Group**							
	Company and subsidiaries							
	Balance at 1 April 2003	1,913.6	19.5	–	(316.3)	156.6	7,516.8	9,290.2
	Final dividend approved in respect of the previous year (Note 9b)	–	–	–	–	–	(101.6)	(101.6)
	Revaluation surplus	–	–	–	287.5	–	–	287.5
	Transferred to the profit and loss account on							
	Disposal of non-trading securities	–	–	–	29.8	–	–	29.8
	Disposal of other property	–	–	–	–	(0.3)	–	(0.3)
	Impairment of non-trading securities	–	–	–	30.8	–	–	30.8
	Exchange differences	–	–	–	–	121.7	–	121.7
	Profit for the year retained	–	–	–	–	–	1,367.9	1,367.9
	Interim dividend declared in respect of the current year (Note 9a)	–	–	–	–	–	(50.8)	(50.8)
	Balance at 31 March 2004	1,913.6	19.5	–	31.8	278.0	8,732.3	10,975.2
	Associates							
	Balance at 1 April 2003	–	–	9,660.4	(105.5)	(205.2)	3,134.5	12,484.2
	Revaluation surplus	–	–	1,026.5	209.6	–	–	1,236.1
	Revaluation surplus of other properties	–	–	–	–	32.7	–	32.7
	Impairment of properties under or held for redevelopment	–	–	–	–	(151.6)	–	(151.6)
	Transferred to the profit and loss account on							
	Disposal of non-trading securities	–	–	–	2.6	–	–	2.6
	Impairment of non-trading securities	–	–	–	15.9	–	–	15.9
	Deferred tax on revaluation of certain investment properties	–	–	(15.9)	–	–	–	(15.9)
	Others	–	–	–	–	23.0	(8.6)	14.4
	Profit for the year retained	–	–	–	–	–	934.7	934.7
	Balance at 31 March 2004	–	–	10,671.0	122.6	(301.1)	4,060.6	14,553.1
	Total reserves at 31 March 2004	1,913.6	19.5	10,671.0	154.4	(23.1)	12,792.9	25,528.3

Included in the other capital reserves is negative goodwill of HK$112.5 million (2004: HK$112.5 million).

	Share premium HK$ Million	Capital redemption reserve HK$ Million	Other capital reserves HK$ Million	Revenue reserves HK$ Million	Total HK$ Million
b) Company					
Balance at 1 April 2004	**1,913.6**	**19.5**	**77.2**	**1,445.2**	**3,455.5**
Final dividend approved in respect of the previous year (Note 9b)	**–**	**–**	**–**	**(132.1)**	**(132.1)**
Profit for the year	**–**	**–**	**–**	**187.8**	**187.8**
Interim dividend declared in respect of the current year (Note 9a)	**–**	**–**	**–**	**(50.8)**	**(50.8)**
Balance at 31 March 2005	**1,913.6**	**19.5**	**77.2**	**1,450.1**	**3,460.4**
Balance at 1 April 2003	1,913.6	19.5	77.2	1,451.8	3,462.1
Final dividend approved in respect of the previous year (Note 9b)	–	–	–	(101.6)	(101.6)
Profit for the year	–	–	–	145.8	145.8
Interim dividend declared in respect of the current year (Note 9a)	–	–	–	(50.8)	(50.8)
Balance at 31 March 2004	1,913.6	19.5	77.2	1,445.2	3,455.5

Reserves of the Company available for distribution to shareholders at 31 March 2005 amounted to HK$1,450.1 million (2004: HK$1,445.2 million).

23. LONG-TERM LOANS

	Group 2005 HK$ Million	Group 2004 HK$ Million
Secured bank loans		
Repayable after 2 years, but within 5 years	**1,171.3**	1,817.4
Unsecured bank loans		
Repayable after 1 year, but within 2 years	**300.0**	700.0
Repayable after 2 years, but within 5 years	**5,168.0**	3,346.7
Repayable after 5 years	**500.0**	–
	5,968.0	4,046.7
	7,139.3	5,864.1
Secured bonds (Note)	**275.6**	–
	7,414.9	5,864.1

Note: The secured bonds bear interest at 1.14% per annum and will mature on 30 September 2007.

24. DEFERRED TAX

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

	Depreciation allowances in excess of the related depreciation HK$ Million	Unremitted profits of certain overseas subsidiaries HK$ Million	Revaluation of non-trading equity securities HK$ Million	Future benefits of tax losses HK$ Million	Total HK$ Million
Group					
Balance at 1 April 2003	49.6	7.6	(1.0)	(2.0)	54.2
Exchange differences	2.2	0.5	–	–	2.7
Charged/(credited) to the profit and loss account	4.1	1.6	–	(0.3)	5.4
Charged to reserves	–	–	9.4	–	9.4
At 31 March/1 April 2004	**55.9**	**9.7**	**8.4**	**(2.3)**	**71.7**
Exchange differences	**0.6**	**0.1**	**0.1**	**–**	**0.8**
Charged/(credited) to the profit and loss account	**2.5**	**(9.8)**	**–**	**(25.0)**	**(32.3)**
Credited to reserves	**–**	**–**	**(8.5)**	**–**	**(8.5)**
Balance at 31 March 2005	**59.0**	**–**	**–**	**(27.3)**	**31.7**

b) Deferred tax assets unrecognised

Deferred tax assets have not been recognised in respect of the following items:

	Group 2005 HK$ Million	Group 2004 HK$ Million
Deductible temporary differences	**17.5**	16.2
Future benefits of tax losses	**225.5**	537.1
	243.0	553.3

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.

25. DEFERRED ITEMS

Included in deferred items are deferred profits of HK$356.4 million (2004: HK$356.4 million) and negative goodwill of HK$110.6 million (2004: HK$119.2 million).

a) Deferred profits

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

b) Negative goodwill

	Group 2005 HK$ Million	Group 2004 HK$ Million
Cost		
Balance at 1 April	**119.2**	160.1
Realised on disposal of the relevant assets acquired	**(8.6)**	(45.5)
Addition through increase interests in subsidiaries	**–**	4.6
Balance at 31 March	**110.6**	119.2

Negative goodwill, principally arising from the privatisation of Realty Development Corporation Limited in 2003 by a listed subsidiary of the Group, Wheelock Properties Limited, represents the fair values of the net assets acquired over the cost of the acquisition. The assets acquired mainly comprise investment properties, interests in associates, long-term investments and properties under development/held for sale. Negative goodwill will be released to the profit and loss account, on a proportional basis, when the relevant assets acquired are sold or otherwise realised.

The negative goodwill realised for the year was credited to other net income.

26. CONTINGENT LIABILITIES

At 31 March 2005

a) There were contingent liabilities in respect of guarantees given by the Company on behalf of subsidiaries relating to banking facilities up to HK$6,820.0 million (2004: HK$8,570.0 million).

b) There was no guarantees given by the Group in respect of banking facilities available to associates (2004: HK$63.2 million).

27. COMMITMENTS

a) Commitments in respect of property developments and capital expenditure

	Group	
	2005	2004
	HK$ Million	HK$ Million
Contracted but not provided for	**1,705.8**	1,103.5

b) Forward exchange contracts

	Group	
	2005	2004
	HK$ Million	HK$ Million
Forward exchange contracts outstanding	**120.7**	1,421.3

c) At 31 March 2005, the Group has committed to acquire 2,424,310 shares in Hamptons Group Limited (“Hamptons”), an associate of Wheelock Properties (Singapore) Limited (“WPSL”), at a purchase price of £3.12 per share payable by cash. Details of which are set out in note 29(a).

28. 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 2005:

a) Included in interest in associates are loans of HK$79.8 million (2004: HK$215.6 million) contributed by associates in proportion to their equity interests in the Sorrento property development project. The loans from associates are interest bearing at rates as determined with reference to prevailing market rates. Interest expenses in respect of loans from associates for the year ended 31 March 2005 amounted to HK$0.8 million (2004: HK$17.0 million). The loans are unsecured and have no fixed terms of repayment.

b) Included in interest in associates is an advance of HK$1,387.6 million (2004: HK$1,773.6 million) contributed by an associate in proportion to its equity interest in the Bellagio property development project. The advance bears interest at such rate as may from time to time be agreed by the shareholders of the property holding company. For the current financial year, the advance is unsecured and interest free.

c) In respect of the year ended 31 March 2005, the Group earned rental income totalling HK$30.1 million (2004: HK$37.0 million) from the Lane Crawford group, which are wholly owned by a trust of which the chairman of the Company is the settlor, in respect of the leasing of the Group's retail premises at Shop C, Wheelock House and the Basement, Ground Floor to Fourth Floor, a portion of the Sixth Floor and Rooms 706-8A of Lane Crawford House. These transactions are considered to be related party transactions and also constitute connected transactions as defined under the Listing Rules.

29. POST BALANCE SHEET EVENTS

a) In March 2005, WPSL entered into a conditional agreement to acquire 2,424,310 shares in Hamptons at a purchase price of £3.12 per share payable by cash. The acquisition of Hamptons shares was completed in April 2005. As this increased WPSL's shareholding interest in Hamptons beyond 35%, it triggered a general offer (described as a tag along offer under the articles of association of Hamptons), to all other shareholders of Hamptons who subsequently accepted the offer with the result that Hamptons has now become a wholly-owned subsidiary of WPSL. The total consideration paid by WPSL amounted to £23.8 million (equal to about HK$357.0 million).

b) In May 2005, WPL entered into an agreement to acquire a property, known as No. 2 Heung Yip Road, in Hong Kong through a private tender at a total consideration of HK$455.0 million. The transaction is expected to complete by June 2005.

c) After the balance sheet date the Directors proposed a final dividend. Further details are disclosed in note 9 to the accounts.

30. FUTURE CHANGES IN ACCOUNTING POLICIES

For full convergence with International Financial Reporting Standards, the HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (collectively, "new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005.

The Group has not early adopted these new HKFRSs in the accounts for the year ended 31 March 2005.

The Group has made a preliminary assessment of the impact of these new HKFRSs and has so far concluded that the adoption of Hong Kong Accounting Standards ("HKAS") 40 "Investment Property", HK Interpretation ("HK-INT") 2 "The appropriate policies for hotel properties", Hong Kong Financial Reporting Standards ("HKFRS") 3 "Business Combinations" and HK(SIC) Interpretation ("HK(SIC)-INT") 21 "Income taxes – recovery of revalued non-depreciable assets" will have a significant impact on its consolidated accounts as set out below:

a) At present, the Group's associate records its hotel properties at valuation in accordance with SSAP 17 "Property, plant and equipment". No depreciation is provided by the associate on its hotel properties as they are maintained in a continuous state of sound repair such that, given the estimated life of the hotel properties and their residual values, any depreciation would be immaterial. For the financial year beginning 1 January 2005, the associate will adopt the requirements of HK-INT 2 and apply them retrospectively. The hotel properties will be stated at cost less accumulated depreciation and impairment, if any. The adoption of this new accounting interpretation by the associate would have had the effect of reducing the Group's net assets by approximately HK$1.4 billion at 31 March 2005, mainly as a result of the reversal of revaluations of hotel properties dealt with in other capital reserves and the annual depreciation on the hotel properties attributable to the Group for 2005/06 will be less than HK$15 million.

b) At present, surpluses or deficits arising on the annual revaluation of the Group's and its associates' investment properties to open market value at the balance sheet date are dealt with in the investment property revaluation reserves or in the profit and loss account if the total of those reserves is insufficient to cover a deficit on a portfolio basis. Following the adoption of the new HKAS 40, the investment properties of the Group and its associates will continue to be stated at open market value and all surpluses/deficits arising from the revaluation of the investment properties will be reported in the profit and loss account. The new HKAS 40 and HK(SIC)-INT 21 require the provision of deferred tax on all these revaluation surpluses/deficits to be calculated at applicable profits tax rates. If these revised accounting standards had been adopted as at 31 March 2005, the Group's profit attributable to shareholders would have increased by approximately HK$4.2 billion, being the Group's share of associates' investment property revaluation surpluses of approximately HK$5.2 billion which have been dealt with in investment property revaluation reserves less deferred tax of approximately HK$1.0 billion. Furthermore, recognition of deferred tax on the associates' cumulative property revaluation surpluses is required and hence the Group's net assets as at 31 March 2005 would have reduced by approximately HK$3.6 billion.

c) At present, 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 SSAP 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. The new HKFRS 3 requires negative goodwill be 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. No comparative figures are required to be adjusted. As a result, the Group's net assets as at 1 April 2005 will be increased by approximately HK$73.1 million.

The Group will be continuing with the assessment of the impact of the other new HKFRSs and other significant changes may be identified as a result.

31. APPROVAL OF ACCOUNTS

The accounts were approved and authorised for issue by the Board of Directors on 14 June 2005.

PRINCIPAL SUBSIDIARIES AND ASSOCIATES

At 31 March 2005

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
Everbilt Developers Pte Ltd	Singapore	160,000,000 S$1 shares	56	Property
* Glegg Company Limited	Hong Kong	2 HK$1 shares	100	Finance
* Harriman Property Management Limited	Hong Kong	198 HK$100 shares	100	Property management
Harriman Leasing Limited	Hong Kong	100,049 HK$10 shares	50	Letting agent
		50 non-voting HK$10 shares	100	
* Harriman Realty Company, Limited	Hong Kong	100,000 HK$10 "A" shares	100	Holding company
		102,000 HK$0.1 "B" shares	2	
Janeworth Company Limited	Hong Kong	550,000,000 HK$1 shares	74	Property
Keevil Company Limited	Hong Kong	2 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
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
Salisburgh Company Limited	Hong Kong	2 HK$1 shares	74	Property
Samover Company Limited	Hong Kong	2 HK$1 shares	74	Property
Sandsprings Limited	Hong Kong	2 HK$10 shares	74	Property
Titano Limited	Hong Kong	2 HK$1 shares	74	Property

PRINCIPAL SUBSIDIARIES AND ASSOCIATES

At 31 March 2005

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
Wavatah Company Limited	Hong Kong	2 HK$1 shares	74	Property
Wheelock Azabujuban Tokutei Mokuteki Kaisha	Japan	38,687 ¥50,000 shares	56	Property
* Wheelock Corporate Services Limited (held directly)	Hong Kong	10,000,000 HK$1 shares	100	Commercial services
Wheelock Properties Limited (formerly New Asia Realty and Trust Company, Limited)	Hong Kong	2,069,637,125 HK$0.2 shares	74	Holding company
Wheelock Properties (Singapore) Limited (formerly Marco Polo Developments Limited)	Singapore	398,853,292 S$1 shares	56	Holding company/ Property
* Wheelock Properties (Hong Kong) Limited (formerly Wheelock Pacific Limited) (held directly)	Hong Kong	10 HK$100 shares	100	Property services and management
* Wheelock Properties (China) Limited (held directly)	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
Zarow Limited	Hong Kong	2 HK$10 shares	74	Property

Associates	Place of incorporation/ operation	Percentage of share capital (of the class of shares stated below) held by subsidiary(ies) of the Company	Percentage of equity attributable to the Group	Principal activities
Dramstar Company Limited	Hong Kong	100 ("B" shares)	33	Property
Grace Sign Limited	Hong Kong	20 (ordinary shares)	15	Property
Hamptons Group Limited	United Kingdom	32 (ordinary shares)	18	Property agency
The Wharf (Holdings) Limited	Hong Kong	49.9 (ordinary shares)	48	Holding company

Notes:

a) * The accounts of these companies have been audited by PricewaterhouseCoopers.

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

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

d) All associates are corporate entities.

REPORT OF THE AUDITORS

TO THE SHAREHOLDERS OF WHEELOCK AND COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

We have audited the accounts on pages 33 to 75 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Hong Kong Companies Ordinance requires the Directors to prepare accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion 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.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2005 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 14 June 2005

SCHEDULE OF PRINCIPAL PROPERTIES

At 31 March 2005

Investment properties	Lot number	Lease expiry	Approx. gross floor area (sq.ft.)	Attributable % owned	Year of completion	Type/usage
Lane Crawford House, 70 Queen's Road Central, Central	IL7 R.P. & IL45 Sec.A R.P.	2842	181,400	100	1977	Office & shop
Shop C, G/F & 3/F - 24/F, Wheelock House, 20 Pedder Street, Central	ML99 Sec.A,C, R.P. & ML 100 Sec.A,B, R.P.	2854	214,400	74	1984	Office & shop
Fitfort, Basement - 3/F, Healthy Gardens Podium, 560 King's Road, North Point	IL 3546	2086	125,300 & 353 car parks	74	1979	Shopping arcade & car parks
Shops & godown spaces, 100 - 142 Belcher's Street, Kennedy Town	IL 906 Sec. E-M & R.P.	2882	124,500	74	1960s & 70s	Shopping arcade & godown
Wheelock Place, 501 Orchard Road, Singapore	–	2089	465,000	56	1993	Office & shopping arcade
Oakwood Residence Azabujuban, 2 - 4 - 9 Azabujuban, Minato-ku, Tokyo, Japan	–	Freehold	83,700	56	2002	Serviced apartments

SCHEDULE OF PRINCIPAL PROPERTIES

At 31 March 2005

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
Bellagio – Phases I & II	Lot No. 269	566,090	10,300	74	–	Residential	Completed
– Phases III & IV	R.P. in DD 390		1,591,800*	74	2005	Residential	Superstructure in progress
33 Castle Peak Road, Sham Tseng			*(696,300 s.f. pre-sold)				
The Sea View, 26 Amber Close, Singapore	–	381,800	801,800	56	2007	Residential	Foundation in progress
The Cosmopolitan, 390 Kim Seng Road, Singapore	–	112,862	316,000	56	2007	Residential	Superstructure in progress
Ardmore Vue, 2B Ardmore Park Road, Singapore	–	44,117	123,500	56	2009	Residential	Demolition in progress
Scotts Shopping Centre & The Ascott Singapore 6 Scotts Road, Singapore	–	71,137	438,200	56	2010	Retails & serviced apartments	Planning
Various units of Sorrento, MTRC Kowloon Station Package Two, 1 Austin Road West, Tsimshatsui	KIL 11080	184,926	15,300	66	–	Residential	Completed
Various units of World Tech Centre, 95 How Ming Street, Kwun Tong	KTIL 195 R.P.	37,341	67,400	74	–	Industrial	Completed
Various units of My Loft, 9 Hoi Wing Road, Tuen Mun	TMTL 379	40,946	52,400	74	–	Godown	Completed
Various units of Metro Loft, 38 Kwai Hei Street, Kwai Chung	KCTL 448	25,489	41,400	74	–	Industrial/ office	Completed
Various units of Grange Residences, 247 Tanglin Road, Singapore	–	167,008	29,100	56	–	Residential	Completed
Various units of Parc Palais, 18 Wylie Road, King's Park, Homantin	KIL 11118	387,569	154,700	15	–	Residential	Completed

Notes:

a) All the above properties are in Hong Kong except otherwise stated.

b) The gross floor area of completed properties for sale represents unsold area of the respective properties.

THE WHARF (HOLDINGS) LIMITED EXTRACTS FROM THE PUBLISHED ACCOUNTS

THE WHARF (HOLDINGS) LIMITED

Accounts for the year ended 31 December 2004

Consolidated Profit and Loss Account	**31/12/2004 HK$ Million**	31/12/2003 HK$ Million
Turnover	**11,953**	11,253
Group profit attributable to shareholders	**3,767**	3,043
Dividends attributable to the year	**1,683**	1,487
Consolidated Balance Sheet		
Fixed assets	**82,143**	71,120
Goodwill	**297**	347
Long-term deposits	**156**	156
Associates	**1,583**	2,075
Jointly controlled entity	**348**	–
Long-term investments	**1,654**	1,392
Deferred debtors	**426**	439
Deferred items	**402**	432
Deferred tax assets	**118**	112
Current assets	**6,482**	5,089
Current liabilities	**(8,604)**	(11,160)
	85,005	70,002
Share capital	**2,447**	2,447
Reserves	**62,721**	49,181
Shareholders' equity	**65,168**	51,628
Minority interests	**4,355**	4,021
Long-term loans	**13,206**	12,345
Deferred tax liabilities	**2,019**	1,748
Other deferred liabilities	**257**	260
	85,005	70,002

FIVE-YEAR FINANCIAL SUMMARY

HK$ Million **Financial year ended 31 March**	(Restated) 2001	2002	(Restated) 2003	2004	**2005**
Consolidated Profit and Loss Account					
Turnover	3,761.5	7,164.7	9,868.0	7,115.9	**4,461.1**
Group profit attributable to shareholders	516.6	546.6	64.0	2,302.6	**4,167.3**
Prior year adjustments (Note b & c)	6.7	–	(29.3)	–	**–**
Restated amount	523.3	546.6	34.7	2,302.6	**4,167.3**
Dividends attributable to the year	152.3	152.4	152.4	182.9	**223.5**
Consolidated Balance Sheet					
Fixed assets	5,351.5	4,934.6	3,885.9	4,010.8	**5,326.4**
Associates (Note b & c)	24,733.4	23,379.4	20,487.5	24,528.3	**31,447.6**
Long-term investments	3,335.5	3,727.7	753.2	1,166.5	**1,488.0**
Deferred debtors	57.4	43.9	385.1	496.3	**370.6**
Current assets	24,998.7	22,581.6	16,489.5	10,676.7	**14,989.1**
Current liabilities (Note a)	(10,330.6)	(12,629.6)	(5,191.6)	(3,829.6)	**(4,072.2)**
	48,145.9	42,037.6	36,809.6	37,049.0	**49,549.5**
Share capital	1,015.4	1,015.8	1,015.9	1,015.9	**1,015.9**
Reserves (Note a to c)	27,403.9	25,469.3	21,774.4	25,528.3	**35,264.0**
Shareholders' funds	28,419.3	26,485.1	22,790.3	26,544.2	**36,279.9**
Minority interests (Note b & c)	6,118.0	5,730.3	3,412.9	4,093.4	**5,356.0**
Long-term loans	12,398.9	9,315.9	10,035.7	5,864.1	**7,414.9**
Deferred tax (Note c)	790.8	110.4	54.2	71.7	**31.7**
Deferred items	418.9	395.9	516.5	475.6	**467.0**
	48,145.9	42,037.6	36,809.6	37,049.0	**49,549.5**

Notes:

Pursuant to the adoption of the following new or revised Statements of Standard Accounting Practice ("SSAPs") and Interpretation,

– SSAP 9 (revised) : Events after the balance sheet date
– SSAP 12 (revised) : Income taxes
– SSAP 28 : Provisions, contingent liabilities and contingent assets

Certain figures have been reclassified or restated as set out below:

a) These figures for the year 2001 have been restated pursuant to the adoption of SSAP 9 (revised) as explained in note 10(c) to the 2002 accounts.

b) These figures for the year 2001 have been restated pursuant to the adoption of SSAP 28 as explained in note 10(b) to the 2002 accounts.

c) 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 accounts. Figures for 2002 and prior years have not been restated as it would involve delays and expenses out of proportion to the benefit to shareholders.