

The Directors have pleasure in submitting their Report and the Audited Financial Statements for the nine months from 1 April 2007 to 31 December 2007.

CHANGE OF FINANCIAL YEAR END DATE

As a result of the recent change of the financial year end date from 31 March to 31 December, the financial statements and this report of the Directors now presented cover a period of nine months from 1 April 2007 to 31 December 2007.

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 132 to 134.

An analysis of the principal activities and geographical locations of trading operations of the Company and its subsidiaries during the nine months ended 31 December 2007 is set out in Note 3 to the Financial Statements on pages 64 to 68.

RESULTS, APPROPRIATIONS AND RESERVES

The results of the Group for the nine months ended 31 December 2007 are set out in the Consolidated Profit and Loss Account on page 51.

Appropriations of profits and movements in reserves during the period are set out in Note 31 to the Financial Statements on pages 105 to 107.

DIVIDENDS

An interim dividend of 2.5 cents per share was paid on 4 January 2008. The Directors have now recommended for adoption at the Annual General Meeting to be held on Thursday, 29 May 2008 the payment on 5 June 2008 to Shareholders on record as at 29 May 2008 of a final dividend of 10.0 cents per share in respect of the nine months ended 31 December 2007. This recommendation has been disclosed in the Financial Statements.

FIXED ASSETS

Movements in fixed assets during the nine months ended 31 December 2007 are set out in Note 13 to the Financial Statements on page 79.

DONATIONS

The Group made donations during the period totalling HK\$7.1 million.

DIRECTORS

The Directors of the Company during the nine months ended 31 December 2007 were Messrs P K C Woo, G W J Li, S T H Ng, P Y C Tsui, A S K Au, B M Chang and K W S Ting.

Messrs B M Chang and G W J Li are due to retire from the Board 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).

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 nine months ended 31 December 2007 or at any time during that financial period.

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 period.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the financial period 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, with the exception of the options to subscribe for ordinary shares of i-CABLE Communications Limited ("i-CABLE") granted under i-CABLE's Share Option Scheme (the "Scheme") to, *inter alia*, certain executives/employees of i-CABLE or its subsidiaries, one of whom was a Director of the Company during the financial period.

Under the rules of the Scheme (subject to any such restrictions or alterations as may be prescribed or provided under the Rules Governing the Listing of Securities (the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") from time to time in force), shares of i-CABLE would be issued at such prices, not being less than 80% of i-CABLE's average closing prices on the Stock Exchange for the five trading days immediately preceding the date of offer of the options, and the relevant options would be exercisable during such periods, not being beyond the expiration of 10 years from the date of grant, as determined by the board of directors of i-CABLE. During the financial period, no share of i-CABLE was issued to any Director of the Company under the Scheme.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

AUDITORS

The Financial Statements now presented have been audited by KPMG, Certified Public Accountants, who retire and being eligible, offer themselves for re-appointment.

KPMG was appointed Auditors of the Company to fill the vacancy occasioned by the retirement of PricewaterhouseCoopers on 15 August 2005.

By Order of the Board

Wilson W S Chan

Secretary

Hong Kong, 26 March 2008

SUPPLEMENTARY CORPORATE INFORMATION

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

Peter K C WOO, *GBS, JP, Chairman (Age: 61)*

Mr Woo has resumed the role of Chairman of the Company since 2002 after having also served in that capacity from 1986 to 1996. He also serves as a member and the chairman of the Company's Remuneration Committee. He is also the chairman of The Wharf (Holdings) Limited ("Wharf"), Wheelock Properties Limited ("WPL"), and Wheelock Properties (Singapore) Limited ("WPSL") in Singapore.

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 appointed a non-official member of the Commission on Strategic Development since June 2007. He had served as the chairman of Hospital Authority from 1995 to 2000, the council chairman of Hong Kong Polytechnic University from 1993 to 1997 and the Government-appointed chairman of the Hong Kong Trade Development Council from 2000 to 2007. He was 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 JPMorgan 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 Australia, Hong Kong and the United States.

Gonzaga W J LI, *Senior Deputy Chairman (Age: 78)*

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 also the senior deputy chairman of Wharf and the chairman of Harbour Centre Development Limited ("HCDL") as well as the chief executive officer and a director of Wharf China Limited. Furthermore, he is a director of WPL and Joyce Boutique Holdings Limited ("Joyce").

Stephen T H NG, *Deputy Chairman (Age: 55)*

Mr Ng has been a Director of the Company since 1988 and became the Deputy Chairman in 1995. He is also the deputy chairman and managing director of Wharf and the chairman and chief executive officer of both i-CABLE and Wharf T&T Limited as well as the chairman of Joyce and Modern Terminals Limited. 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: 61)*

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 ("HKICPA"), The Association of Chartered Certified Accountants ("ACCA") and the Chartered Institute of Management Accountants.

Alexander S K AU, *OBE, Director (Age: 61)*

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 and also a member of the Company's Remuneration Committee.

A banker by profession, Mr Au was the chief executive officer of Hang Seng Bank Limited from October 1993 to March 1998 and of Oversea-Chinese Banking Corporation Limited in Singapore from September 1998 to April 2002. Currently, he is an executive director and the chief financial officer of Henderson Land Development Company Limited and a 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.

An accountant by training, Mr Au is a Chartered Accountant as well as a Fellow of the HKICPA and ACCA.

B M CHANG, *Director (Age: 79)*

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, SBS, JP, Director (Age: 65)

Mr Ting has been an independent Non-executive Director of the Company since 2003. He also serves as a member of the Company's Audit Committee and Remuneration Committee. Mr Ting is also the managing director and chief executive officer of publicly-listed Kader Holdings Company Limited and the chairman of Kader Industrial Company Limited, and a non-executive director of New Island Printing Holdings Limited and an independent non-executive director of Times Ltd. Mr Ting currently serves as the honorary president of the Federation of Hong Kong Industries, the non-executive director of the Mandatory Provident Fund Schemes Authority, 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 Polytechnic University Court and The Hong Kong University of Science and Technology 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's Political Consultative Conference (Yue Xiu District).

Note: The Company confirms that it has received written confirmation from each of the independent Non-executives Directors confirming their independence pursuant to Rule 3.13 of the Listing Rules, and considers them independent.

(ii) Senior Managers

Various businesses of the Group are respectively under the direct responsibility of the Chairman and the Executive Director 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 December 2007, Directors of the Company had the following beneficial interests, all being long positions, in the share capitals of the Company, and of three subsidiaries of the Company, namely, Wharf, i-CABLE and WPL, and the percentages which the relevant shares represented to the issued share capitals of the four companies respectively are also set out below:

	No. of Ordinary Shares (percentage of issued capital)	Nature of Interest
The Company		
P 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
G W J Li	1,486,491 (0.0732%)	Personal Interest
S T H Ng	300,000 (0.0148%)	Personal Interest
B M Chang	8,629,575 (0.4247%)	Corporate Interest
Wharf		
G W J Li (Note (5))	686,549 (0.0280%)	Personal Interest
S T H Ng (Note (5))	650,057 (0.0266%)	Personal Interest
i-CABLE		
G W J Li	68,655 (0.0034%)	Personal Interest
S T H Ng	1,065,005 (0.0528%)	Personal Interest
WPL		
G W J Li	2,900 (0.0001%)	Personal Interest

Notes:

- (1) The 995,221,678 shares of the Company stated above as "Other Interest" against the name of Mr P 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 P 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 under "section (C) Substantial Shareholders' Interests" below.
- (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 under "section (C) Substantial Shareholders' Interests" below.
- (5) Subsequent to the financial period end, Mr G W J Li and Mr S T H Ng fully subscribed for their pro rata rights entitlements under a 1-for-8 rights issue by Wharf and they were accordingly allotted 85,818 shares and 81,257 shares of Wharf respectively on 16 January 2008. Consequently, Mr Li and Mr Ng were interested in 772,367 shares and 731,314 shares of Wharf respectively following such allotments.

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 by the Directors and/or Chief Executive of the Company pursuant to the SFO or to the Model Code for Securities Transactions by Directors of Listed Issuers, there were no interests, both long and short positions, held during the financial period from 1 April 2007 to 31 December 2007 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); nor had there been any exercises during the financial period of any rights to subscribe for any shares, underlying shares or debentures of the Company.

(C) SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties, other than person(s) who is/are Director(s) 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 December 2007, 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) Third Avenue Management LLC	123,151,000 (6.06%)
(ii) Mrs Bessie P Y Woo	209,712,652 (10.32%)
(iii) HSBC Trustee (Guernsey) Limited	1,095,300,362 (53.91%)

Note: Duplication occurred in respect of the shareholding interests under (ii) and (iii) above, as set out in Notes (3) and (4) under "section (B) Directors' Interests in Shares" above.

All the interests stated above represented long positions and as at 31 December 2007, there were no short position interests recorded in the Register.

(D) 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 December 2007:

82,401,464

(ii) Percentage of the issued share capital that it represents as at 31 December 2007:

4%

(d) Maximum entitlement of each participant under the Scheme as at 31 December 2007:

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 :

Five months

(ii) Details of Share Options Granted

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

(E) MAJOR CUSTOMERS & SUPPLIERS

For the nine months ended 31 December 2007:

- (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 less than 30% of the Group's total purchases; and
- (b) the aggregate amount of turnover attributable to the Group's five largest customers represented less than 30% of the Group's total turnover.

(F) 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 December 2007 which are repayable on demand or within a period not exceeding one year or after one year are set out in Note 25 to the Financial Statements on pages 94 and 95.

(G) INTEREST CAPITALISED

The amount of interest capitalised by the Group during the financial period is set out in Note 7 to the Financial Statements on page 73.

(H) PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules throughout the nine months ended 31 December 2007.

(I) DISCLOSURE OF CONNECTED TRANSACTIONS

Set out below is information in relation to certain connected transactions involving the Company and/or its subsidiaries, particulars of which were previously disclosed in the announcements of the Company dated 21 August 2007, 6 September 2007, 12 October 2007, 9 November 2007 and 6 December 2007 respectively and are required under the Listing Rules to be disclosed in the Annual Report and Financial Statements of the Company:

(i) *Continuing connected transactions of Wharf group*

On 20 August 2007, the Company and/or its subsidiary(ies) acquired on the open stock market additional shares of Wharf, thereby making Wharf a non wholly-owned subsidiary of the Company. There exist, and on 20 August 2007 existed, certain continuing connected transactions of Wharf, being certain tenancy arrangements between subsidiaries of Wharf as the landlords and associates of the Chairman of the Company, namely, Mr P K C Woo, as the tenants. Those continuing connected transactions were previously disclosed in, *inter alia*, announcements issued by Wharf in accordance with the requirements of the Listing Rules. Following Wharf becoming a subsidiary of the Company, those existing tenancy agreements entered into by the Wharf group with (a) City Super Limited, and (b) Ferragamo Retail HK Limited, also constitute continuing connected transactions for the Company under the Listing Rules. Given below are particulars of those transactions (the "Transactions"):

(a) **Tenancy Agreements with City Super Limited**

There exist certain tenancy arrangements (the "City Super Transactions") respectively made by two wholly-owned subsidiaries of Wharf as the landlords with City Super Limited ("City Super") as the tenant, particulars of which were previously disclosed in an announcement of the Company dated 21 August 2007. The City Super Transactions are for the purpose of earning rental revenue for the Wharf group and certain particulars are as follows:

Location of the City Super store premises	Amount of rent received by the Wharf group for its year ended 31 December 2007 HK\$ Million
1. Tenancy agreement in respect of B101-B109, Basement 1, Times Square, Causeway Bay, Hong Kong	30.79
2. Tenancy agreement in respect of Shops 3001-3002 and 3103-3104, Level 3, Gateway Arcade, Harbour City, Kowloon, Hong Kong	29.15

The City Super Transactions are regarded as continuing connected transactions for the Company under the Listing Rules by reason of the fact that City Super is 39.08% effectively owned by The Lane Crawford Joyce Group (BVI) Limited (formerly known as Lane Crawford (BVI) Limited) which in turn is indirectly wholly-owned by a trust (the "Trust") the settlor of which is the Chairman of the Company.

(b) Tenancy Agreement with Ferragamo Retail HK Limited

There exists a tenancy agreement between a wholly-owned subsidiary of Wharf as the landlord and Ferragamo Retail HK Limited ("Ferragamo") as the tenant, particulars of which were previously disclosed in the announcement of the Company dated 21 August 2007. This tenancy transaction (the "Ferragamo Transaction") is for the purpose of earning rental revenue for the Wharf group and certain particulars are as follows:

Location of the Ferragamo shop	Amount of rent received by the Wharf group for its year ended 31 December 2007 HK\$ Million
Portions of Ground Floor and Level 1, Ocean Centre, Harbour City, Kowloon, Hong Kong	15.20

The Ferragamo Transaction is regarded as a continuing connected transaction for the Company under the Listing Rules by reason of the fact that Ferragamo is indirectly 40%-owned by the Trust.

The rentals receivable by the Wharf group from the City Super Transactions and the Ferragamo Transaction are subject to annual cap amounts previously disclosed in the abovementioned announcement dated 21 August 2007 of the Company.

(ii) Connected transactions with China Merchants

(a) Foshan Xincheng Joint Venture by WPL group

On 10 April 2007, a joint venture agreement (the "Foshan Xincheng JV Agreement") was entered into between a wholly-owned subsidiary of WPL and a wholly-owned subsidiary of China Merchants Property Development Co., Ltd. (a Mainland company publicly listed on the Shenzhen Stock Exchange) ("CMP") relating to the formation of a joint venture company in Foshan, to be owned as to 50% by each of WPL group and CMP group, for the purpose of developing a piece of land in Foshan, Xincheng District with a site area of approximately 2,867,600 sq. ft. (the "Foshan Xincheng Land") into residential properties. The Foshan Xincheng Land was acquired jointly by WPL group and CMP group on a 50:50 ownership basis in January 2007 at a price of RMB950 million (equal to about HK\$982 million).

(b) Suzhou Property Joint Venture by Wharf group

On 6 September 2007, a joint venture agreement (the "Suzhou JV Agreement") was entered into between a wholly-owned subsidiary of Wharf and a wholly-owned subsidiary of CMP relating to the formation of a joint venture company in Suzhou, to be owned as to 50% by each of Wharf group and CMP group, for the purpose of developing a piece of land in Suzhou with a site area of approximately 1,976,237 sq. ft. (the "Suzhou Land") into residential properties. The Suzhou Land was acquired jointly by Wharf group and CMP group on a 50:50 ownership basis in July 2007 at a price of RMB1,010 million (equal to about HK\$1,044 million).

(c) Foshan Chancheng Joint Venture by WPL group

On 12 October 2007, WPL group together with CMP group succeeded in bidding for a piece of land in Foshan, Chancheng District with a net site area of approximately 1,155,000 sq. ft. (the "Foshan Chancheng Land") at a price of RMB1,505 million (equal to about HK\$1,556 million). WPL group and CMP group will jointly develop the Foshan Chancheng Land, on a 50:50 ownership basis, into residential properties.

(d) Nanjing Property Joint Venture by Wharf group

On 6 December 2007, Wharf group together with CMP group succeeded in bidding for a piece of land in Nanjing with a total site area of approximately 3,578,071 sq. ft. (the "Nanjing Land") at a price of RMB2,410 million (equal to about HK\$2,535 million). Wharf group and CMP group will jointly develop the Nanjing Land, on a 50:50 ownership basis, into residential properties.

As CMP is a non wholly-owned subsidiary of China Merchants Group Limited ("CMG") which holds 50.86% shareholding interest in CMP through China Merchants Shekou Industrial Zone Company Limited, and CMG is an indirect substantial shareholder of a non wholly-owned subsidiary of the Company, namely, Modern Terminals Limited, CMP together with its subsidiaries are regarded as connected persons of the Company. Therefore, the entering into of the Foshan Xincheng JV Agreement and the Suzhou JV Agreement, and the acquisition of the Foshan Chancheng Land and the Nanjing Land constituted connected transactions for the Company under the Listing Rules.

(iii) Chongqing Property Joint Venture by Wharf group

On 9 November 2007, the Wharf group together with China Overseas Land & Investment Ltd. ("China Overseas") group succeeded in bidding for a piece of land in Chongqing with a site area of approximately 6.1 million sq. ft. at a consideration of RMB7,500 million (equal to about HK\$7,860 million) (the "Chongqing Transaction"). Wharf group and China Overseas group will jointly develop that piece of land (the "Chongqing Land"), on a 40:60 ownership basis, into a residential, office and retail development.

As China Overseas is a joint venture partner of HCDL group for property development of another piece of land in Chongqing central business district, and HCDL is an indirect non wholly-owned listed subsidiary of the Company, China Overseas is regarded as a connected person of the Company. Therefore, the entering into of the Chongqing Transaction together with the joint development of the Chongqing Land therefore constituted a connected transaction for the Company under the Listing Rules.

The purpose of the transactions set out under (i)(ii) and (i)(iii) above is for broadening the assets and earnings base of the Group.

(iv) Disposal of certain units at 2 Heung Yip Road by WPL group

On 9 November 2007, a legally binding letter (the "Letter") in respect of an offer by Samover Company Limited ("Samover"), a wholly-owned subsidiary of WPL, to sell the premises located at 22nd to 23rd, and 25th to 31st Floors together with Flat Roofs attached to 29th and 30th Floors and Portion of the Main Roof of the building (the "Units") to be erected on 2 Heung Yip Road, Hong Kong was entered into between Samover and Lucky Ever International Limited ("Lucky Ever"), and Lucky Ever accepted to purchase the Units on terms set out in the Letter which provides that, among other things, Samover and Lucky Ever shall enter into the formal sale and purchase agreement (the "Agreement") at a later date. The sale of the Units under the abovementioned transaction (the "Heung Yip Transaction") to Lucky Ever, which is in the same group of companies as Lane Crawford, a reputable up-market department store operator based in Hong Kong, is expected to improve the image of the entire building, which is being developed by the WPL group, and will facilitate or is for the purpose of facilitating the future sale of other units in the building.

As Lucky Ever is indirectly wholly-owned by a trust of which Mr P K C Woo, the Chairman of the Company, is the settlor, and WPL is a listed subsidiary of the Company, the Heung Yip Transaction constitutes a connected transaction for the Company under the Listing Rules.

The aggregate consideration for the Heung Yip Transaction is HK\$449.8 million (subject to adjustments based on the final gross floor area of the Units to be determined and confirmed by Samover after the issuance of Occupation Permit). Lucky Ever paid to Samover HK\$22.5 million (representing 5% of the aggregate consideration) on 9 November 2007, being the date of acceptance of the Letter, with the balance of the consideration settled or to be settled in the following manner:

- (a) HK\$22.5 million (representing 5% of the aggregate consideration) on or before 15 February 2008; and
- (b) HK\$404.8 million (representing 90% of the aggregate consideration) on completion of the Agreement, which will take place in March 2010 or thereabout.

(v) Confirmation from Directors Etc.

The Directors, including the independent Non-executive Directors, of the Company have reviewed the Transactions mentioned under Section (l)(i) above and confirmed that the Transactions were entered into:

- (a)** by the Group in the ordinary and usual course of its business;
- (b)** either on normal commercial terms or, if there are not sufficient comparable transactions, on terms that are no less favourable than those available to or from (as appropriate) independent third parties; and
- (c)** in accordance with the relevant agreements governing such Transactions on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

Furthermore, the auditors of the Company have advised the following:

- (1)** the Transactions had been approved by the Company's Board of Directors;
- (2)** nothing came to the attention of the auditors of the Company that caused them to believe that the Transactions were not entered into in accordance with the terms of the related agreements governing the Transactions; or, where there was no agreement, on terms no less favourable than those for similar transactions undertaken by the Group with independent third parties where available; and
- (3)** the relevant cap amounts have not been exceeded during the nine months ended 31 December 2007.