SEGMENT REVIEW

Wheelock Properties Limited (a 74%-owned listed subsidiary) ("WPL")

Group profit attributable to equity shareholders for the year ended 31 December 2008 was HK$816 million (2007: HK$1,540 million). A significant increase in operating profit mainly from the property development segment in Singapore (upon recognition of profits on pre-sales of The Sea View and The Cosmopolitan projects) was outweighed by impairment losses on investments, as well as a decrease in net investment property surplus.

Excluding the net investment property revaluation surplus and the above exceptional impairment losses, the group's net profit attributable to equity shareholders in fact rose by 145% to HK$1,396 million (2007: HK$570 million).

Hong Kong

Wheelock House and Fitfort were 98% and 97% leased respectively at satisfactory rental rates at the end of December 2008.

Redevelopment of 6D-6E Babington Path, Mid-levels and 2 Heung Yip Road, Aberdeen, is underway. The former will comprise 47 deluxe apartments and a soft launch for pre-sales commenced in September 2008. The latter will be redeveloped into a high rise commercial building.

During the year under review, the group acquired up to 98% of the interest in the property situate at 46 Belcher's Street for a total of HK$305 million. The property is planned for residential redevelopment. By the end of December 2008, the group has acquired up to 98% of the interest in the property at 211-215C Prince Edward Road West for residential redevelopment.

China

On the Mainland property development front, the group's two 50:50 residential joint ventures with China Merchants Property group in Foshan of Guangdong Province are in progress. The first project situate at Xincheng District (新城區), boasts a site area of 2.88 million square feet and offers a plot ratio GFA of 2.43 million square feet attributable to the group. Pre-sales of the first phase of the townhouses commenced in September 2008 and has met with overwhelming responses, with all units launched sold out by early October 2008. Located at Chancheng (禪城), the second piece of land has a site area of 1.15 million square feet and offers a plot ratio GFA of 1.45 million square feet attributable to the group. These developments are scheduled for completion in phases by 2012 and 2013 respectively.

Singapore

Profit attributable to shareholders of Wheelock Properties (Singapore) Limited ("WPSL"), 76%-owned by WPL, amounted to S$100.9 million for the financial year under review (2007: S$273.5 million) as reported in accordance with the applicable accounting standards in Singapore. Excluding the net investment property revaluation surplus (net of tax) of S$74 million (2007: S$164 million) on Wheelock Place and impairment loss of S$200 million on the listed SC Global Developments Ltd ("SC Global") and Hotel Properties Limited ("HPL"), WPSL's profit increased by 108% to S$227 million.

Development properties

Ardmore II is a prime residential condominium development with 118 apartments. Main construction work is in progress and the development is scheduled for completion by 2010. All of the 118 units have been pre-sold at satisfactory prices by December 2008.

Orchard View is a luxury 36-storey residential development located in the serene enclave of Angullia Park, and within walking distance to Orchard MRT. It comprises 30 units of four-bedroom apartments with private lift lobbies. Main construction work is in progress and completion is scheduled for early 2010. The project is targeted to be launched for sale in 2010.

Scotts Square on Scotts Road is strategically located in the main shopping belt of Orchard Road. It is a prime residential condominium development with 338 international quality apartments, plus a retail annex. The retail podium is held for long term investment purposes. Pre-sales of the apartments has reached 77% by December 2008. Foundation works for the project are expected to complete in early 2009. Completion is scheduled for 2011.

Ardmore 3 is planned for redevelopment and sale. It will be an international standard luxury development in the prestigious Ardmore Park, next to Ardmore II. Design and planning work for the project is in progress.

Investment properties

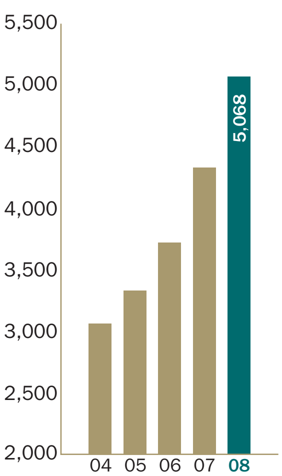
Wheelock Place, a commercial development at Orchard Road, Singapore, was 99% committed at satisfactory rental rates at the end of December 2008.

The Wharf (Holdings) Limited (a 50.02%-owned listed subsidiary) ("Wharf")

Wharf's group turnover for the year was HK$15,940 million, down from HK$16,208 million in 2007. Its operating profit, despite a robust profit growth in the property investment sector, dropped to HK$7,639 million from HK$9,516 million in 2007 on account of lower Hong Kong and China property sales recognised and the absence of an exceptionally large profit from the Investment segment booked in 2007. Net profit attributable to equity shareholders excluding the net surplus arising from the revaluation of investment properties therefore decreased to HK$4,194 million (2007: HK$5,947 million). Including a lower unrealised surplus from the revaluation of investment properties, net profit attributable to equity shareholders was HK$6,247 million (2007: HK$13,143 million). Earnings per share were HK$2.28 (2007: HK$5.17).

Harbour City and Times Square representing 46% of the Wharf group's total assets and 63% of total operating profit, achieved spectacular performance amidst the current economic crisis, a good demonstration of their popularity with shoppers and resilience towards market downturns.

Harbour City: Revenue
(HK$ Million)



Harbour City

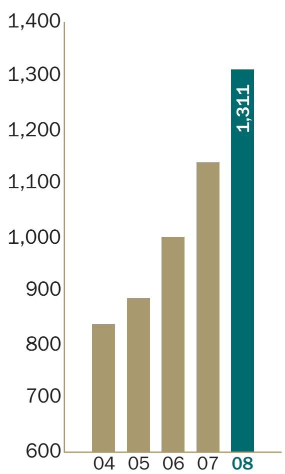
Harbour City achieved a turnover of HK$5,068 million during the year for an increase of 17% over 2007, while its operating profit grew by 21% to HK$3,726 million.

Despite the adverse external environment, turnover of Harbour City's retail sector grew by 22% to HK$2,166 million. As at the end of 2008, retail occupancy at Harbour City was committed at 99% while rental grew favourably. Tenants at Harbour City, the largest "shoppertainment" destination in town, continued to achieve an 18% year-on-year growth in average sales. Shoppers' foot traffic for the year grew by 7% to 80 million and total sales in 2008 set a new record at HK$13.4 billion. Average sales per square foot in December surged to a record high of over HK$1,900.

In spite of the deepened global financial turmoil, the office sector at Harbour City performed satisfactorily on the back of the continuing strong rental reversion. Turnover grew by 19% to HK$1,585 million. Office occupancy at Harbour City was committed at 96% at the end of December 2008. About 55% of the new lettings during the year were in-house expansions, including AIA, Zurich Life Insurance, etc. During the year, Harbour City has attracted a host of commercial banks and airline companies, such as All Nippon Airways, Taiwan Business Bank to relocate from the core office district. Recently, Sony Corporation relocated its 3-floor office from The Lee Gardens to Gateway, occupying approximately 48,000 square feet at Harbour City. Lease renewal retention rate at Harbour City held up well at 73% during the year with favourable rental increment.

Turnover for the serviced apartments grew by 12% to HK$275 million with an increase in rental rates but partially offset by a drop in occupancy. At the end of December 2008, committed occupancy at Gateway Apartments dropped to 87% (2007: over 90%) owing to the unfavourable economic conditions.

Times Square: Revenue
(HK$ Million)



Times Square

Times Square, another core asset of the group, turned over HK$1,311 million during 2008, for an increase of 15% over 2007. Operating profit increased by 16% to HK$1,124 million.

Turnover from Times Square's retail sector was up by 13% to HK$871 million. Average retail occupancy was maintained at 99%, with favourable rental growth. Leasing activities remained active during the year, with recruitment of a host of international labels including Burberry, Gucci, etc and the expansion of a series of celebrated brands. Trade-mix at the basement floor was further revamped resulting in a cluster of Fashion & Accessory and Cosmetics, in which a host of trendy brands were recruited. The audio-visual cluster and Food Forum at Times Square were further fine-tuned with the opening of a host of new sought-after brands.

Turnover for the office sector rose by 21% to HK$440 million on the back of strong rental reversion during the year. Committed office occupancy stood high at 98% at the end of 2008. Lease renewal retention rate stood high at 84%, with renewals including ABN Bank, Apple, Coca-Cola, Hitachi and Shell despite the softening commercial market.

China properties

Beijing Capital Times Square, Shanghai Times Square and the retail podium of Chongqing Times Square performed satisfactorily. Total revenue and operating profit for these three investment properties grew by 22% and 38% respectively.

Wuhan Times Square, comprising four residential towers and one office-apartment tower for sale and a hotel for investment purposes, was fully completed at the end of 2008. The new hotel – Marco Polo Wuhan opened on 15 September 2008 and provides premium accommodation and enhanced meeting services to travellers in Hankou, the commercial centre of Wuhan.

The 180,000-square-foot retail podium of Dalian Times Square, which is destined to become a shopping landmark in Dalian, opened in late November 2008. The deluxe shopping mall houses a host of top-notch brands including Dior, Fendi, Giorgio Armani, Gucci, Hermes, Louis Vuitton, Prada, Versace etc.

Significant development profit from China properties in 2007 did not recur during the year owing to booking of fewer units which were completed by 2008. Development profit from sales of two completed launched projects (namely, Wellington Garden in Shanghai and Wuhan Times Square) was HK$91 million (2007: HK$718 million).

The group successfully sold/pre-sold various properties in China in 2008, including Wellington Garden in Shanghai, Wuhan Times Square, Tian Fu Times Square in Chengdu, Dalian Times No. 8, Crystal Park (formerly known as No. 10 Gaoxin District (高新區)) in Chengdu and Danzishi (彈子石) project in Chongqing. In accordance with the group's accounting policy, relevant profits for the Chengdu, Dalian and Chongqing projects will only be recognised at project completion. This resulted in a decrease of the group's property development profit for the year.

Wellington Garden in Shanghai is a high-end residential and office-apartment development. The two residential blocks were fully sold while sales of the office-apartment block were launched in December 2007, with 40% sold as at the end of 2008 at excellent unit price. The four residential towers at Wuhan Times Square have been 98% sold and sales of the units in the office-apartment tower reached 31%.

At Tian Fu Times Square in Chengdu, over 98% of the first three residential towers were successfully pre-sold at record high unit price in the city.

Dalian Times Square, including two residential blocks, launched its pre-sale of one residential tower in late June 2008 and successfully pre-sold 89% of its units at excellent unit price, achieving a record-breaking price of over RMB25,000 per square metre for a select deluxe duplex unit. Another residential tower has recently been launched for sale and the pre-sales achieved excellent unit price. This project is scheduled for completion in the first half of 2009.

Crystal Park in Gaoxin District, Chengdu, launched its pre-sale of the first two residential towers in the latter part of the year. As at the end of 2008, about 31% of the units launched were pre-sold. Construction works are in progress, with the first four residential towers scheduled to be completed by the end of 2009. The project is planned for residential and commercial developments.

Danzishi of Nanan District (南岸區) along the Yangtze River, developed by the group and China Overseas group on a 40:60 ownership basis, launched its pre-sale of the first three residential towers in the latter part of the year. About 60% of the units launched were pre-sold by the end of 2008. It will be developed into a high-end residential and retail project, which is scheduled for completion in phases by 2014.

Other projects under development

Wheelock Square at Nanjing Xi Road (南京西路) of Shanghai, with an attributable plot ratio GFA of 1.2 million square feet, comprises a top quality Grade A office tower plus a retail annex. Completion is scheduled for the fourth quarter of 2009.

Superbly located at the north side of Huai Hai Xi Road (淮海西路) in Changning District (長寧區) of Shanghai, No. 1 Xin Hua Road (新華路) is a planned low density residential development with an attributable plot ratio GFA of 0.2 million square feet. The project is scheduled for completion by the end of 2009. Another high-end residential project in Shanghai, Jingan Garden is progressing according to plan.

Superbly located in Shuangliu Development Zone (雙流發展區), the group's third site in Chengdu will be developed into a mixed-use complex comprising an outlet mall, office and residential space with an attributable plot ratio GFA of 9.8 million square feet. The first phase of construction of the commercial outlet is in progress and is scheduled for completion by April 2009.

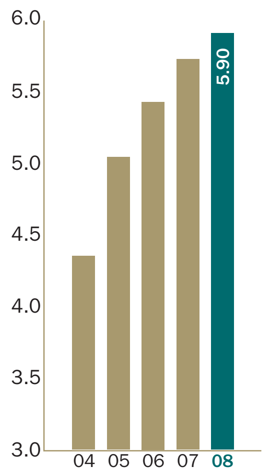
Other development projects acquired by Wharf before 2008 include Hongxing Road (紅星路) in Chengdu, two lots in Nanchang District (南長區) in Wuxi (including a 339-metre super tower and residential development), two lots in Suzhou (one lot between Jinji Lake (金雞湖) and Dushu Lake (獨墅湖) and another lot in Suzhou Industrial Park) and Xihu District (西湖區) in Hangzhou. Listed subsidiary Harbour Centre Development Limited ("HCDL"), also acquired five excellent sites in the cities of Chongqing (Jiangbei City (江北城)), Suzhou (Xinghu Jie (星湖街) and Xiandai Da Dao (現代大道)), Hangzhou Central Business District (錢江新城) and Xinbei District (新北區) in Changzhou during 2007. The first four sites were acquired through partnering with strong local property companies. All of these developments are progressing according to plan, which will be flexibly adjusted as appropriate to better reflect market conditions.

New acquisitions

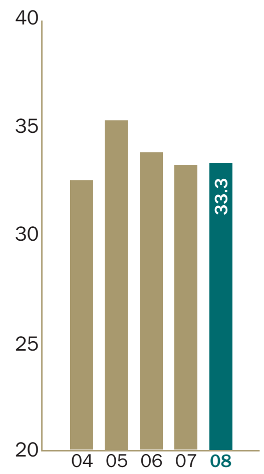
The group, in January 2008, acquired three pieces of land parcels in Nanchang District in Wuxi alongside the 2,500-year-old ancient canal (京杭運河), which offer a plot ratio GFA of 7.0 million square feet attributable to the group. Two of these sites were wholly owned by the group (plot ratio GFA: 5.2 million square feet) and the remaining site (plot ratio GFA: 3.5 million square feet) is being developed by the group and Shanghai Forte on a 50:50 ownership basis. These sites are planned for commercial and residential development. Completion of these sites is scheduled in phases for 2014 to 2015.

In July 2008, the group entered into a joint venture agreement with Sun Hung Kai Properties and Henderson Land on a 30:40:30 ownership basis to jointly develop a prime commercial site in Dongdajie (東大街) in Chengdu into an integrated commercial complex comprising an office tower of over 280 metres, a five-star hotel, high-end shopping centre with international retailers and residential apartments. Total plot ratio GFA for the overall development is expected to be over 13 million square feet and to be completed over a period of 10 years.

Modern Terminals: Throughput (HK)
(Million TEUs)



Modern Terminals: Market Share (HK)
(%)



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

For 2008, Modern Terminals group's consolidated revenue grew by 7% to HK$3,446 million while operating profit slid by 10% to HK$1,651 million. The lower operating profit was mainly due to increase in depreciation charges and start-up loss on operations of Da Chan Bay Terminal One ("DCB").

Modern Terminals' throughput in Hong Kong grew by 3% to 5.9 million TEUs and maintained a market share of 33.3% in Kwai Tsing during 2008, on the back of an increase in Intra-Asia services and South America services being partially offset by the decline in Europe and Middle East volume. In Shenzhen, Chiwan Container Terminal, in which Modern Terminals holds an 8% attributable stake, handled 3.9 million TEUs and Shekou Container Terminals, in which Modern Terminals holds a 27% stake, handled 4.1 million TEUs, a 24% increase from a year earlier. Such 27% stake was diluted from 30% upon the completion of stage two of a rationalisation agreement in 2008 and will be eventually diluted to 20% with the completion of all stages of rationalisation.

Taicang International Gateway (51%- and 70%-owned in Phases I & II respectively) expanded from four to six container berths with a capacity of 3.6 million TEUs. Throughput in 2008 was maintained at about one million TEUs.

DCB in Shenzhen (65%-owned) commenced commercial operations in July 2008 when Customs for DCB was fully functioning, after diligent efforts with Central and Provincial Government. With its berths coming on stream in stages, DCB has since been building up business steadily, achieving a throughput close to 90,000 TEUs in its initial year of operations.

Several strategic framework agreements have been signed including the ones with Dalian Port (PDA) Co. Ltd and the Dalian Municipal Government (Liaoning), and Zhoushan Port Authority (Zhejiang). These, together with possible further expansion at the existing terminals in Taicang and Dachan Bay, will affirm Modern Terminals' strong positioning in Greater China.

Other Hong Kong properties

Plaza Hollywood posted a 6% growth in turnover to HK$320 million, underpinned by favourable rental growth during the year. Average occupancy was maintained at over 99% throughout 2008.

For our Peak property portfolio, leasing activities remained active during the year. 1 Plantation Road, Chelsea Court and Mountain Court were almost fully let during 2008, with favourable rental growth in new lettings and renewals.

The group continues to actively look for opportunities to dispose of its non-core properties in accordance with its policy.

Marco Polo Hotels

Marco Polo Hotels currently has a portfolio of nine operating hotels in the Asia Pacific Region, with the opening of Marco Polo Wuhan hotel on 15 September 2008. The three hotels in Harbour City performed well during the year. Total hotel and club revenue was HK$1,042 million, and an 8% growth in average room rate was achieved. Despite a steady increase in average room rates, consolidated occupancy in 2008 slightly dropped to 86% (2007: 90%) on a slowdown in inbound tourism towards the year end, spurred by the global economic downturn.

Currently, two additional Marco Polo hotels are planned for the Wuxi and Changzhou markets.

Communication, Media and Entertainment

i-CABLE

Deteriorating economic conditions amidst the onslaught of the global financial turmoil, along with the harsh operating environment took toll on i-CABLE's financial performance in 2008. A special provision made for set-top-boxes to be replaced in 2009 upon the launch of a new conditional access system and a loss booked relating to film investments turned i-CABLE to a net loss after tax of HK$111 million from a net profit of HK$183 million in 2007. Nevertheless, thanks to its prudence in financial management, i-CABLE maintained a sound liquidity position, with net cash increasing to HK$690 million as at 31 December 2008 (2007: HK$642 million). The Pay TV subscriber base continuously grew to 917,000 by the end of 2008 (2007: 882,000). However, dilution from lower yield subscribers reduced total turnover and operating profit for this sector to HK$1,355 million (2007: HK$1,595 million) and HK$6 million (2007: HK$179 million) respectively.

On the Broadband front, subscriber base and turnover consolidated as i-CABLE adhered to a strategy of maintaining yield in the broadband access segment. Though the subscriber base slid to 267,000 (2007: 306,000), turnover was held at HK$576 million (2007: HK$588 million). Operating profit for the sector fell to HK$148 million (2007: HK$180 million).

i-CABLE's strong balance sheet and low cost base will put themselves in a good position to stay competitive in a harsh environment.

Wharf T&T

Wharf T&T, despite the devastating financial tsunami, continued to progress steadily in its business transformation and gained ground in both the telecom and IT sectors.

The fixed line installed base grew by 14,000 to 621,000, representing an overall market share of 13%. Business lines grew by 33,000 to 441,000 (for an 18% market share) while residential lines shrank by 19,000 to 180,000 (for an 8% market share). Total outgoing IDD volume (including wholesale and retail) dipped to 647 million minutes (2007: 706 million minutes).

Total turnover for the year rose by 12% to HK$1,641 million (2007: HK$1,460 million) while operating profit grew considerably to HK$140 million (2007: HK$47 million). Positive free cash flow increased to HK$223 million (2007: HK$80 million).

FINANCIAL REVIEW

(I) Results Review

The Company changed its financial year end date from 31 March to 31 December at the end of 2007. Accordingly, the Group's financial year 2008 covered the twelve months ended 31 December 2008, whereas the preceding financial period covered the nine months ended 31 December 2007 but consolidated financial statements for Wharf for full calendar year 2007.

Turnover and Operating profit

The Group's turnover for 2008 grew by 26% to HK$22,583 million (2007: HK$17,915 million), largely due to the substantial increase in property sales recognised by listed subsidiary WPSL on completion of two projects in Singapore. Wharf's turnover for 2008 slipped to HK$15,940 million (2007: HK$16,208 million), as strong growth in recurrent rental income substantially covered the decline in property sales in the year.

The Group's operating profit was HK$9,453 million (2007: HK$10,428 million), mainly comprising profits from Wharf of HK$7,639 million (2007: HK$9,516 million) and from WPL of HK$1,694 million (2007: HK$597 million). Decrease in Wharf's operating profit was principally due to the combined effect of lower profit recognition from property sales in 2008 and an exceptionally large one-off profit on disposal of investments in 2007.

Property Investment

Revenue and operating profit increased by 18% and 20% to HK$8,112 million (2007: HK$6,863 million) and HK$5,918 million (2007: HK$4,932 million) respectively. Benefitting from the continuing positive rental reversion and high occupancy, Wharf's Property Investment segment reported revenue growth of 16% to another record high at HK$7,606 million. The Group's other major investment properties, including Wheelock House and Crawford House in Hong Kong and Wheelock Place in Singapore, also achieved higher rental revenue during the year.

Property Development

Revenue rose sharply to HK$6,606 million (2007: HK$3,283 million) and operating profit was higher at HK$1,496 million (2007: HK$1,412 million). The Sea View and The Cosmopolitan projects in Singapore were completed during the year to enable revenue of HK$5,408 million and operating profit of HK$1,271 million to be recognised.

WPSL recognises revenue and profit on pre-sales of properties under development by stages using the percentage of completion method in accordance with generally accepted accounting principles in Singapore. However, the Group prepares its consolidated financial statements under Hong Kong Financial Reporting Standards and recognises revenue and profit on pre-sales of properties only upon their completion. Accordingly, revenue and profit from WPSL's The Sea View and The Cosmopolitan projects were not recognised until they were completed during the year under review and gave rise to an attributable net profit of HK$595 million in 2008. On the same basis, profits recognised by WPSL in 2008 in respect of its pre-sales of Ardmore II units and Scotts Square units (still under development) were reversed and excluded from the Group's consolidated results for 2008. As at 31 December 2008, the cumulative reversed profits attributable to the Group amounted to HK$528 million.

Wharf's property sales revenue in 2008 fell by 70% to HK$710 million, which was mainly derived from the sales of residential units at Wellington Garden and Wuhan Times Square in China.

Logistics

Revenue and operating profit of HK$3,875 million (2007: HK$3,625 million) and HK$1,763 million (2007: HK$1,914 million) respectively were reported. This reflected the increase in throughput handled by Modern Terminals in Hong Kong and China. However, operating profit was eroded by start-up losses from the new terminals in China. Together with contribution from other port operations undertaken by joint-ventures in the Mainland, Modern Terminals' net profit was virtually unchanged from 2007.

CME

Revenue and operating profit of HK$3,751 million (2007: HK$3,797 million) and HK$244 million (2007: HK$365 million) were reported. Wharf T&T reported a 198% increase in operating profit to HK$140 million while i-CABLE reported a decline of 57% to HK$154 million, partly due to non-recurring charges booked in the year.

Investment and Others

Investment revenue fell to HK$681 million (2007: HK$794 million) while operating profit fell to HK$472 million (2007: HK$2,222 million). The significant decrease in operating profit was mainly due to the inclusion in Wharf's 2007 results an exceptionally large profit on disposal of certain available-for-sale investments, which did not recur in 2008.

Increase in fair value of investment properties

The Group's investment properties were revalued by independent valuers as at 31 December 2008, which gave rise to a revaluation surplus of HK$2,158 million (2007: HK$10,878 million).

The attributable net surplus of HK$776 million (2007: HK$4,254 million), after deducting the related deferred tax and minority interests in total of HK$1,382 million (2007: HK$6,624 million), was credited to the consolidated profit and loss account.

Net other charge/credit

Included in the Group's profit was a net other charge of HK$1,229 million (2007: net other credit of HK$103 million), which mainly included impairment losses of HK$1,375 million (of which HK$811 million is attributable to the Group) mainly provided by WPSL on its investments in SC Global and HPL. Against this, the Group wrote back a provision of HK$146 million previously made in relation to a China project.

Finance costs

Finance costs charged to the consolidated profit and loss account were HK$1,695 million (2007: HK$1,212 million). The charge was after capitalisation of HK$235 million (2007: HK$242 million) for the Group's related assets.

Included in the finance costs was a mark-to-market unrealised loss of HK$508 million (2007: HK$96 million) incurred by Wharf on its cross-currency-interest rate swaps entered into to effectively convert the US$400 million fixed-rate notes issued in 2007 into a Japanese yen obligation to finance its RMB assets in the Mainland. Under this arrangement, an interest savings of about 3% per annum will be achieved over the tenure of the ten-year notes.

Share of results after tax of associates and jointly controlled entities

The share of profits of associates decreased to HK$7 million (2007: HK$269 million). Profit contribution from Modern Terminals' investment in Shekou increased. However, the share of losses in China property development undertaken by certain associates of Wharf and WPL increased after impairment provisions.

Excluding the property provisions, the share of associates' profit actually rose by 10% to HK$295 million (2007: HK$269 million).

Taxation

Taxation charge for the year was HK$1,201 million (2007: HK$4,639 million), which included deferred taxation of HK$495 million (2007: HK$2,535 million) provided on the current year's investment property revaluation surplus and a downward adjustment of HK$738 million (2007: Nil), of which HK$372 million is attributable to the Group, in respect of deferred tax liabilities previously provided on the Group's investment property revaluation surplus, resulting from the 1% reduction in Hong Kong profits tax rate.

Excluding the above tax effects, the tax charge was HK$1,444 million (2007: HK$2,104 million), including a tax provision of HK$292 million (2007: HK$336 million) made by Wharf for certain tax cases primarily relating to interest deductibility under discussion with the Inland Revenue Department and a tax credit of HK$314 million (2007: Nil), mainly attributable to WPSL's write-back of the tax previously provided on disposal of a subsidiary following a favourable ruling given by the Inland Revenue Authority of Singapore.

Minority interests

Profit shared by minority interests was HK$4,066 million (2007: HK$8,239 million), which was mainly attributable to the profit of Wharf and WPL.

Profit attributable to equity shareholders

Group profit attributable to equity shareholders decreased by 55% to HK$3,432 million (2007: HK$7,615 million). Earnings per share were HK$1.69 (2007: HK$3.75).

Excluding the exceptional impairment losses for investments and the net attributable investment property revaluation surplus after related deferred tax charge and the credit adjustment resulted from the 1% tax rate reduction, the Group's net profit attributable to equity shareholders decreased by 9% to HK$3,095 million (2007: HK$3,414 million).

Set out below is an analysis of the Group's profit attributable to the equity shareholders as contributed by each of Wharf, WPL and the Company and its other subsidiaries.

Profit attributable to	**Year ended 31/12/2008 HK$ Million**	Period ended 31/12/2007 HK$ Million
Wharf group	**2,085**	2,886
WPL group (excluded dividends from Wharf)	**847**	321
The Company and its other subsidiaries	**163**	207
Profit before exceptional provisions and investment property revaluation surplus	**3,095**	3,414
Attributable impairment loss for investments	**(811)**	(53)
Attributable investment property revaluation surplus (after deferred tax)	**776**	4,254
Attributable tax credit adjustment on reduction of tax rate	**372**	–
Profit attributable to equity shareholders	**3,432**	7,615

Wharf's profit for the year ended 31 December 2008 was HK$6,247 million (2007: HK$13,143 million). Excluding the net investment property revaluation surplus after related tax credit adjustment, Wharf's net profit was HK$4,194 million (2007: HK$5,947 million).

WPL's profit for the year ended 31 December 2008 was HK$816 million (2007: HK$1,540 million). Excluding the net investment property revaluation surplus after related tax credit adjustment and the impairment losses for investments, WPL's net profit was HK$1,293 million (2007: HK$570 million). During the year, WPL received a dividend of HK$155 million (2007: HK$138 million) from its 7% holdings in Wharf.

(II) Liquidity, Financial Resources and Capital Commitments

Shareholders' and total equity

The Group's shareholders' equity increased by 4% to HK$58.7 billion or HK$28.91 per share as at 31 December 2008, compared to HK$56.7 billion or HK$27.88 per share as at 31 December 2007.

Including the minority interests, the Group's total equity was HK$123.2 billion (2007: HK$114.2 billion).

Total assets

The Group's total assets increased by 11% to HK$198.2 billion (2007: HK$179.1 billion), which mainly included HK$5.3 billion for investment properties and container terminal assets, HK$12.2 billion in investment in China projects undertaken solely or through joint ventures, and HK$9.8 billion of bank deposits and cash, partly offset by HK$5.3 billion decrease in investments.

Debts and gearing

The Group's net debt was HK$22.7 billion as at 31 December 2008 (2007: HK$21.9 billion), which was made up of HK$45.6 billion in debts and HK$22.9 billion in bank deposits and cash. Excluding Wharf's net debt of HK$22.1 billion, which is non-recourse to the Company and its wholly-owned subsidiaries, the net debt was HK$573 million (2007: net cash of HK$1.7 billion). Analysis of the net debt by group is as below:

Net debt/(cash)	31/12/2008 HK$ Million	31/12/2007 HK$ Million
Wheelock Group (excludes Wharf)	573	(1,653)
Wheelock/wholly-owned subsidiaries	4,052	932
WPL	(1,514)	(2,291)
WPSL	(1,965)	(294)
Wharf group	22,123	23,565
Wharf (excludes below subsidiaries)	10,418	13,331
Modern Terminals	10,556	9,602
HCDL	1,807	1,274
i-CABLE	(658)	(642)
Group	22,696	21,912
Gearing of the Group:		
Net debt to shareholders' equity	38.6%	38.7%
Net debt to total equity	18.4%	19.2%

In January 2008, Wharf completed a rights issue and received net proceeds of HK$9.1 billion, of which HK$3,962 million and HK$646 million were paid by Wheelock and WPL for their respective subscriptions.

In March 2008, HCDL completed a rights issue and received net proceeds of HK$2.0 billion, of which HK$1.56 billion was paid by Wharf for its subscription.

Finance and availability of facilities

During the year, the Group took advantage of market opportunities before the devastating financial tsunami and increased its available loan facilities and debt securities aggregating to HK$66.8 billion (2007: HK$58.3 billion), of which HK$45.6 billion were drawn and the undrawn facilities as at 31 December 2008 are analysed as below:

	Available Facility HK$ Billion	Total Debts HK$ Billion	Total Debts %	Undrawn Facility HK$ Billion
Wheelock Group (excludes Wharf)	10.3	7.6	17%	2.7
Wheelock/wholly-owned subsidiaries	6.9	5.5	12%	1.4
WPL	0.2	–	0%	0.2
WPSL	3.2	2.1	5%	1.1
Wharf group	56.5	38.0	83%	18.5
Wharf (excludes below subsidiaries)	35.3	24.3	53%	11.0
Modern Terminals	16.5	10.6	23%	5.9
HCDL	4.1	3.1	7%	1.0
i-CABLE	0.6	–	0%	0.6
	66.8	**45.6**	**100%**	**21.2**

Of the above debts, HK$15.3 billion (2007: HK$6.3 billion) was secured by mortgage over certain properties under development, fixed assets, investments and bank deposits with total carrying value of HK$41.1 billion (2007: HK$16.4 billion).

The Group's debts were primarily denominated in Hong Kong dollar ("HKD"), United States dollar, Renminbi ("RMB") and Singapore dollar ("SGD"). RMB and SGD borrowings were used to fund the Group's property development and port-related equity investments in China, and the properties in Singapore respectively.

The use of derivative financial instruments was strictly monitored and controlled. The majority of the derivative financial instruments entered into by the Group were primarily used for management of the Group's interest rate and foreign currency exposures.

The Group maintained ample surplus cash, which was denominated principally in HKD, RMB and SGD, and undrawn committed facilities to facilitate the Group's business and investment activities. The Group also maintained a portfolio of available-for-sale investments, primarily in blue-chip securities, with an aggregate market value as at 31 December 2008 of HK$2.3 billion (2007: HK$7.6 billion), which is immediately available for liquidation for the Group's use.

Net cash flows for the Group's operating and investing activities

For the year under review, the Group generated a net operating cash inflow before changes in working capital of HK$10.2 billion (2007: HK$9.4 billion). The changes in working capital for 2008 resulted in a net cash outflow of HK$6.1 billion (2007: HK$2.1 billion), primarily related to Wharf's payment for land and construction cost for its development properties in China. For investing activities, the Group spent a net amount of HK$6.2 billion, which included HK$3.9 billion for net investments in jointly controlled entities and associates involving in property development projects in China, HK$3.7 billion capital expenditure mainly for berth construction and purchase of operating equipment by Modern Terminals for its China port projects and HK$1.5 billion proceeds from disposal of available-for-sale investments.

Major expenditure and commitments

The major expenditure, substantially incurred by Wharf's core businesses, during the year and related commitments as at 31 December 2008 are analysed as follows:

	Expenditure for 2008	Commitments as at 31 December 2008	
Business Unit/Company	**HK$ Million**	**Authorised and Contracted for HK$ Million**	**Authorised but not Contracted for HK$ Million**
(a) Capital expenditure			
Wharf group			
Property Investments/others	961	803	679
Wharf T&T	324	57	142
Modern Terminals (67.6%-owned)	2,216	1,356	1,583
i-CABLE (73.8%-owned)	144	56	44
	3,645	2,272	2,448
WPL group and others	91	9	–
	3,736	**2,281**	**2,448**
(b) Programming and others	**103**	**783**	**71**
(c) Properties under development			
Wharf group	11,786	14,138	43,268
Subsidiaries (China/Hong Kong)	8,243	10,600	35,090
JCEs and associates (China)	3,543	3,538	8,178
WPL group/others	1,620	1,912	1,739
Subsidiaries (Singapore/Hong Kong)	1,084	1,788	251
Associates (China)	536	124	1,488
	13,406	**16,050**	**45,007**

The above capital expenditure for Wharf's Property Investment segment was mainly related to construction cost of its Shanghai Wheelock Square, Wuhan Times Square and Dalian Times Square, and certain refurbishment and renovation work of investment properties, in particular for Harbour City. For i-CABLE and Wharf T&T, the capital expenditures were incurred substantially for procurement of production and broadcasting equipment, network rollout and internet service equipment while that for Modern Terminals was mainly incurred for construction of the Da Chan Bay Phase I and Taicang Phase II ports. i-CABLE, Modern Terminals and WPL respectively 73.8%, 67.6% and 74.3% owned by the Group, funded their own capital expenditure programmes.

In addition to the capital expenditure, the Group also incurred HK$13.4 billion (HK$11.8 billion and HK$1.6 billion incurred by Wharf and WPL respectively) for its trading properties under development mainly in China, including projects undertaken through associates and jointly controlled entities.

As at 31 December 2008, Wharf's commitments to properties under development in China by its subsidiaries or through associates and jointly controlled entities included land cost of about HK$11.6 billion payable by instalments mainly in 2009 and 2010. These developments will be executed by stages in the forthcoming years. WPL's commitments to properties under development were mainly related to property development projects in Singapore and Hong Kong. The above commitments will be funded by the respective groups' own internal financial resources including surplus cash, as well as bank and other financings. Other available resources include available-for-sale investments and proceeds from sales and pre-sales of properties.

(III) Human Resources

The Group has 13,577 employees as at 31 December 2008 (31 December 2007: 13,384). Employees are remunerated according to their job responsibilities and the market pay trend with a discretionary annual performance bonus as variable pay for rewarding individual performance and contributions to the respective groups' achievement and results. Total staff costs for the year under review amounted to HK$2,813 million (2007: HK$2,593 million).