Other Businesses

Other Hong Kong Properties

Plaza Hollywood registered a turnover growth of 9% to HK$302 million, thanks to favourable rental growth during the year. Average occupancy was maintained at 99% throughout 2007.

Bellagio is a residential development in Sham Tseng overlooking the Tsing Ma Bridge. Out of the total of 3,345 units in the development, cumulative sales have reached 3,266 units (or 98%) by the end of 2007.

Leasing activities for our Peak property portfolio during 2007 remained robust. Chelsea Court was fully let at the end of 2007. Committed occupancy at the end of December 2007 at Mountain Court and 1 Plantation Road was maintained at 96% and 98% respectively. Favourable rental growth in all new lettings and renewals was recorded. Driven by strong demand for luxurious residential units on the Peak, a record high unit rent of HK$61 per square foot has been achieved from the new letting of Penthouse A - House 1 of 1 Plantation Road at the end of 2007.

Balance Sheet (Extract)

As at 31 December 2007

	HK$ Million
Properties	14,151
Interest in associates	121*
Property inventory and development	815
Second mortgage debtors	14
Net current liabilities	(362)
Other non-current liabilities	(157)
**Net business assets (before debt)	14,582

* Including mainly 1/3 interest in Bellagio
** Excluding deferred tax on revaluation surplus of investment properties

Major Property List

	Project Nature	Attributable GFA (sq ft)	% Owned	Status
Plaza Hollywood	Retail	562,000	100	For Lease
Wharf T&T Square	Office/Retail	395,000	100	For Lease
Delta House	Office	349,000	100	For Lease
1 Plantation Road	Residential	97,000	100	For Lease
Mountain Court	Residential	49,900	100	For Lease
Chelsea Court	Residential	43,000	100	For Lease
77 Peak Road	Residential	32,000	100	For Lease
Star House - various units	Retail	50,800	67	For Lease
Cable TV Tower - various units	Industrial	566,000	100	For Lease/Own Use
Strawberry Hill - various units	Residential	16,000	100	For Lease/Sale
Bellagio Towers 1,2,3 & 5	Retail/Residential	35,400	33	For Lease/Sale
Kowloon Godown	Industrial-Office/Retail	1,575,200	100	Under Planning
Cable TV Tower South	Industrial	584,600	100	Under Planning
Yau Tong Godown	Retail/Residential	255,700	100	Under Planning
Yau Tong JV Project	Office/Retail/Residential	720,200	15.6	Under Planning

In line with the Group's policy, the Group continues to actively look for opportunities to dispose of its non-core properties, following successful disposal of the Group's remaining stock in Grandtech Centre in Shatin in May 2007.

Marco Polo Hotels

Marco Polo Hotels currently has a portfolio of nine operating hotels in the Asia Pacific Region.

The three hotels in Harbour City performed solidly during the year. Total hotel and club revenue was HK$972 million, and a 6% growth in average room rate was achieved. Despite a steady increase in average room rates, consolidated occupancy during the year was sustained at a healthy level of 90%, which is the same as last year.

Following the opening of Marco Polo Parkside in Beijing in June 2007, two new deluxe Marco Polo hotels in Wuhan (at Wuhan Times Square) and Chengdu (at Tian Fu Times Square) are scheduled to open in mid-2008 and 2012 respectively. Currently, three additional Marco Polo hotels are planned for the Wuxi, Suzhou and Changzhou markets.

i-CABLE

In 2007, i-CABLE successfully adjusted to the new competitive environment to establish a lower cost base to preserve its profitability despite substantial pressure on revenue. Investment in new businesses also began to bear fruit. Accordingly, it is well placed for further development. For the full year, net profit after tax was almost unchanged at HK$183 million (2006: HK$181 million), despite a decrease in turnover to HK$2,304 million (2006: HK$2,548 million).

Anchoring on its content strength as well as its adjusted marketing strategy, customer retention exceeded all plans and the Pay TV subscriber base grew by 12% in the year to 882,000. However, both subscription and advertising revenue weakened and combined to reduce total turnover and operating profit for this sector to HK$1,595 million (2006: HK$1,895 million) and HK$179 million (2006: HK$248 million) respectively. Nevertheless, both turnover and operating profit in the fourth quarter were higher than in the third quarter, partly for seasonal reasons.

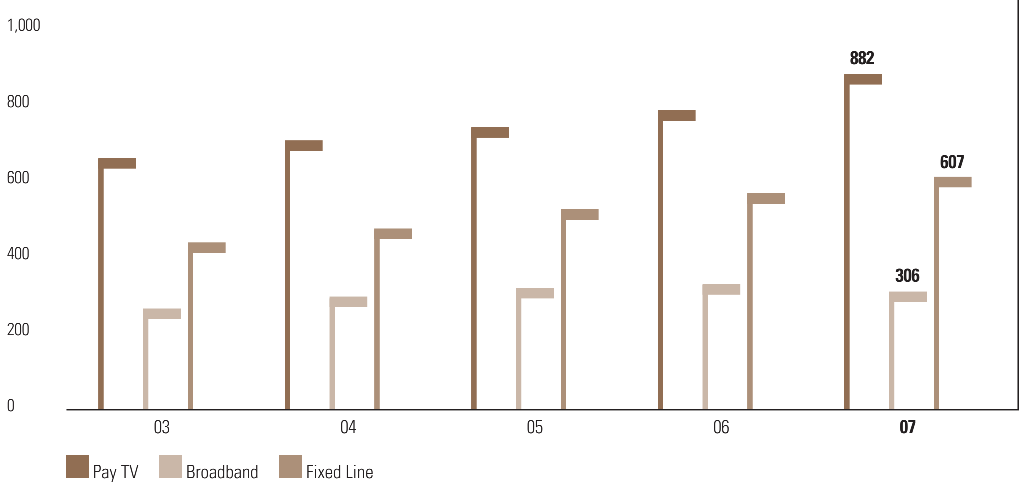
Building for future growth, i-CABLE continued to acquire new channels to meet the diverse viewing tastes of subscribers. Among the new channels introduced during the year included PGA Tour, NEO Sports, Nat Geo Wild and Aljazeera. i-CABLE has also acquired exclusive broadcasting rights with a sweep of all of the world's top international sporting events up to 2012. They include 2010 FIFA World Cup, 2010 Winter Olympics and 2012 Summer Olympics.

On the Broadband front, subscriber base and turnover consolidated as i-CABLE preferred revenue and profit preservation over market share gains. Turnover slipped marginally to HK$588 million (2006: HK$596 million) as the subscriber base dipped to 306,000 (2006: 328,000). However, operating profit for this sector increased by 40% to set a new record with HK$180 million (2006: HK$129 million).

New content was introduced to the multimedia platform during the year to enhance value, including the launching of a new online service "i-CABLE IPTV" with four free channels to widen the video attraction of i-CABLE's portal. i-CABLE broke new ground when it was appointed official "New Media Broadcaster" of the 2008 Beijing Olympics for Hong Kong. It was the first time such rights were granted for the world's most prestigious sporting event.

Growth of Pay TV/Broadband Subscribers and Fixed Line Installment

(in thousands)



Wharf T&T

Against a backdrop of improved market landscape and booming network as well as IT demand brought about by the recovery of the economy, 2007 was a reasonably good year for Wharf T&T.

The legacy voice business showed signs of stabilisation, particularly in terms of volatility. In a comparatively less crowded market, Business voice started to "bottom out". Data, backed by the hardware and system integration capabilities of COL, continued to deliver strong year-on-year growth to surpass voice as the primary revenue driver. The "Strictly Business" strategy directed the company to work even harder on service quality. Such efforts began to pay off as reflected in the feedback from customers in the 2007 Customer Satisfaction Survey.

The fixed line installed base grew by 45,000 or 8% to 607,000, representing an overall market share of 13%. Business lines grew by 53,000 or 15% to 408,000 (for an 18% market share) while residential lines fell by 8,000 or 4% to 199,000 (for a 10% market share). Total outgoing IDD volume (including wholesale and retail) increased by 11% to 706 million minutes (2006: 638 million).

Total turnover for the year rose by 5% to HK$1,460 million (2006: HK$1,384 million) while operating profit improved to HK$47 million from a loss of HK$64 million. Positive free cash flow increased to HK$80 million (2006: HK$52 million).