Report of the Independent Auditor

TO THE SHAREHOLDERS OF THE WHARF (HOLDINGS) LIMITED
(INCORPORATED IN HONG KONG WITH LIMITED LIABILITY)

We have audited the consolidated financial statements of The Wharf (Holdings) Limited (the "Company") set out on pages 66 to 127, which comprise the consolidated and company balance sheets as at 31 December 2007, and the consolidated profit and loss account, the consolidated statement of recognised income and expense and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

26 March 2008

Consolidated Profit and Loss Account

For the year ended 31 December 2007

	Note	**2007** **HK$ Million**	2006 HK$ Million
Turnover	1	**16,208**	13,364
Other net income	3	**1,684**	415
		17,892	13,779
Direct costs and operating expenses		**(5,660)**	(4,653)
Selling and marketing expenses		**(721)**	(701)
Administrative and corporate expenses		**(772)**	(688)
Operating profit before depreciation, amortisation, interest and tax		**10,739**	7,737
Depreciation and amortisation	2	**(1,273)**	(1,266)
Operating profit	2	**9,466**	6,471
Increase in fair value of investment properties		**9,352**	7,868
Net other credit	4	**184**	100
		19,002	14,439
Finance costs	5	**(1,142)**	(824)
Share of results after tax of:			
Associates	13	**322**	196
Jointly controlled entities	14	**27**	12
Profit before taxation		**18,209**	13,823
Taxation	6	**(4,247)**	(2,429)
Profit for the year		**13,962**	11,394
Profit attributable to:			
Equity shareholders	7	**13,143**	10,757
Minority interests		**819**	637
		13,962	11,394
Dividends attributable to equity shareholders	8		
Interim dividend paid		**881**	881
Final dividend proposed		**1,212**	1,077
		2,093	1,958
Earnings per share	9		
Basic		**HK$5.37**	HK$4.39
Diluted		**HK$5.35**	HK$4.39

The notes and principal accounting policies on pages 73 to 127 form part of these financial statements.

Consolidated Balance Sheet

At 31 December 2007

	Note	2007 HK$ Million	2006 HK$ Million
Non-current assets			
Fixed assets			
Investment properties		**95,782**	86,684
Leasehold land		**3,775**	3,662
Other property, plant and equipment		**15,056**	11,852
	10	**114,613**	102,198
Goodwill and other intangible assets	12	**302**	306
Interest in associates	13	**3,661**	781
Interest in jointly controlled entities	14	**5,076**	788
Available-for-sale investments	15	**2,858**	2,921
Long term receivables	16	**362**	371
Programming library		**184**	186
Defined benefit pension scheme assets	17	**239**	230
Deferred tax assets	23(a)	**360**	429
Derivative financial assets	25	**17**	17
		127,672	108,227
Current assets			
Properties for sale	18	**9,235**	5,784
Inventories		**97**	85
Trade and other receivables	19	**1,396**	1,400
Derivative financial assets	25	**54**	12
Bank deposits and cash	20	**7,717**	3,769
		18,499	11,050
Current liabilities			
Trade and other payables	21	**(5,678)**	(4,926)
Short term loans and overdrafts	22	**(6,720)**	(4,667)
Derivative financial liabilities	25	**(107)**	(3)
Taxation payable	6(e)	**(1,420)**	(390)
		(13,925)	(9,986)
Net current assets		**4,574**	1,064
Total assets less current liabilities		**132,246**	109,291

Consolidated Balance Sheet
At 31 December 2007

	Note	**2007** *HK$ Million*	2006 *HK$ Million*
Non-current liabilities			
Long term loans	22	**(24,562)**	(16,003)
Deferred taxation	23(a)	**(15,325)**	(13,116)
Other deferred liabilities	24	**(261)**	(254)
Derivative financial liabilities	25	**(96)**	–
		(40,244)	(29,373)
NET ASSETS		**92,002**	79,918
Capital and reserves			
Share capital	27	**2,448**	2,448
Reserves		**83,916**	72,714
Shareholders' equity	28(a)	**86,364**	75,162
Minority interests	28(a)	**5,638**	4,756
TOTAL EQUITY		**92,002**	79,918

The notes and principal accounting policies on pages 73 to 127 form part of these financial statements.

Peter K C Woo
Chairman

Stephen T H Ng
Deputy Chairman & Managing Director

Company Balance Sheet

At 31 December 2007

	Note	2007 *HK$ Million*	2006 *HK$ Million*
Non-current assets			
Interest in subsidiaries	11	**9,595**	13,371
Long term receivables	16	**347**	347
		9,942	13,718
Current assets			
Trade and other receivables		**1**	–
Bank deposits and cash	20	**3,844**	15
		3,845	15
Current liabilities			
Trade and other payables		**(81)**	(25)
Taxation payable		**–**	(2)
		(81)	(27)
Net current assets/(liabilities)		**3,764**	(12)
NET ASSETS		**13,706**	13,706
Capital and reserves			
Share capital	27	**2,448**	2,448
Reserves		**11,258**	11,258
SHAREHOLDERS' EQUITY	28(b)	**13,706**	13,706

The notes and principal accounting policies on pages 73 to 127 form part of these financial statements.

Peter K C Woo
Chairman

Stephen T H Ng
Deputy Chairman & Managing Director

Consolidated Statement of Recognised Income and Expense

For the year ended 31 December 2007

	Note	**2007** **HK$ Million**	2006 HK$ Million
Surplus on revaluation of available-for-sale investments	28(a)	**443**	875
Actuarial (loss)/gain on defined benefit pension schemes	28(a)	**(5)**	55
Exchange difference	28(a)	**542**	161
Others	28(a)	**43**	20
Investments revaluation reserves transferred to the consolidated profit and loss account on disposal of available-for-sale investments	28(a)	**(894)**	(3)
Investments revaluation reserves transferred to the consolidated profit and loss account on impairment of available-for-sale investments	28(a)	**50**	–
Share of reserves of associates/jointly controlled entities	28(a)	**45**	16
Net gains not recognised in the consolidated profit and loss account		**224**	1,124
Profit for the year	28(a)	**13,962**	11,394
Total recognised income for the year			
Attributable to equity shareholders		**13,160**	11,741
Attributable to minority interests		**1,026**	777
Total		**14,186**	12,518

The notes and principal accounting policies on pages 73 to 127 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2007

	Note	**2007** **HK$ Million**	2006 HK$ Million
Cash generated from operations	(a)	**5,744**	5,130
Interest paid		**(1,240)**	(887)
Interest received		**136**	148
Dividends received from associates		**191**	262
Dividends received from investments		**253**	191
Hong Kong profits tax paid		**(887)**	(1,153)
Overseas tax paid		**(71)**	(15)
Net cash generated from operating activities		**4,126**	3,676
Investing activities			
Purchase of fixed assets		**(3,623)**	(3,608)
Additions to programming library		**(130)**	(143)
Net (increase)/decrease in interest in associates		**(2,734)**	794
Net increase in interest in jointly controlled entities		**(4,230)**	–
Purchase of available-for-sale investments		**(4,295)**	(1,327)
Proceeds from disposal of fixed assets		**40**	650
Proceeds from disposal of investment properties		**695**	264
Proceeds from sale of available-for-sale investments		**5,579**	1,008
Repayment of long term receivables		**9**	47
Placing of pledged deposits		**(686)**	–
Redemption of deposits with financial institutions		**–**	156
Net cash inflow from acquisition of subsidiaries		**–**	79
Net cash used in investing activities		**(9,375)**	(2,080)
Financing activities			
Shares issued on exercise of share options		**–**	5
Net drawdown of long term loans		**11,766**	4,120
Net repayment of short term loans and overdrafts		**(1,153)**	(2,263)
Issue of shares by subsidiaries to minority interests		**197**	188
Advances from minority interests		**–**	8
Dividends paid to equity shareholders of the Company		**(1,958)**	(1,958)
Dividends paid to minority interests		**(341)**	(279)
Net cash generated from/(used in) financing activities		**8,511**	(179)
Increase in cash and cash equivalents		**3,262**	1,417
Cash and cash equivalents at 1 January		**3,769**	2,352
Cash and cash equivalents at 31 December		**7,031**	3,769
Analysis of the balance of cash and cash equivalents			
Bank deposits and cash	(b)	**7,031**	3,769

The notes and principal accounting policies on pages 73 to 127 form part of these financial statements.

NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating profit to cash generated from operations

	2007 **HK$ Million**	2006 HK$ Million
Operating profit	**9,466**	6,471
Interest income	**(136)**	(147)
Dividends receivable from investments	**(253)**	(192)
Depreciation	**1,091**	1,133
Amortisation	**182**	133
(Profit)/loss on disposal of fixed assets	**(32)**	10
Other net income	**(1,684)**	(415)
Impairment loss on investments	**50**	–
Increase in properties under development for sale	**(4,751)**	(1,194)
Decrease/(increase) in completed properties for sale	**1,100**	(40)
(Increase)/decrease in inventories	**(13)**	45
Decrease/(increase) in trade and other receivables	**4**	(866)
Increase in trade and other payables	**625**	233
Increase/(decrease) in derivative financial liabilities	**106**	(7)
Increase in defined benefit pension scheme assets	**(18)**	(25)
Increase/(decrease) in other deferred liabilities	**7**	(9)
Cash generated from operations	**5,744**	5,130

(b) Cash and cash equivalents

	2007 **HK$ Million**	2006 HK$ Million
Bank deposits and cash in the consolidated balance sheet	**7,717**	3,769
Less : Pledged bank deposits	**(686)**	–
Cash and cash equivalents in the consolidated cash flow statement	**7,031**	3,769

Notes to the Financial Statements

1. SEGMENT INFORMATION

a. Business segments

i. Revenue and results	Revenue 2007 HK$ Million	Revenue 2006 HK$ Million	Results 2007 HK$ Million	Results 2006 HK$ Million
Property investment	**6,506**	5,677	**4,701**	3,973
Hong Kong	**5,118**	4,390	**4,151**	3,498
China	**416**	343	**197**	130
Hotels	**972**	944	**353**	345
Communications, media and entertainment ("CME")	**3,797**	3,947	**365**	270
Pay television	**1,595**	1,895	**179**	248
Internet and multimedia	**588**	596	**180**	129
Telecommunications	**1,460**	1,384	**47**	(64)
Others	**154**	72	**(41)**	(43)
Logistics	**3,625**	3,506	**1,914**	1,887
Terminals	**3,216**	3,096	**1,764**	1,727
Others	**409**	410	**150**	160
Property development	**2,336**	293	**1,127**	(4)
Hong Kong/others	**717**	280	**409**	(6)
China	**1,619**	13	**718**	2
	16,264	13,423	**8,107**	6,126
Investment and others	**272**	285	**1,756**	677
Inter-segment revenue (Note)	**(328)**	(344)	**–**	–
	16,208	13,364	**9,863**	6,803
Unallocated items			**(397)**	(332)
Operating profit			**9,466**	6,471
Increase in fair value of investment properties			**9,352**	7,868
Net other credit			**184**	100
Telecommunications			**–**	(100)
Property development			**184**	200
			19,002	14,439
Finance costs			**(1,142)**	(824)
Associates			**322**	196
Property development			**86**	96
Terminals			**236**	100
Jointly controlled entities Terminals			**27**	12
Profit before taxation			**18,209**	13,823

1. SEGMENT INFORMATION (Continued)

a. Business segments (Continued)

Note: Inter-segment revenue eliminated on consolidation includes:

	2007 HK$ Million	2006 HK$ Million
Property investment	**104**	91
CME	**224**	253
	328	344

ii. Assets and liabilities	Assets 2007 HK$ Million	Assets 2006 HK$ Million	Liabilities 2007 HK$ Million	Liabilities 2006 HK$ Million
Property investment	**98,504**	88,959	**5,184**	3,896
Hong Kong	**89,647**	81,900	**1,716**	1,462
China	**8,330**	6,666	**3,170**	2,279
Hotels	**527**	393	**298**	155
CME	**4,592**	4,835	**965**	977
Pay television	**1,160**	1,243	**354**	384
Internet and multimedia	**509**	631	**129**	133
Telecommunications	**2,857**	2,939	**480**	460
Others	**66**	22	**2**	–
Logistics	**16,922**	11,138	**10,817**	6,330
Terminals	**16,732**	10,935	**10,767**	6,276
Others	**190**	203	**50**	54
Property development	**16,696**	7,542	**4,966**	978
Hong Kong	**2,000**	2,359	**121**	122
China	**14,696**	5,183	**4,845**	856
	136,714	112,474	**21,932**	12,181
Unallocated	**9,457**	6,803	**32,237**	27,178
Total assets/liabilities	**146,171**	119,277	**54,169**	39,359

Segment assets held through jointly controlled entities and associates included in above are:

	2007 HK$ Million	2006 HK$ Million
CME	**59**	–
Logistics	**4,310**	1,201
Property development	**4,368**	368
	8,737	1,569

Unallocated items mainly comprise financial and corporate assets, interest-bearing borrowings, corporate and financing expenses.

1. SEGMENT INFORMATION (Continued)

a. Business segments (Continued)

iii. Other information	Capital expenditure 2007 HK$ Million	Capital expenditure 2006 HK$ Million	Increase in interests in associates and jointly controlled entities 2007 HK$ Million	Increase in interests in associates and jointly controlled entities 2006 HK$ Million	Depreciation and amortisation 2007 HK$ Million	Depreciation and amortisation 2006 HK$ Million
Property investment	**583**	430	**–**	–	**122**	98
Hong Kong	**214**	297	**–**	–	**20**	15
China	**149**	97	**–**	–	**21**	18
Hotels	**220**	36	**–**	–	**81**	65
CME	**581**	655	**59**	–	**890**	950
Pay television	**159**	238	**–**	–	**318**	320
Internet and multimedia	**68**	64	**–**	–	**144**	188
Telecommunications	**276**	309	**–**	–	**385**	418
Others	**78**	44	**59**	–	**43**	24
Logistics	**2,763**	3,484	**2,911**	–	**261**	218
Terminals	**2,757**	3,446	**2,911**	–	**248**	204
Others	**6**	38	**–**	–	**13**	14
Property development	**–**	–	**4,230**	–	**–**	–
China	**–**	–	**4,230**	–	**–**	–
Group total	**3,927**	4,569	**7,200**	–	**1,273**	1,266

The Group has no significant non-cash expenses other than depreciation and amortisation.

b. Geographical segments

	Revenue 2007 HK$ Million	Revenue 2006 HK$ Million	Operating profit 2007 HK$ Million	Operating profit 2006 HK$ Million
Hong Kong	**13,924**	12,858	**8,395**	6,380
China	**2,096**	476	**876**	56
Singapore	**188**	30	**195**	35
Revenue/operating profit	**16,208**	13,364	**9,466**	6,471

	Assets 2007 HK$ Million	Assets 2006 HK$ Million
Hong Kong	**110,495**	101,311
China	**34,348**	16,773
Singapore	**1,328**	1,193
Group total	**146,171**	119,277

	Capital expenditure 2007 HK$ Million	Capital expenditure 2006 HK$ Million	Increase in interests in associates and jointly controlled entities 2007 HK$ Million	Increase in interests in associates and jointly controlled entities 2006 HK$ Million
Hong Kong	**1,222**	1,514	**61**	–
China	**2,705**	3,055	**7,139**	–
Group total	**3,927**	4,569	**7,200**	–

2. OPERATING PROFIT

a. Operating profit is arrived at:

	2007	2006
	HK$ Million	*HK$ Million*
After charging/(crediting):		
Depreciation		
– assets held for use under operating leases	**91**	91
– other fixed assets	**1,000**	1,042
	1,091	1,133
Amortisation		
– programming library	**131**	100
– leasehold land (Note 10)	**47**	30
– other intangible assets (Note 12)	**4**	3
Total depreciation and amortisation	**1,273**	1,266
Staff costs	**2,408**	2,331
including:		
– Contributions to defined contribution pension schemes including MPF schemes (after a forfeiture of HK$5 million (2006: HK$6 million))	**87**	82
– (Income)/expenses recognised in respect of defined benefit pension schemes (Note 17)	**(11)**	9
Auditors' remuneration		
– audit services	**16**	12
– other services	**3**	1
Cost of trading properties sold during the year	**1,096**	275
Net foreign exchange loss/(gain), including impact of forward foreign exchange contracts	**13**	(92)
Rental charges under operating leases in respect of telecommunications equipment and services	**101**	136
Rental income less direct outgoings	**(4,441)**	(3,777)
including:		
– Contingent rentals	**(457)**	(323)
Interest income	**(136)**	(147)
Dividend income from listed investments	**(136)**	(71)
Dividend income from unlisted investments	**(117)**	(121)
(Profit)/loss on disposal of fixed assets	**(32)**	10
Rental income under operating leases in respect of owned plant and machinery	**(81)**	(95)

2. OPERATING PROFIT (Continued)

b. Directors' emoluments

Directors' emoluments are as follows:

	Fees HK$'000	Basic salaries, housing and other allowances and benefits in kind HK$'000	Discretionary bonuses and/or performance related bonuses HK$'000	Contributions to pension schemes HK$'000	Compensation for loss of office/ inducement for joining the Group HK$'000	Deemed profit on share option exercised HK$'000	2007 Total emoluments HK$'000	2006 Total emoluments HK$'000
Board of Directors								
Peter K C Woo	**100**	**9,994**	**8,000**	**12**	**–**	**–**	**18,106**	15,605
Gonzaga W J Li	**60**	**4,717**	**6,000**	**–**	**–**	**–**	**10,777**	9,300
Stephen T H Ng	**60**	**4,208**	**8,000**	**240**	**–**	**–**	**12,508**	11,116
Doreen Y F Lee	**60**	**3,209**	**3,500**	**342**	**–**	**–**	**7,111**	6,629
T Y Ng	**60**	**1,081**	**625**	**6**	**–**	**–**	**1,772**	1,344
Independent Non-executive Directors								
Paul M P Chan	**80**	**–**	**–**	**–**	**–**	**–**	**80**	65
Edward K Y Chen	**60**	**–**	**–**	**–**	**–**	**–**	**60**	50
Raymond K F Ch'ien	**60**	**–**	**–**	**–**	**–**	**–**	**60**	50
Vincent K Fang	**80**	**–**	**–**	**–**	**–**	**–**	**80**	65
Hans Michael Jebsen	**80**	**–**	**–**	**–**	**–**	**–**	**80**	65
James E Thompson	**80**	**–**	**–**	**–**	**–**	**–**	**80**	65
Past Directors								
Erik B Christensen	**–**	**–**	**–**	**–**	**–**	**–**	**–**	69
	780	**23,209**	**26,125**	**600**	**–**	**–**	**50,714**	44,423
Total for 2006	670	21,490	21,580	545	–	138		44,423

In 2007, total emoluments (including any reimbursement of expenses), being wholly in the form of Directors' fees, were paid/payable at the rate of HK$60,000 (2006: HK$50,000) per annum to each Independent Non-executive Director of the Company. Additional fees of HK$20,000 (2006: HK$15,000) per annum were paid to each audit committee member.

2. OPERATING PROFIT (Continued)

c. Emoluments of the highest paid employees

For the year ended 31 December 2007, emolument (excluding amounts, if any, paid or payable by way of commissions on sales generated by the employees concerned) of one employee (2006: one) of the Group who, not being a Director of the Company, was among the top five highest paid individuals (including Directors of the Company and other employees of the Group) employed by the Group and has been set out below.

Aggregate emoluments	**2007** ***HK$ Million***	2006 *HK$ Million*
Basic salaries, housing and other allowances, and benefits in kind	**9**	6
Contributions to pension schemes	**–**	–
Discretionary bonuses and/or performance related bonuses	**2**	2
Compensation for loss of office	**–**	–
Inducement for joining the Group	**–**	–
Total	**11**	8

Bands *(in HK$)*	**2007** **Number**	2006 Number
$7,500,001 – $8,000,000	**–**	1
$10,500,001 – $11,000,000	**1**	–

3. OTHER NET INCOME

Other net income mainly represents net profit on disposal of available-for-sale investments of HK$1,672 million (2006: HK$53 million) which included a revaluation surplus of HK$853 million (2006: HK$3 million) transferred from the investments revaluation reserves and net profit on disposal of investment and other properties of HK$12 million (2006: HK$362 million).

4. NET OTHER CREDIT

	2007 ***HK$ Million***	2006 *HK$ Million*
Write-back of provisions for properties	**184**	200
Write off of broadcasting and communications equipment	**–**	(100)
	184	100

5. FINANCE COSTS

	2007 HK$ Million	2006 HK$ Million
Interest on:		
Bank loans and overdrafts repayable with five years	**887**	478
Other loans repayable within five years	**158**	332
Loans repayable over five years	**143**	75
Fair value cost on currency swaps	**96**	–
Other finance costs	**45**	9
	1,329	894
Less: Amount capitalised	**(187)**	(70)
	1,142	824

a. Interest was capitalised at annual rates of between 4.2% to 6.0% (2006: 4.4% to 5.1%).

b. Included in total interest costs are amounts totalling HK$1,048 million (2006: HK$624 million) in respect of interest bearing borrowings that are at amortised cost.

6. TAXATION

Taxation charged to consolidated profit and loss account represents:

	2007 HK$ Million	2006 HK$ Million
Current income tax		
Hong Kong profits tax	**1,203**	814
Underprovision in respect of prior years (Note 6(g))	**352**	134
Overseas taxation	**175**	2
	1,730	950
Land appreciation tax ("LAT") in the PRC	**239**	–
Deferred tax		
Change in fair value of investment properties	**2,110**	1,364
Origination and reversal of temporary differences	**196**	166
Benefit of previously unrecognised tax losses now recognised	**(28)**	(51)
	2,278	1,479
	4,247	2,429

6. TAXATION (Continued)

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% (2006: 17.5%).

On 27 February 2008, the Hong Kong SAR Government announced a proposed reduction in the profits tax rate from 17.5% to 16.5% applicable to the operations in Hong Kong with effect from the year of assessment 2008/2009. This will trigger a recalculation of the net deferred tax liabilities, mainly for the revaluation surplus on the investment properties, as at 1 January 2008, which would likely be reduced by approximately HK$750 million and will impact the Group's 2008 financial statements.

b. Overseas taxation is calculated at rates of tax applicable in countries in which the Group is assessed for tax.

c. Under the Provisional Regulations on LAT implemented upon the issuance of the Provisional Regulations of the PRC on 27 January 1995, all gains arising from transfer of real estate property in the PRC effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including borrowings costs and all property development expenditures.

d. On 16 March 2007, the Standing Committee of the Tenth National People's Congress of the PRC approved the income tax law, which will change the tax rate from 33% to 25% for certain subsidiaries operating in the PRC effective from 1 January 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

e. Taxation payable in the balance sheet is expected to be settled within one year.

f. Tax attributable to associates and jointly controlled entities for the year ended 31 December 2007 of HK$35 million (2006: HK$25 million) is included in the share of results of associates and jointly controlled entities.

g. The Group is currently in the process of providing information to the Inland Revenue Department of HKSAR in respect of tax enquiries from a Group perspective on certain interest expenses deductibility as claimed by some property investment owning companies. In view of the fact that these enquiries are at the stage of collecting information, provisions have been made only to the extent that the estimated tax assessments have been issued and the tax risk that can be reliably estimated. In 2007, a provision of HK$336 million was made for the disputes as part of the underprovision for income tax. However, the final outcomes are subject to uncertainties and resulting liabilities may or may not exceed the provisions.

h. **Reconciliation between the actual total tax charge and profit before taxation at applicable tax rates**

	2007 *HK$ Million*	2006 *HK$ Million*
Profit before taxation	**18,209**	13,823
Notional tax on profit before taxation calculated at applicable tax rates	**3,357**	2,510
Tax effect of non-deductible expenses	**122**	46
Tax effect of non-taxable revenue	**(193)**	(227)
Net underprovision in respect of prior years	**352**	134
Tax effect of tax losses not recognised	**68**	82
Tax effect of unrecognised tax losses utilised	**(86)**	(65)
Tax effect of previously unrecognised tax losses now recognised as deferred tax assets	**(28)**	(51)
Effect of change in tax rate on deferred tax balances	**(201)**	–
LAT on trading properties	**239**	–
Deferred LAT on change in fair value of investment properties	**617**	–
Actual total tax charge	**4,247**	2,429

7. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS

Profit attributable to equity shareholders for the year is dealt with in the financial statements of the Company to the extent of HK$1,958 million (2006: HK$1,958 million).

8. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

	2007	2006
	HK$ Million	*HK$ Million*
Interim dividend declared and paid of 36 cents (2006: 36 cents) per share	**881**	881
Final dividend of 44 cents (2006: 44 cents) per share proposed after the balance sheet date	**1,212**	1,077
	2,093	1,958

a. The amount of the proposed final dividend in respect of 2007 is based on 2,754 million shares (2006: 2,448 million shares) as enlarged by the Rights Issue completed by the Company in January 2008. The proposed final dividends after the balance sheet dates have not been recognised as liabilities at the balance sheet dates.

b. The final dividend of HK$1,077 million for 2006 was approved and paid in 2007.

9. EARNINGS PER SHARE

The calculation of earnings per share is based on the earnings attributable to ordinary equity shareholders for the year of HK$13,143 million (2006: HK$10,757 million) and the weighted average of 2,448 million (2006: 2,448 million) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the earnings attributable to ordinary equity shareholders for the year of HK$13,143 million (2006: HK$10,757 million) and the weighted average of 2,456 million (2006: 2,448 million) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares resulting from the Rights Issue which was completed in January 2008.

10. FIXED ASSETS

	Group						
	Investment properties HK$ Million	Properties under or held for redevelopment HK$ Million	Hotel and club properties HK$ Million	Broad-casting & commun-ications equipment HK$ Million	Other properties and fixed assets HK$ Million	Leasehold land HK$ Million	Total HK$ Million
a. Cost or valuation							
Balance at 1 January 2006	78,224	1,513	659	9,570	9,806	1,733	101,505
Exchange adjustment	124	8	–	–	5	46	183
Additions	222	1,405	2	369	657	1,770	4,425
Acquisition of subsidiaries	–	91	–	–	1	460	552
Disposals	(207)	(185)	–	(328)	(402)	–	(1,122)
Cost adjustment	(410)	–	–	–	–	–	(410)
Reclassification	863	(576)	–	4	386	(14)	663
Revaluation surpluses/write back/ (write off)	7,868	92	–	(100)	–	–	7,860
Balance at 31 December 2006 and 1 January 2007	**86,684**	**2,348**	**661**	**9,515**	**10,453**	**3,995**	**113,656**
Exchange adjustment	**225**	**53**	**–**	**–**	**73**	**73**	**424**
Additions	**196**	**2,436**	**13**	**313**	**737**	**102**	**3,797**
Disposals	**(683)**	**–**	**–**	**(140)**	**(224)**	**–**	**(1,047)**
Reclassification	**8**	**166**	**–**	**(1)**	**366**	**(15)**	**524**
Revaluation surpluses/write back/ (write off)	**9,352**	**157**	**–**	**–**	**(2)**	**–**	**9,507**
Balance at 31 December 2007	**95,782**	**5,160**	**674**	**9,687**	**11,403**	**4,155**	**126,861**
Accumulated depreciation, amortisation and impairment losses							
Balance at 1 January 2006	–	–	484	5,460	4,600	303	10,847
Exchange adjustment	–	–	–	–	3	–	3
Charge for the year	–	–	33	721	379	30	1,163
Written back on disposals	–	–	–	(317)	(243)	–	(560)
Reclassification	–	–	–	5	–	–	5
Balance at 31 December 2006 and 1 January 2007	**–**	**–**	**517**	**5,869**	**4,739**	**333**	**11,458**
Exchange adjustment	**–**	**–**	**–**	**–**	**8**	**–**	**8**
Charge for the year	**–**	**–**	**32**	**638**	**421**	**47**	**1,138**
Written back on disposals	**–**	**–**	**–**	**(135)**	**(221)**	**–**	**(356)**
Balance at 31 December 2007	**–**	**–**	**549**	**6,372**	**4,947**	**380**	**12,248**
Net book value							
At 31 December 2007	**95,782**	**5,160**	**125**	**3,315**	**6,456**	**3,775**	**114,613**
At 31 December 2006	86,684	2,348	144	3,646	5,714	3,662	102,198

10. FIXED ASSETS (Continued)

	Investment properties HK$ Million	Properties under or held for redevelopment HK$ Million	Hotel and club properties HK$ Million	Broad-casting & commun-ications equipment HK$ Million	Other properties and fixed assets HK$ Million	Leasehold land HK$ Million	Total HK$ Million
	Group						
b. The analysis of cost or valuation of the above assets is as follows:							
2007 valuation	**95,782**	**–**	**–**	**–**	**–**	**–**	**95,782**
Cost less provisions	**–**	**5,160**	**674**	**9,687**	**11,403**	**4,155**	**31,079**
	95,782	**5,160**	**674**	**9,687**	**11,403**	**4,155**	**126,861**
2006 valuation	86,684	–	–	–	–	–	86,684
Cost less provisions	–	2,348	661	9,515	10,453	3,995	26,972
	86,684	2,348	661	9,515	10,453	3,995	113,656
c. Tenure of title to properties:							
At 31 December 2007							
Held in Hong Kong							
Long lease	**75,312**	**–**	**125**	**–**	**2**	**82**	**75,521**
Medium lease	**13,055**	**608**	**–**	**–**	**2,955**	**1,251**	**17,869**
Short lease	**1,320**	**–**	**–**	**–**	**–**	**–**	**1,320**
	89,687	**608**	**125**	**–**	**2,957**	**1,333**	**94,710**
Held outside Hong Kong							
Medium lease	**6,095**	**4,552**	**–**	**–**	**505**	**2,442**	**13,594**
	95,782	**5,160**	**125**	**–**	**3,462**	**3,775**	**108,304**
At 31 December 2006							
Held in Hong Kong							
Long lease	66,833	–	144	–	2	80	67,059
Medium lease	13,278	606	–	–	3,010	1,185	18,079
Short lease	1,430	–	–	–	–	–	1,430
	81,541	606	144	–	3,012	1,265	86,568
Held outside Hong Kong							
Long lease	2	–	–	–	–	–	2
Medium lease	5,141	1,742	–	–	279	2,397	9,559
	86,684	2,348	144	–	3,291	3,662	96,129

10. FIXED ASSETS (Continued)

d. Properties revaluation

The Group's investment properties have been revalued as at 31 December 2007 by Knight Frank Petty Limited ("Knight Frank"), an independent firm of professional surveyors who have among their staff Fellows of the Hong Kong Institute of Surveyors with extensive experience in valuing properties in Hong Kong and the PRC. Knight Frank has valued the investment properties on a market value basis and has taken into account the net income of the respective properties and allowing for reversionary potential.

The surplus or deficit arising on revaluation is recognised directly in the consolidated profit and loss account.

Property investment revenue includes gross rental income from investment properties of HK$4,618 million (2006: HK$3,802 million).

e. Impairment of fixed assets

The value of properties, other than investment properties which are revalued annually, is assessed at each balance sheet date for indications of impairment with reference to valuations undertaken by the management. Such valuations assess the recoverable amount of each property based on its value in use (using relevant discount rates) or on its net selling price (by reference to market prices), depending upon the anticipated future plans for the property. As a consequence of this exercise, at 31 December 2007, a deficit of HK$157 million (2006: HK$92 million) previously recognised in the consolidated profit and loss account was reversed due to the anticipated increase in the recoverable amount of the properties primarily to reflect the current prevailing property market conditions.

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

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

	Group	
	2007	2006
	HK$ Million	*HK$ Million*
Within 1 year	**4,072**	3,945
After 1 year but within 5 years	**4,306**	4,273
After 5 years	**172**	197
	8,550	8,415

11. INTEREST IN SUBSIDIARIES

	Company	
	2007	2006
	HK$ Million	*HK$ Million*
Unlisted shares, at cost less provision	**7,765**	7,314
Amounts due from subsidiaries	**26,569**	30,866
	34,334	38,180
Amounts due to subsidiaries	**(24,739)**	(24,809)
	9,595	13,371

Details of principal subsidiaries at 31 December 2007 are shown on pages 126 to 127.

Amounts due from subsidiaries are unsecured, non-interest bearing with no fixed terms of repayment and hence are classified as non-current as these are not expected to be recoverable within the next twelve months. Amounts due to subsidiaries are unsecured, non-interest bearing with no fixed terms of payment.

12. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill ***HK$ Million***	**Other intangible assets** ***HK$ Million***	**Total** ***HK$ Million***
Cost			
Balance at 1 January 2006	297	–	297
Additions	–	12	12
Balance at 31 December 2006 and 31 December 2007	**297**	**12**	**309**
Accumulated amortisation			
Balance at 1 January 2006	–	–	–
Charge for the year	–	3	3
Balance at 31 December 2006 and 1 January 2007	**–**	**3**	**3**
Charge for the year	**–**	**4**	**4**
Balance at 31 December 2007	**–**	**7**	**7**
Net carrying value			
At 31 December 2007	**297**	**5**	**302**
At 31 December 2006	297	9	306

Goodwill is mainly related to the Group's terminals business. As at 31 December 2007, an impairment test was performed by comparing the attributable carrying amount of the business with the recoverable amount. The recoverable amount of the terminals business is based on fair value less costs to sell, which is determined by the latest transaction price. No impairment was recorded.

13. INTEREST IN ASSOCIATES

	Group	
	2007	2006
	HK$ Million	*HK$ Million*
Share of net tangible assets	**1,660**	274
Goodwill	**1,790**	61
Amounts due from associates	**219**	450
Amounts due to associates	**(8)**	(4)
	3,661	781

a. Details of principal associates at 31 December 2007 are shown on page 127.

b. Included in the amounts due from associates are loans totalling HK$120 million (2006: HK$352 million) advanced to an associate involved in the Bellagio property development project, which is interest bearing. The loans are unsecured and are repayable as may from time to time be agreed among the shareholders. Amounts due from associates are neither past due nor impaired.

c. **Mega Shekou Container Terminals Limited ("Mega SCT")**

On 14 December 2006, Modern Terminals Limited ("Modern Terminals"), a 67.6%-owned subsidiary of the Group signed an agreement with China Merchants Holdings (International) Company Limited ("CMH") in relation to the rationalisation of interests in Shekou Container Terminals Phases I, II and III ("the Rationalisation Agreement").

As of 31 December 2006, Modern Terminals had effective interests in Shekou Container Terminals Phase I and II ("SCT I and II") of 10.0% and 9.8% respectively and these were accounted for as associates of the Group as at 31 December 2006.

Under the Rationalisation Agreement, CMH acquired the equity interests held by the other shareholders of SCT I and II and upon its completion, both CMH and Modern Terminals injected their interests in SCT I and II and Shekou Container Terminal (Phase III) Limited ("SCT III") into a new company, Mega SCT. CMH and Modern Terminals initially held 70% and 30% equity interests in the Mega SCT respectively ("the Transaction") and Modern Terminals paid HK$3,168 million in relation to the Transaction, which was completed on 22 February 2007.

Under the Rationalisation Agreement, CMH is responsible for arranging financing for all the construction and development costs of the berths to be developed. Subject to satisfaction of the relevant conditions therein, the completion of the Rationalisation Agreement would take place in four stages. In consideration of the construction and development of berths by CMH, the equity interests held by Modern Terminals in Mega SCT will gradually decrease from 30% upon stage 1 completion to 20% upon stage 4 completion. Stage 1 completion was completed on 22 February 2007. Stage 2 completion will take place after berth no. 7 of SCT III has been completed and become commercially operational or one year after stage 1 completion, whichever is later. As at 31 December 2007, stage 2 completion had not been completed.

The Group's share of profits of SCT I and II for the period from 1 January 2007 to 22 February 2007 was HK$6 million. The Group's share of profits of Mega SCT for the period from 23 February 2007 to 31 December 2007 was HK$176 million. If the Rationalisation Agreement had occurred on 1 January 2007, the Group's share of profits from Mega SCT would have been HK$209 million.

13. INTEREST IN ASSOCIATES (Continued)

c. Mega Shekou Container Terminals Limited ("Mega SCT") (Continued)

Details of net assets acquired and the goodwill that arose from the Transaction of HK$1,790 million are as follows:

	HK$ Million
Purchase consideration:	
– Cash paid	3,168
– Fair value of assets exchanged	232
– Costs directly attributable to the Acquisition	4
– Adjustment sum received and receivable	(712)
Total purchase consideration	2,692
Less: Fair value of net assets acquired	(902)
Goodwill	1,790

The major components of assets acquired and liabilities assumed arising from the Transaction are as follows:

	Fair value ***HK$ Million***	**Carrying value** ***HK$ Million***
Fixed assets	1,119	992
Cash and cash equivalents	174	174
Net working capital excluding cash	(203)	(203)
Non-current liabilities	(188)	(188)
	902	775

The acquired tangible assets primarily comprised of land and buildings, plant and equipment and accounts receivables. The liabilities assumed primarily comprised accounts payables and other current liabilities.

d. Summary financial information on associates

	2007		2006	
	Total ***HK$ Million***	**Attributable interest** ***HK$ Million***	Total *HK$ Million*	Attributable interest *HK$ Million*
Assets	**16,441**	**2,513**	8,238	1,129
Liabilities	**(3,677)**	**(853)**	(4,645)	(855)
Equity	**12,764**	**1,660**	3,593	274
Revenue	**4,110**	**883**	3,929	737
Profit before taxation	**1,715**	**352**	1,628	221
Taxation	**(85)**	**(30)**	(136)	(25)
Profit for the year	**1,630**	**322**	1,492	196

14. INTEREST IN JOINTLY CONTROLLED ENTITIES

	Group	
	2007	2006
	HK$ Million	*HK$ Million*
Share of net assets	**2,269**	734
Goodwill	**54**	54
	2,323	788
Amounts due from jointly controlled entities	**2,753**	–
	5,076	788

Details of principal jointly controlled entities at 31 December 2007 are shown on page 127.

The amounts due from jointly controlled entities are unsecured, interest free and have no fixed terms of repayment. The amounts are not past due nor impaired.

The Group's effective interest in the results, assets and liabilities of its jointly controlled entities are summarised below:

	2007	2006
	HK$ Million	*HK$ Million*
Non-current assets	**2,797**	1,192
Current assets	**2,068**	188
Non-current liabilities	**(2,554)**	(622)
Current liabilities	**(42)**	(24)
Net assets	**2,269**	734
Revenue	**160**	121
Profit for the year	**27**	12

15. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2007	2006
	HK$ Million	*HK$ Million*
Listed investments stated at market value		
– in Hong Kong	**1,347**	1,568
– outside Hong Kong	**1,454**	1,296
Unlisted investments	**57**	57
	2,858	2,921

Unlisted investments included HK$35 million (2006: HK$16 million) stated at cost.

Fair value of individually impaired available-for-sale investments amounted to HK$173 million (2006: HK$8 million). These were determined to be impaired on the basis of material decline in their fair value below cost and there are indications that these may not be recovered. Impairment losses were recognised in consolidated profit and loss account.

16. LONG TERM RECEIVABLES

Long term receivables represent receivables due after more than one year.

17. EMPLOYEE RETIREMENT BENEFITS

a. Defined benefit pension schemes

	Group	
	2007	2006
	HK$ Million	*HK$ Million*
Defined benefit pension scheme assets	**239**	230

The Group makes contributions to six defined benefit pension schemes that provide pension benefits for employees upon retirement. The assets of the schemes are held separately by independently administered funds. The schemes are funded by contributions both from employers and employees, which are in accordance with recommendations made by actuaries based on their valuation of the schemes. The latest valuations of the schemes as at 31 December 2007 were performed either by HSBC Life (International) Limited, Watson Wyatt Hong Kong Limited, who are independent qualified actuaries or internally, using the projected unit credit method. The funding ratios of the two principal schemes were 144% and 105% respectively.

(i) The amount recognised in the consolidated balance sheet is as follows:

	2007	2006
	HK$ Million	*HK$ Million*
Fair value of scheme assets	**1,130**	1,005
Present value of funded obligations	**(891)**	(775)
	239	230

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amount payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions.

(ii) Scheme assets consist of the following:

	2007	2006
	HK$ Million	*HK$ Million*
Equity securities	**803**	761
Debt securities	**247**	164
Deposits and cash	**80**	80
	1,130	1,005

17. EMPLOYEE RETIREMENT BENEFITS (Continued)

a. Defined benefit pension schemes (Continued)

(iii) Movements in the present value of the defined benefit obligations are as follows:

	2007 **HK$ Million**	2006 HK$ Million
At 1 January	**775**	712
Benefits paid by the schemes	**(65)**	(37)
Current service cost	**31**	29
Employees' contribution	**2**	2
Interest cost	**29**	31
Actuarial losses	**119**	38
At 31 December	**891**	775

(iv) Movements in the scheme assets are as follows:

	2007 **HK$ Million**	2006 HK$ Million
At 1 January	**1,005**	855
Group's contributions paid to the schemes	**3**	33
Benefits paid by the schemes	**(65)**	(37)
Employees' contribution	**2**	2
Actuarial expected return on scheme assets	**71**	59
Actuarial gains	**114**	93
At 31 December	**1,130**	1,005

(v) (Income)/expenses recognised in the consolidated profit and loss account are as follows:

	2007 **HK$ Million**	2006 HK$ Million
Current service cost	**31**	29
Interest cost	**29**	31
Actuarial expected return on scheme assets	**(71)**	(59)
Net transitional liability recognised	**–**	8
	(11)	9

All the (income)/expenses are recognised as direct costs and operating expenses in the consolidated profit and loss account.

Actual return on scheme assets	**(185)**	(153)

17. EMPLOYEE RETIREMENT BENEFITS (Continued)

a. Defined benefit pension schemes (Continued)

(vi) The principal actuarial assumptions used as at 31 December 2007 (expressed as a range) are as follows:

		2007	2006
Discount rate at 31 December		**3.45% – 3.5%**	3.75% – 5.0%
Expected rate of return on scheme assets		**7.0% – 8.0%**	5.0% – 8.0%
Future salary increases	– 2007	**N/A**	2.0% – 4.0%
	– 2008 thereafter	**3.0% – 4.5%**	2.0% – 4.0%

The expected long-term rate of return on scheme assets is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

(vii) Historical information

	2007 *HK$ Million*	2006 *HK$ Million*
Fair value of scheme assets	**1,130**	1,005
Present value of the defined benefit obligations	**(891)**	(775)
Surplus in the scheme	**239**	230
Experience adjustments arising on scheme liabilities	**-6%**	9%
Experience adjustments arising on scheme assets	**10%**	2%

(viii) The Group recognised an actuarial loss amounting to HK$5 million (2006: gain of HK$55 million) for the year ended 31 December 2007 directly in equity. The cumulative amount of actuarial gains recognised amounted to HK$147 million (2006: HK$152 million) as at 31 December 2007.

b. Defined contribution pension schemes

A number of defined contribution pension schemes (including the Mandatory Provident Fund) administered by independent trustees are available to the employees of the Group. For defined contribution pension schemes, both the Group and the employees contribute respectively to the schemes sums which represent percentages of the employees' salaries as defined under the relevant trust deeds. The contributions by the Group are expensed as incurred and may be reduced by contributions forfeited from those employees who have left the scheme prior to full vesting of the contributions.

18. PROPERTIES FOR SALE

	Group 2007 HK$ Million	2006 HK$ Million
Properties under development for sale	**8,865**	5,416
Completed properties for sale	**370**	368
	9,235	5,784

a. The properties under development for sale are expected to be substantially completed and recovered after more than one year.

b. Included in properties under development for sale are deposits of HK$2,616 million (2006: HK$581 million) paid for the acquisition of certain land sites/properties located in China.

c. Properties under development for sale and completed properties for sale are stated at the lower of cost and net realisable value. The total carrying value of properties stated at net realisable value at 31 December 2007 was HK$45 million (2006: HK$102 million).

d. In 2007, net provisions totalling HK$27 million (2006: HK$108 million) charged to the consolidated profit and loss account in prior years for properties under development for sale and completed properties for sale were written back as a result of the increase in net realisable value of certain properties.

e. The carrying value of leasehold land included in properties under development for sale and completed properties for sale is summarised as follows:

	Group 2007 HK$ Million	2006 HK$ Million
Held in Hong Kong		
Long lease	**–**	3
Medium lease	**941**	1,028
	941	1,031
Held outside Hong Kong		
Medium lease	**4,635**	1,905
	5,576	2,936

19. TRADE AND OTHER RECEIVABLES

a. Ageing analysis

Included in this item are trade receivables (net of allowance for bad and doubtful debts) with an ageing analysis as at 31 December 2007 as follows:

	Group	
	2007	2006
	HK$ Million	*HK$ Million*
Trade receivables		
0 – 30 days	**505**	331
31 – 60 days	**222**	229
61 – 90 days	**35**	70
Over 90 days	**59**	72
	821	702
Other receivables	**575**	698
	1,396	1,400

The Group has established credit policies for each of its core businesses. The general credit terms allowed range from 0 to 60 days, except for sale of properties the proceeds from which are receivable pursuant to the terms of the agreements. All the receivables are expected to be virtually recoverable within one year.

b. Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The balance and the movement of the allowance for bad and doubtful debts as at 31 December 2007 and 31 December 2006 is not significant.

c. Trade receivables that are not impaired

As at 31 December 2007, 75% (2006:72%) of the Group's trade receivables were not impaired, of which 85% (2006: 80%) was either not past due or less than two months past due.

Based on past experience of the Group, it is determined that no impairment allowance is necessary in respect of these balances as these are considered to be fully recoverable. The Group dose not hold any collateral over these balances.

20. BANK DEPOSITS AND CASH

	Group		Company	
	2007	2006	**2007**	2006
	HK$ Million	*HK$ Million*	***HK$ Million***	*HK$ Million*
Bank deposits and cash				
– not pledged	**7,031**	3,769	**3,844**	15
– pledged	**686**	–	**–**	–
	7,717	3,769	**3,844**	15

Bank deposits and cash at 31 December 2007 included Renminbi balances of HK$1,639 million equivalent (2006: HK$587 million) in the PRC, the remittance of which are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

21. TRADE AND OTHER PAYABLES

Included in this item are trade payables with an ageing analysis as at 31 December 2007 as follows:

	Group	
	2007	2006
	HK$ Million	*HK$ Million*
Trade payables		
0 – 30 days	**194**	332
31 – 60 days	**76**	88
61 – 90 days	**13**	18
Over 90 days	**52**	169
	335	607
Rental and customer deposits	**1,476**	1,249
Other payables	**3,867**	3,070
	5,678	4,926

The amount of trade and other payables that is expected to be settled after more than one year is HK$975 million (2006: HK$1,096 million), which is mainly for rental and customer deposits. The Group considers the effect of discounting these would be immaterial. All of the other trade and other payables are expected to be settled within one year or are payable on demand.

22. LONG TERM LOANS

	Group 2007 HK$ Million	Group 2006 HK$ Million
Bonds and notes (unsecured)		
HK dollar fixed rate notes due 2007	**–**	651
HK dollar fixed rate notes due 2008	**1,209**	607
HK dollar fixed rate notes due 2009	**304**	302
HK dollar fixed rate notes due 2011	**206**	204
HK dollar fixed rate notes due 2016	**256**	253
HK dollar floating rate notes due 2007	**–**	150
HK dollar floating rate notes due 2008	**100**	100
HK dollar floating rate notes due 2009	**101**	101
HK dollar floating rate notes due 2010	**200**	200
HK dollar floating rate notes due 2013	**300**	300
US dollar fixed rate notes due 2007	**–**	2,808
US dollar fixed rate notes due 2017	**3,120**	–
	5,796	5,676
Bank loans (secured)		
Due within 1 year	**619**	–
Due after more than 2 years but not exceeding 5 years	**1,621**	101
Due after more than 5 years	**1,949**	605
	4,189	706
Bank loans (unsecured)		
Due within 1 year	**4,792**	1,058
Due after more than 1 year but not exceeding 2 years	**3,185**	2,800
Due after more than 2 years but not exceeding 5 years	**12,520**	8,811
Due after more than 5 years	**800**	1,619
	21,297	14,288
Total loans	**31,282**	20,670
Less: Amounts due within 1 year	**(6,720)**	(4,667)
Total long term loans	**24,562**	16,003

a. All the interest bearing borrowings are carried at amortised cost except for loans in an amount of HK$2,076 million (2006: HK$4,926 million) which are carried at their fair value. None of the non-current interest bearing borrowings are expected to be settled within one year.

b. Included in the Group's total loans are bank loans totalling HK$11,582 million (2006: HK$5,488 million) borrowed by non-wholly-owned subsidiaries, Modern Terminals and Harbour Centre Development Limited ("HCDL"). The loans are without recourse to the Company and its other subsidiaries.

c. As at 31 December 2007, certain banking facilities of the Group were secured by mortgages over properties under development, certain fixed assets, certain available-for-sale investments and certain bank deposits with an aggregate carrying value of HK$11,253 million (2006: over certain fixed assets with a carrying value of HK$3,527 million).

d. Certain of the Group's borrowings are attached with financial covenants which require that at any time, the Group's consolidated tangible net worth is not less than and the ratio of borrowings to consolidated tangible net worth is not more than certain required levels. During the year under review, all these covenants have been complied with by the Group.

23. DEFERRED TAXATION

a. Net deferred tax (assets)/liabilities recognised in the consolidated balance sheet:

	Group	
	2007	2006
	HK$ Million	*HK$ Million*
Deferred tax liabilities	**15,325**	13,116
Deferred tax assets	**(360)**	(429)
Net deferred tax liabilities	**14,965**	12,687

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

	Depreciation allowances in excess of the related depreciation ***HK$ Million***	**Revaluation of investment properties** ***HK$ Million***	**Others** ***HK$ Million***	**Future benefit of tax losses** ***HK$ Million***	**Total** ***HK$ Million***
Balance at 1 January 2006	2,116	9,977	(2)	(887)	11,204
Charged/(credited) to the consolidated profit and loss account	10	1,364	(4)	109	1,479
Acquisition of subsidiary	–	–	4	–	4
Balance at 31 December 2006 and 1 January 2007	**2,126**	**11,341**	**(2)**	**(778)**	**12,687**
Charged to the consolidated profit and loss account	**61**	**2,110**	**–**	**107**	**2,278**
Balance at 31 December 2007	**2,187**	**13,451**	**(2)**	**(671)**	**14,965**

23. DEFERRED TAXATION (Continued)

b. Deferred tax assets unrecognised

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

	Group	
	2007	2006
	HK$ Million	*HK$ Million*
Deductible temporary differences	**(1)**	(2)
Future benefit of tax losses	**(962)**	(909)
Net deferred tax assets unrecognised	**(963)**	(911)

The Group has not recognised the deferred tax assets attributable to the future benefit of tax losses sustained in the operations of certain subsidiaries as the availability of future taxable profits against which the assets can be utilised is uncertain at 31 December 2007. The tax losses arising from Hong Kong operations do not expire under current tax legislation. The tax losses arising from China operations expire five years after the relevant accounting year end date.

24. OTHER DEFERRED LIABILITIES

	Group	
	2007	2006
	HK$ Million	*HK$ Million*
Club debentures issued (non-interest bearing)	**219**	220
Deferred revenue	**42**	33
Others	**–**	1
	261	254

The Group considers the effect of discounting the club debentures would be immaterial.

25. FINANCIAL INSTRUMENTS

Exposure to interest rate, foreign currency, equity price, liquidity and credit risks arises in the normal course of the Group's business. These risks are managed by the Group's financial management policies and practices described below:

a. Interest rate risk

The Group's exposure to interest rate risk relates principally to the Group's short and long term loans. The Group is most vulnerable to changes in Hong Kong dollar interest rates. Interest rate risk is managed by the Group's senior management in accordance with defined policies through regular review to determine the strategy as to having the funding in floating/fixed rate mix appropriate to its current business portfolio.

(i) The Group has entered into a number of interest rate swaps ("IRS") for hedging certain fixed rate interest bearing notes with the notional amounts matching exactly the principal amounts of the respective borrowings. Effectively, the Group pays interest at floating rates on these borrowings. In each of the IRS entered into by the Group, the timing of IRS cash flows equals those of the loan's interest expenses. The fair value of the IRS at inception is considered to be zero.

The notional principal amount and expiry dates of the IRS outstanding at 31 December 2007 were as follows:

	2007	2006
	HK$ Million	*HK$ Million*
Expiring within 1 year	**1,200**	2,990
Expiring after more than 1 year but not exceeding 5 years	**600**	1,450
Expiring after 5 years	**250**	–
	2,050	4,440

The fair value of the IRS is calculated as the present value of the estimated future cash flows. The net fair values of the IRS at 31 December 2007 were as follows:

	2007		2006	
	Positive fair value	**Negative fair value**	Positive fair value	Negative fair value
	HK$ Million	***HK$ Million***	*HK$ Million*	*HK$ Million*
Expiring within 1 year	**9**	**1**	12	3
Expiring after more than 1 year but not exceeding 5 years	**11**	**–**	17	–
Expiring after 5 years	**6**	**–**	–	–
	26	**1**	29	3

25. FINANCIAL INSTRUMENTS (Continued)

a. Interest rate risk (Continued)

(ii) The following table details the interest rate profile of the Group's borrowings at the balance sheet date, after taking into account the effect of IRS.

	2007 Effective interest rate %	**2007** *HK$ Million*	2006 Effective interest rate %	2006 *HK$ Million*
Fixed rate borrowings				
Bonds and notes	**6.1**	**3,120**	–	–
Floating rate borrowings				
Bonds and notes	**4.4**	**2,676**	5.8	5,676
Bank loans	**4.1**	**25,486**	4.3	14,994
		28,162		20,670
Total borrowings		**31,282**		20,670

(iii) *Sensitivity analysis*

At 31 December 2007, it is estimated that a general increase/decrease of 1% in interest rates, with all other variables held constant, would decrease/increase the Group's profit and total equity by approximately HK$152 million (2006: HK$106 million). This takes into account the effect of interest bearing bank deposits as at 31 December 2007.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The analysis is performed on the same basis for 2006.

b. Foreign currency risk

The Group owns assets and conducts its business primarily in Hong Kong with its cash flows substantially denominated in Hong Kong dollars except the equity investments in China.

The Group's primary foreign currency exposures arise mainly from its property development and investment activities and port-related equity investments in China. During the year, total exchange gain mainly arising from the translation of the net investments in these China subsidiaries, associates and jointly controlled entities amounted to HK$587 million (2006: HK$177 million) for the Group, which has been dealt with as an equity movement. Where appropriate and available on a cost-efficient manner, the Group seeks to finance these investments by RMB borrowings with reference to the future RMB funding requirements.

The Group is also exposed to foreign currency risk in respect of its USD denominated long term borrowings. Anticipated foreign exchange payments relate primarily to interest expense payments, repayment of principal and capital expenditure. Based on the Group's estimate of future foreign exchange rates, it may enter into forward foreign exchange contracts to reduce fluctuations in foreign currency cash flows related to these anticipated payments. Most of the Group's borrowings are denominated in the functional currency of the entity taking out the loans or in case of group companies whose functional currency is in HKD, in either HKD or USD. Given this, the management does not expect that there will be any significant currency risk associated with the Group's borrowings.

25. FINANCIAL INSTRUMENTS (Continued)

b. Foreign currency risk (Continued)

(i) *Exposure to currency risk*

The following tables detail the Group's and the Company's exposure at the balance sheet date to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the Group's entities to which they relate.

	2007				2006			
	USD Million	***RMB Million***	***JPY Million***	***AUD Million***	*USD Million*	*RMB Million*	*JPY Million*	*AUD Million*
The Group								
Bank deposits and cash	**80**	**34**	**–**	**–**	1	23	–	–
Trade and other payables	**(21)**	**(277)**	**–**	**–**	(15)	(77)	–	–
Bank loans and other loans	**(400)**	**–**	**–**	**–**	(359)	(90)	–	–
Gross exposure arising from recognised assets and liabilities	**(341)**	**(243)**	**–**	**–**	(373)	(144)	–	–
Inter-company balances	**–**	**5**	**–**	**–**	–	395	–	–
Notional amount of forward foreign exchange contracts								
– at fair value through profit or loss	**76**	**–**	**(12,772)**	**39**	470	–	–	–
– cash flow hedge	**–**	**1,088**	**–**	**–**	–	–	–	–
Notional amount of currency swaps on borrowings	**400**	**–**	**(45,764)**	**–**	–	–	–	–
Overall net exposure	**135**	**850**	**(58,536)**	**39**	97	251	–	–

Additionally, the PRC subsidiaries of the Group were exposed to HKD/USD by holding HKD/USD denominated bank deposits and cash, bank loans and inter-company borrowings in the amount of HK$983 million, HK$1,325 million and HK$1,795 million, respectively, as at 31 December 2007 (2006: HK$78 million, HK$1,288 million and HK$1,600 million respectively).

	2007				2006			
	USD Million	***RMB Million***	***JPY Million***	***AUD Million***	*USD Million*	*RMB Million*	*JPY Million*	*AUD Million*
The Company								
Bank deposits and cash	**22**	**–**	**–**	**–**	–	–	–	–

25. FINANCIAL INSTRUMENTS (Continued)

b. Foreign currency risk (Continued)

(i) Exposure to currency risk (Continued)

The total notional amounts of outstanding forward foreign exchange contracts and currency swaps as at 31 December 2007 was HK$2,372 million (2006: HK$3,664 million) and HK$3,120 million (2006: HK$Nil) respectively. The net fair values of these contracts at 31 December 2007 were as follows:

	2007		2006	
	Positive fair value ***HK$ Million***	**Negative fair value** ***HK$ Million***	Positive fair value *HK$ Million*	Negative fair value *HK$ Million*
Forward foreign exchange contracts				
– at fair value through profit or loss	**–**	**106**	–	–
– cash flow hedge	**45**	**–**	–	–
Currency swaps				
– at fair value through profit or loss	**–**	**96**	–	–
	45	**202**	–	–

During the year, an amount of HK$199 million loss (2006: HK$20 million gain) was recognised on the forward foreign exchange contracts.

(ii) Sensitivity analysis

The approximate changes in the Group's profit and total equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date are as follows:

– a 5% increase/decrease in the foreign exchange rate of JPY against USD will decrease/increase the Group's profit and total equity by approximately HK$210 million (2006: HK$ Nil).

– the impact on the Group's profit and total equity is not expected to be material in response to possible changes in the foreign exchange rates of other currencies to which the Group is exposed.

The sensitivity analysis includes balances between group companies where the denomination is in a currency other than the functional currencies of the Group's entities to which they relate.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the Group's entities' exposure to currency risk for both derivative and non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

In this respect, it is assumed that the pegged rate between the HKD and the USD would be materially unaffected by any changes in movement in value of the USD against other currencies. Results of the analysis as presented above represent an aggregation of the effects on each of the Group entities' profit and equity measured in the respective functional currencies, translated into HKD at exchange rate ruling at the balance sheet date for presentation purposes. The analysis is performed on the same basis for 2006.

25. FINANCIAL INSTRUMENTS (Continued)

c. Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as available-for-sale investments.

Listed investments held in the available-for-sale portfolio have been chosen taking reference to their long term growth potential and returns and are monitored regularly for performance. Given that the volatility of the stock markets may not have a direct correlation with the Group's investment portfolio, it is impractical to determine the impact that the changes in stock market indices would have on the Group's portfolio of equity investments.

At 31 December 2007, it is estimated that an increase/decrease of 10% in the market value of the Group's listed available-for-sale investments, with all other variables held constant, would not affect the Group's profit unless there are impairments. The Group's total equity would increase/decrease by HK$280 million (2006: HK$286 million). The analysis is performed on the same basis for 2006.

d. Liquidity risk

Cash management of the Company and wholly-owned subsidiaries of the Group are substantially centralised at the Group level. The non-wholly-owned subsidiaries are responsible for their own cash management, including the short term investment of cash surpluses with creditworthy financial institutions and the raising of loans to cover expected cash demands, in accordance with the established policies and strategies with the concurrence by the Company. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables detail the remaining contractual maturities at the balance sheet date of the Group's derivative and non-derivative financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay:

		Contractual undiscounted cash flow				
	Carrying amount *HK$ Million*	**Total** *HK$ Million*	**Within 1 year or on demand** *HK$ Million*	**More than 1 year but less than 2 years** *HK$ Million*	**More than 2 years but less than 5 years** *HK$ Million*	**More than 5 years** *HK$ Million*
At 31 December 2007						
Bank loans and other loans (Note)	**(31,282)**	**(35,437)**	**(7,759)**	**(4,472)**	**(16,023)**	**(7,183)**
Trade and other payables	**(5,678)**	**(5,678)**	**(4,703)**	**(599)**	**(360)**	**(16)**
Other deferred liabilities (club debentures issued)	**(219)**	**(219)**	**–**	**–**	**–**	**(219)**
Forward foreign exchange contracts, at fair value through profit or loss	**(106)**	**(106)**	**(106)**	**–**	**–**	**–**
	(37,285)	**(41,440)**	**(12,568)**	**(5,071)**	**(16,383)**	**(7,418)**
At 31 December 2006						
Bank loans and other loans (Note)	(20,670)	(23,244)	(5,433)	(4,133)	(10,716)	(2,962)
Trade and other payables	(4,926)	(4,926)	(3,830)	(674)	(402)	(20)
Other deferred liabilities (club debentures issued)	(220)	(220)	–	–	–	(220)
	(25,816)	(28,390)	(9,263)	(4,807)	(11,118)	(3,202)

Note:
The contractual undiscounted cash flow for bank loans and other loans includes cash flow for interest rate swaps and currency swaps.

25. FINANCIAL INSTRUMENTS (Continued)

e. Credit risk

The Group's credit risk is primarily attributable to rental, other trade and service receivables and over-the-counter derivative financial instruments. The exposures to these credit risks are closely monitored on an ongoing basis by established the credit policies and procedures in each of its core businesses. In respect of rental receivables, sufficient rental deposits from tenants are held to cover potential exposure to credit risk. Further, evaluations are made for the customers with reference to their repayment history and financial strength, as well as the economic environment in which the customer operates.

Investments and transactions involving derivative financial instruments are with counter parties with sound credit ratings to minimise credit exposure.

The Group has no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet. Except for the financial guarantees given by the Company as set out in Note 30, the Group does not provide any other guarantee which would expose the Group or the Company to material credit risk.

f. Fair value estimation

Listed investments are stated at quoted market prices. Unlisted investments for which fair values cannot be reliably measured are stated at cost less impairment losses.

The fair values of receivables, bank balances and other current assets, payables and accruals and current borrowings are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date. The fair value of currency swaps are determined based on the amount that the Group would receive or pay to terminate the swaps.

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2007 and 31 December 2006. Amounts due (to)/from subsidiaries are unsecured, interest free and have no fixed repayment terms. Given these terms it is not meaningful to disclose fair values.

26. EQUITY COMPENSATION BENEFITS

The Company has a share option scheme which was adopted on 30 June 1998, to replace a former scheme previously adopted on 29 September 1988, whereby the Directors of the Company are authorised, at their discretion, to invite employees, including Directors, of the Company and/or any of its subsidiaries to take up options to subscribe for shares of the Company (the "Shares"). The exercise price of the options 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. Options under the share option scheme are exercisable during such period as determined by the Directors prior to the grant of the option provided that no option may be granted which is exercisable earlier than one year from the date of grant or later than 10 years after such date.

During the years ended 31 December 2007 and 31 December 2006, no options were granted to subscribe for ordinary shares of the Company under the Company's Executive Share Incentive Scheme and no options (2006: 200,000) were exercised to subscribe for ordinary shares under the Company's Executive Share Incentive Scheme.

As at 31 December 2007, there were no unexercised share options.

27. SHARE CAPITAL

	2007 No. of shares *Million*	2006 No. of shares *Million*	**2007 *HK$ Million***	2006 *HK$ Million*
Authorised				
Ordinary shares of HK$1 each	**3,600**	3,600	**3,600**	3,600
Issued and fully paid				
Ordinary shares of HK$1 each	**2,448**	2,448	**2,448**	2,448

a. Rights Issue

Subsequent to 31 December 2007, the Company completed the Rights Issue exercise as detailed in Note 33 and increased its issued share capital by 306 million shares to 2,754 million shares.

b. Executive share incentive scheme

There were no outstanding options to subscribe for ordinary shares of the Company as at 31 December 2007 and 31 December 2006.

28. CAPITAL AND RESERVES

	Shareholders' equity								
	Share capital HK$ Million	Share premium HK$ Million	Capital redemption reserve HK$ Million	Investments revaluation reserves HK$ Million	Exchange and other reserves HK$ Million	Revenue reserves HK$ Million	Total shareholders' equity HK$ Million	Minority interests HK$ Million	Total equity HK$ Million
a. The Group									
Balance at 1 January 2006	2,448	7,746	7	502	70	54,601	65,374	3,152	68,526
Surplus on revaluation of available-for-sale investments	–	–	–	773	–	–	773	102	875
Actuarial gains on defined benefit pension schemes	–	–	–	–	–	37	37	18	55
Exchange difference	–	–	–	–	161	–	161	–	161
Others	–	–	–	–	5	(5)	–	20	20
Transfer to the consolidated profit and loss account on disposal of available-for-sale investments	–	–	–	(3)	–	–	(3)	–	(3)
Share of reserves of associates/ jointly controlled entities	–	–	–	–	16	–	16	–	16
Net income recognised directly in equity	–	–	–	770	182	32	984	140	1,124
Profit for the year	–	–	–	–	–	10,757	10,757	637	11,394
Total recognised income and expenses	–	–	–	770	182	10,789	11,741	777	12,518
Dividends approved in respect of the previous year	–	–	–	–	–	(1,077)	(1,077)	–	(1,077)
Dividends declared in respect of the current year (Note 8)	–	–	–	–	–	(881)	(881)	–	(881)
Advances from minority interests	–	–	–	–	–	–	–	8	8
Acquisition of subsidiaries	–	–	–	–	–	–	–	1,098	1,098
Dividends paid to minority interests	–	–	–	–	–	–	–	(279)	(279)
Exercise of share options	–	5	–	–	–	–	5	–	5
Balance at 31 December 2006	2,448	7,751	7	1,272	252	63,432	75,162	4,756	79,918

28. CAPITAL AND RESERVES (Continued)

	Shareholders' equity								
	Share capital HK$ *Million*	Share premium HK$ *Million*	Capital redemption reserve HK$ *Million*	Investments revaluation reserves HK$ *Million*	Exchange and other reserves HK$ *Million*	Revenue reserves HK$ *Million*	Total shareholders' equity HK$ *Million*	Minority interests HK$ *Million*	Total equity HK$ *Million*
a. The Group (Continued)									
Balance at 1 January 2007	**2,448**	**7,751**	**7**	**1,272**	**252**	**63,432**	**75,162**	**4,756**	**79,918**
Surplus on revaluation of available-for-sale investments	–	–	–	301	–	–	301	142	443
Actuarial (loss)/gain on defined benefit pension schemes	–	–	–	–	–	(9)	(9)	4	(5)
Exchange difference	–	–	–	–	489	–	489	53	542
Others	–	–	–	–	20	(4)	16	27	43
Transfer to the consolidated profit and loss account on disposal of available-for-sale investments	–	–	–	(853)	–	–	(853)	(41)	(894)
Transfer to the consolidated profit and loss account on impairment of available-for-sale investments	–	–	–	43	–	–	43	7	50
Share of reserves of associates/jointly controlled entities	–	–	–	–	30	–	30	15	45
Net income/(expense) recognised directly in equity	–	–	–	(509)	539	(13)	17	207	224
Profit for the year	–	–	–	–	–	13,143	13,143	819	13,962
Total recognised income and expenses	–	–	–	(509)	539	13,130	13,160	1,026	14,186
Dividends approved in respect of the previous year (Note 8)	–	–	–	–	–	(1,077)	(1,077)	–	(1,077)
Dividends declared in respect of the current year (Note 8)	–	–	–	–	–	(881)	(881)	–	(881)
Shares issued by a subsidiary	–	–	–	–	–	–	–	197	197
Dividends paid to minority interests	–	–	–	–	–	–	–	(341)	(341)
Balance at 31 December 2007	**2,448**	**7,751**	**7**	**763**	**791**	**74,604**	**86,364**	**5,638**	**92,002**

28. CAPITAL AND RESERVES (Continued)

	Share capital *HK$ Million*	Share premium *HK$ Million*	Capital redemption reserve *HK$ Million*	Revenue reserves *HK$ Million*	Total *HK$ Million*
b. The Company					
Balance at 1 January 2006	2,448	7,746	7	3,500	13,701
Profit for the year	–	–	–	1,958	1,958
Dividends approved in respect of the previous year	–	–	–	(1,077)	(1,077)
Dividends declared in respect of the current year (Note 8)	–	–	–	(881)	(881)
Exercise of share options	–	5	–	–	5
Balance at 31 December 2006 and 1 January 2007	**2,448**	**7,751**	**7**	**3,500**	**13,706**
Profit for the year	**–**	**–**	**–**	**1,958**	**1,958**
Dividends approved in respect of the previous year (Note 8)	**–**	**–**	**–**	**(1,077)**	**(1,077)**
Dividends declared in respect of the current year (Note 8)	**–**	**–**	**–**	**(881)**	**(881)**
Balance at 31 December 2007	**2,448**	**7,751**	**7**	**3,500**	**13,706**

c. Reserves of the Company available for distribution to equity shareholders of the Company at 31 December 2007 amounted to HK$3,500 million (2006: HK$3,500 million).

d. The application of the share premium account and capital redemption reserve are governed by Section 48B and Section 49H of the Hong Kong Companies Ordinance respectively. The investments revaluation reserves have been set up and will be dealt with in accordance with the accounting policy adopted for the revaluation of available-for-sale investments. The exchange and other reserves mainly comprise exchange differences arising from the translation of the financial statements of foreign operations.

e. After the balance sheet date the Directors proposed a final dividend of 44 cents per share (2006: 44 cents per share) amounting to HK$1,212 million (2006: HK$1,077 million). This dividend has not been recognised as a liability at the balance sheet date.

f. Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to meet its financial obligations and continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in the light of changes in the Group's business portfolio and economic conditions.

The Group monitors its capital structure by reviewing its net debt-to-equity ratios and cash flow requirements, taking into account its future financial obligations and commitments. For this purpose, the Group defines net debt as total loans less bank deposits and cash. Shareholders' equity comprises issued share capital and reserves attributable to equity shareholders of the Company. Total equity comprises shareholders' equity and minority interests.

28. CAPITAL AND RESERVES (Continued)

f. Capital management (Continued)

The net debt-to-equity ratios as at 31 December 2007 and 2006 are as follows:

	Group	
	2007	2006
	HK$ Million	*HK$ Million*
Secured		
Bank loans	**4,189**	706
Unsecured		
Bonds and notes	**5,796**	5,676
Bank loans	**21,297**	14,288
Total loans (Note 22)	**31,282**	20,670
Less: Bank deposits and cash (Note 20)	**(7,717)**	(3,769)
Net debt	**23,565**	16,901
Shareholders' equity	**86,364**	75,162
Total equity	**92,002**	79,918
Net debt-to-shareholders' equity ratio	**27.3%**	22.5%
Net debt-to-total equity ratio	**25.6%**	21.1%

29. MATERIAL RELATED PARTY TRANSACTIONS

Except for the transactions noted below, the Group and the Company have not been a party to any material related party transactions during the year ended 31 December 2007:

a. As disclosed in Note 13, loans totalling HK$120 million (2006: HK$352 million) advanced by the Group to an associate involved in the Bellagio property development project are considered to be related party transactions and also constitute connected transactions as defined under the Listing Rules. Waivers were granted by the Stock Exchange in 1997 and 1994 from complying with the relevant connected transaction requirements. The net interest earned by the Group from these loans during the year is not material in the context of these financial statements.

b. In respect of the year ended 31 December 2007, the Group earned rental income totalling HK$405 million (2006: HK$318 million) from various tenants which are wholly-owned by, or are non-wholly-owned subsidiaries of, companies which in turn are wholly-owned by the family interests of, or by a trust the settlor of which is, the Chairman of the Company. Such transactions are considered to be related party transactions and also constitute connected transactions as defined under the Listing Rules.

c. Remuneration for key management personnel of the Group, including amounts paid to the Directors of the Company and the five highest paid employees are disclosed in Notes 2(b) and 2(c).

30. CONTINGENT LIABILITIES

As at 31 December 2007, there were contingent liabilities in respect of guarantees given by the Company on behalf of subsidiaries relating to overdrafts, short term loans and credit facilities, bonds and notes of up to HK$33,616 million (2006: HK$23,334 million). The Company has not recognised any deferred income for the guarantees given in respect of borrowings and other banking facilities for subsidiaries as their fair value cannot be reliably measured and their transaction price was HK$Nil.

As at the balance sheet date, the Directors do not consider it is probable that a claim will be made against the Company under any of the guarantees.

31. COMMITMENTS

The Group's outstanding commitments on expenditures as at 31 December 2007 included below:

	Group 2007 Hong Kong HK$ Million	Group 2007 China HK$ Million	Group 2007 Total HK$ Million	Group 2006 Hong Kong HK$ Million	Group 2006 China HK$ Million	Group 2006 Total HK$ Million
a. Capital expenditure						
Authorised and contracted for	**243**	**2,544**	**2,787**	522	3,513	4,035
Authorised but not contracted for	**704**	**1,870**	**2,574**	737	2,841	3,578
	947	**4,414**	**5,361**	1,259	6,354	7,613
b. Programming and others						
Authorised and contracted for	**744**	**–**	**744**	538	–	538
Authorised but not contracted for	**77**	**–**	**77**	57	–	57
	821	**–**	**821**	595	–	595
c. Properties under development						
Authorised and contracted for	**–**	**15,272**	**15,272**	7	4,074	4,081
Authorised but not contracted for	**–**	**32,155**	**32,155**	–	12,941	12,941
	–	**47,427**	**47,427**	7	17,015	17,022
d. Properties under development undertaken by jointly controlled entities attributable to the Group						
Authorised and contracted for	**–**	**5,759**	**5,759**	–	–	–
Authorised but not contracted for	**–**	**8,290**	**8,290**	–	–	–
	–	**14,049**	**14,049**	–	–	–
e. Expenditure for operating leases						
Within one year	**72**	**–**	**72**	78	–	78
After one year but within five years	**56**	**–**	**56**	104	–	104
Over five years	**68**	**–**	**68**	78	–	78
	196	**–**	**196**	260	–	260

(i) Commitments for properties under development by the Group's subsidiaries or through jointly controlled entities included outstanding land cost attributable to the Group of HK$17,995 million payable by instalments in 2008 and 2009. Other commitments under the categories are mainly construction cost for the forthcoming years.

(ii) Commitments for capital expenditure in China are mainly related to Modern Terminals' port expenditure for the Dachan Bay and Taicang projects.

(iii) The Group leases a number of properties and telecommunication network facilities under operating leases. The leases typically run for an initial period of two to fifteen years, with an option to renew the lease when all terms are renegotiated. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals.

32. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the Group.

The "Principal accounting policies" set out on pages 112 to 125 summarises the accounting policies of the Group after the adoption of these policies to the extent that they are relevant to the Group.

The adoption of the new and revised HKFRSs has no significant impacts to the financial statements of the Group for the years ended 31 December 2007 and 31 December 2006, except for the presentation requirements following the adoption of HKFRS 7, Financial Instruments: Disclosures and the amendment to HKAS 1, Presentation of financial statements: Capital disclosures.

a. HKFRS 7, Financial instruments: Disclosures

As a result of the adoption of HKFRS 7, the financial statements included expanded disclosure about the significance of the financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, Financial Instruments: Disclosure and presentation. These disclosures are provided in Note 25 to the financial statements.

b. HKAS 1, Presentation of financial statements: Capital disclosures

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group objectives, policies and processes for managing capital. These new disclosures are set out in Note 28(f) to the financial statements.

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact to the classification, recognition and measurement of the amounts recognised in the financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see Note 35).

33. POST BALANCE SHEET EVENTS

a. After the balance sheet date the Directors proposed a final dividend. Further details are disclosed in Note 8.

b. The Company's Rights Issue

On 28 November 2007, the Company announced that it proposed to issue 305,984,578 new ordinary shares of HK$1 each by way of a rights issue in the proportion of one rights share for every eight ordinary shares then held by qualifying shareholders at a subscription price of HK$30 per rights share.

The Company completed the Rights Issue and increased its issued share capital by 305,984,578 shares to 2,753,861,207 shares on 16 January 2008. These newly issued shares rank *pari passu* in all respects with the existing shares. The net proceeds of the Rights Issue of approximately HK$9,110 million have been received and will be applied by the Group mainly for the capital requirements in respect of its expanding property investments in China.

c. HCDL's Rights Issue

On 5 February 2008, HCDL, 66.8%-owned by the Group, proposed to issue 157,500,000 new ordinary shares of HK$0.50 each by way of a rights issue in the proportion of one rights share for every two existing ordinary shares then held by qualifying shareholders at a subscription price of HK$12.80 per rights share. This rights issue was fully underwritten by the Company.

In March 2008, HCDL completed its rights issue and received the proceeds of approximately HK$2,000 million, of which HK$1,560 million was paid by the Company for its subscription under the underwriting arrangement and, accordingly, the Group increased its interest in HCDL from 66.8% to 70.4%. The new shares issued rank *pari passu* in all respects with the existing shares.

34. COMPARATIVE FIGURES

As a result of adopting HKFRS 7, Financial instruments: Disclosures, and the amendments to HKAS 1, Presentation of financial statements: Capital disclosures, certain comparative figures have been adjusted to conform with changes in disclosures in the current year and to show separately comparative amounts in respect of items disclosed for the first time in 2007. Further details of these developments are disclosed in Note 32.

35. FUTURE CHANGES IN ACCOUNTING POLICIES

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations, which have not been adopted since they are only effective after 31 December 2007.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of the new standards and interpretations is unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, the following developments may result in new or amended disclosures in the financial statements:

	Effective for accounting periods beginning on or after
HK(IFRIC)-11, HKFRS 2 – Group and treasury share transactions	1 March 2007
HK(IFRIC)-12, Service concession arrangements	1 January 2008
HK(IFRIC)-13, Customer loyalty programmes	1 July 2008
HK(IFRIC)-14, HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2008
HKAS 1 (Revised), Presentation of financial statements	1 January 2009
HKAS 23 (Revised), Borrowing costs	1 January 2009
HKFRS 8, Operating segments	1 January 2009

36. PARENT AND ULTIMATE HOLDING COMPANY

The Directors consider the parent and ultimate holding company at 31 December 2007 to be Wheelock and Company Limited, incorporated and listed in Hong Kong. Wheelock and Company Limited produces financial statements available for public use.

37. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Directors on 26 March 2008.

Principal Accounting Policies

a. Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") 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 financial statements 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.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 32 to the financial statements provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements. The Group has not applied any new standard or interpretation that is not yet effect for the current accounting period.

b. Basis of preparation of the financial statements

The consolidated financial statements made up to 31 December comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The measurement basis used in the preparation of the financial statements is the historical cost basis except where stated otherwise in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note (z).

c. Basis of consolidation

i. Subsidiaries and minority interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, to govern the financial and operating policies of an entity, so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated profit and loss account as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

c. **Basis of consolidation (Continued)**

i. *Subsidiaries and minority interests (Continued)*

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses.

ii. *Associates and jointly controlled entities*

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group or Company and other parties, where the contractual arrangement establishes that the Group or Company and one or more of the other parties share joint control over the economic activity of the entity.

An investment in an associate or a jointly controlled entity is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost adjusted thereafter for the post acquisition change in the Group's share of the associate's or the jointly controlled entity's net assets. The consolidated profit and loss account includes the Group's share of the post-acquisition, post-tax results of the associates and jointly controlled entities for the year, including any impairment loss on goodwill relating to the investment in associates and jointly controlled entities recognised for the year.

When the Group's share of losses exceeds its interest in the associate or jointly controlled entity, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate and jointly controlled entity. For this purpose, the Group's interest in the associate or jointly controlled entity is the carrying amount of the investment under the equity method together with the Group's long-term interests that, in substance, form part of the Group's net investment in the associate or jointly controlled entity.

Unrealised profits and losses resulting from transactions between the Group and its associates and jointly controlled entities are eliminated to the extent of the Group's interest in the associate or jointly controlled entity, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the consolidated profit and loss account.

In the individual company balance sheets, its investment in associates and jointly controlled entities are stated at cost less impairment losses.

iii. *Goodwill*

Goodwill represents the excess of the cost of a business combination or an investment in an associate or a jointly controlled entity over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. In respect of associates or jointly controlled entities, the carrying amount of goodwill is included in the carrying amount of the interest in the associate or jointly controlled entity.

Any excess of the Group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate or a jointly controlled entity is recognised immediately in the consolidated profit and loss account.

On disposal of a cash-generating unit, an associate or a jointly controlled entity during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

d. Fixed assets

i. *Investment properties*

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

Investment properties are stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in the consolidated profit and loss account. Rental income from investment properties is accounted for as described in note (s)(i).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease, and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note (i).

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property and recognised at fair value. Any difference between the fair value of the property at that date and its previous carrying amount is recognised in the consolidated profit and loss account.

ii. *Hotel and club properties*

Hotel and club properties are stated at cost less accumulated depreciation and impairment losses.

iii. *Broadcasting and communications equipment*

Broadcasting and communications equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes materials, direct labour and an appropriate proportion of overheads and borrowing costs directly attributable to the acquisition, construction or production of such equipment which necessarily takes a substantial period of time to get ready for its intended use.

iv. *Other properties and fixed assets held for own use*

Other properties and fixed assets held for own use are stated at cost less accumulated depreciation and impairment losses.

v. Gains or losses arising from the retirement or disposal of a fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated profit and loss account on the date of retirement or disposal.

e. Depreciation of fixed assets

Depreciation is calculated to write-off the cost of items of fixed assets, less their estimated residual value, if any, using a straight line method over their estimated useful lives as follows:

i. *Investment properties*

No depreciation is provided on investment properties.

ii. *Hotel and club properties*

Depreciation is provided on the cost of the leasehold land of hotel and club properties over the unexpired period of the lease. Costs of buildings thereon are depreciated on a straight line basis over their estimated useful lives of not more than 40 years.

iii. *Broadcasting and communications equipment*

Depreciation is provided on a straight line basis on the cost of the equipment at rates determined by the estimated useful lives of the assets of two to 20 years.

e. Depreciation of fixed assets (Continued)

iv. Other properties and fixed assets held for own use

Depreciation is provided on the cost of the leasehold land of all other properties held for own use over the unexpired period of the lease. Costs of the buildings thereon are depreciated on a straight line basis over their estimated useful lives of 40 years.

Depreciation is provided on a straight line basis on the cost of other fixed assets held for own use at rates determined by the estimated useful lives of these assets of three to 25 years.

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

f. Investments in debt and equity securities

Investments in debt and equity securities are initially stated at cost, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in the consolidated profit and loss account as incurred. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in the consolidated profit and loss account.

Dated debt securities that the Group and/or the Company has the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated in the balance sheet at amortised cost less impairment losses.

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses.

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised directly in the investments revaluation reserves in equity, except foreign exchange gains and losses resulting from changes in the amortised cost of monetary items such as debt securities which are recognised directly in the consolidated profit and loss account. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the consolidated profit and loss account. When these investments are derecognised or impaired, the cumulative gain or loss previously recognised directly in the investments revaluation reserves in equity is recognised in the consolidated profit and loss account.

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

g. Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in the consolidated profit and loss account. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

h. Hedging

i. Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the consolidated profit and loss account. The gain or loss from remeasuring the hedging instrument at fair value together with the gain or loss on the hedged item attributable to the hedged risk are recorded in the consolidated profit and loss account.

ii. Cash flow hedge

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk of a committed future transaction, the effective portion of any gain or loss on remeasurement of the derivative financial instrument to fair value is recognised directly in equity. The ineffective portion of any gain or loss is recognised immediately in the consolidated profit and loss account.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is removed from equity and recognised in the consolidated profit and loss account in the same period or periods during which the asset acquired or liability assumed affects the consolidated profit and loss account (such as when interest income or expense is recognised).

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is removed from equity and recognised in the consolidated profit and loss account in the same period or periods during which the hedged forecast transaction affects the consolidated profit and loss account.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the consolidated profit and loss account.

iii. Hedge of net investment in a foreign operation

The portion of the gain or loss on remeasurement to fair value of an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in equity until the disposal of the foreign operation, at which time the cumulative gain or loss recognised directly in equity is recognised in the consolidated profit and loss account. The ineffective portion is recognised immediately in the consolidated profit and loss account.

i. Leased assets

An arrangement comprising a transaction or a series of transactions is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

i. Classification of leased assets

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as an investment property, is accounted for as if held under a finance lease (see note (d)(i)); and

– and held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

ii. Assets held under operating leases

(a) Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the consolidated 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 received are recognised in the consolidated profit and loss account as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the consolidated profit and loss account in the accounting period in which they are incurred.

(b) The cost of acquiring land held under an operating lease is amortised on a straight line basis over the period of the lease term except where the property is classified as an investment property (see note (d)(i)).

iii. Assets held under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note (e).

Impairment losses are accounted for in accordance with the accounting policy as set out in note (k). Finance charges implicit in the lease payments are charged to the consolidated profit and loss account over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to the consolidated profit and loss account in the accounting period in which they are incurred.

j. Programming library

Programming library consists of presentation rights for commissioned programmes and acquired programmes for showing on the Group's television channels, and commissioned programmes and films for licensing purposes.

Presentation rights are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is other than indefinite) and any impairment losses. Amortisation is charged to the consolidated profit and loss account on an accelerated basis over the licence period or over the estimated number of future showings. Subsequent expenditure on programmes after initial acquisition is recognised as an expense when incurred. Cost of in-house programmes are written-off in the period in which they are incurred.

Commissioned programmes and films for licensing purposes comprise direct production costs and production overheads, and are stated at the lower of amortised cost or net realisable value. Costs are amortised on an individual programme/film basis in the ratio of the current year's gross revenues to management's forecast of the total ultimate gross revenues from all sources.

Both the period and method of amortisation are reviewed annually.

k. Impairment of assets

i. Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities (other than investments in subsidiaries, associates and jointly controlled entities) and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale investments are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised as follows:

– For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses arising on equity securities are not reversed (including those provided during the interim financial reporting).

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets) where the effect of discounting is material.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the consolidated profit and loss account. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

– For available-for-sale investments, the cumulative loss that has been recognised directly in equity is removed from equity and is recognised in the consolidated profit and loss account. The amount of the cumulative loss that is recognised in the consolidated profit and loss account is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in the consolidated profit and loss account.

  Impairment losses recognised in the consolidated profit and loss account in respect of available-for-sale equity investments are not reversed through the consolidated profit and loss account. Any subsequent increase in the fair value of such assets is recognised directly in the investments revaluation reserves in equity.

k. Impairment of assets (Continued)

i. Impairment of investments in debt and equity securities and other receivables (Continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the consolidated profit and loss account.

ii. Impairment of other assets

The carrying amounts of non-current assets, other than properties carried at revalued amounts and deferred tax assets, 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.

– Recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised as an expense in the consolidated profit and loss account whenever the carrying amount exceeds the recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed (including those provided during the interim financial reporting).

A reversal of an impairment loss 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 consolidated profit and loss account in the year in which the reversals are recognised.

l. Properties for sale

i. Completed properties for sale

Completed properties for sale are stated at the lower of cost and net realisable value. Cost is determined by apportionment of the total development costs, including borrowing costs capitalised, attributable to unsold units. Net realisable value is estimated by the management, based on prevailing market conditions which represents the estimated selling price less costs to be incurred in selling the property. Cost of completed properties held for sale comprises all costs of purchase, costs of conversion and costs incurred in bringing the inventories to their present location and condition.

The amount of any write down of or provision for completed properties 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 consolidated profit and loss account in the period in which the reversal occurs.

ii. Properties under development for sale

Properties under development for sale are classified as current assets and stated at the lower of cost and net realisable value. Cost includes identified costs including the acquisition cost of land, aggregate cost of development, finance costs capitalised, material and supplies, wages, other direct expenses and an appropriate proportion of overheads. Net realisable value is estimated by the management, taking into account the expected price that can ultimately be achieved, based on prevailing market conditions and the anticipated costs of completion and costs to be incurred in selling the property.

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

m. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is estimated by the management, based on the expected selling price in the ordinary course of business less the anticipated costs of completion and the estimated costs necessary to make the sale.

n. Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of bad and doubtful debts.

o. Interest-bearing borrowings

Interest-bearing borrowings for which there is a hedging relationship with a derivative financial instrument, which does not qualify for hedge accounting are initially recognised at fair value less transaction costs. At each balance sheet date the fair value is remeasured and any change in fair value is recognised in the consolidated profit and loss account.

Other interest-bearing borrowings are initially recognised at fair value less transaction costs. Subsequent to initial recognition, the interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the consolidated profit and loss account over the period of the borrowings together with any interest and fees payable using the effective interest method.

p. Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

q. Cash and cash equivalents

Cash and cash equivalents comprise 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, having been 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.

r. Foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary foreign currency balances and the balance sheets of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. The profit and loss accounts of overseas subsidiaries are translated into Hong Kong dollars at the monthly weighted average exchange rates for the year. Differences arising from the translation of the financial statements of overseas subsidiaries are dealt with in a separate component of equity and those arising from the financing of properties under development by foreign currency borrowings are capitalised as part of the development costs. All other exchange differences are dealt with in the consolidated profit and loss account. On disposal of an overseas subsidiary, the cumulative amount of the exchange differences recognised in equity which relate to that overseas subsidiary is included in the calculation of the profit or loss on disposal. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

s. Recognition of revenue

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the consolidated profit and loss account as follows:

i. Rental income under operating leases is recognised 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 use of the leased asset. Lease incentives granted are recognised as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised in the accounting period in which they are earned.

ii. Income arising from the sale of properties for sale is recognised upon the completion of the sales and purchase agreement or the issue of occupation permit by the relevant government authorities, whichever is later. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheet under other payables.

iii. Income from communications, media and entertainment operations, logistics operations and hotels operations is recognised at the time when the services are provided.

iv. Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

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

v. Interest income is recognised as it accrues using the effective interest method.

vi. *Deferred revenue*

Income received in advance attributable to long term service contracts is deferred and recognised over the contract period on a straight line basis.

t. Borrowing costs

Borrowing costs are expensed in the consolidated profit and loss account in the period 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 being 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.

u. Income tax

i. Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the consolidated profit and loss account except to the extent that they relate to items recognised directly in equity, in which case they are 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 between the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases respectively. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may be capable to support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided that they are not part of a business combination).

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. Deferred tax assets and liabilities are not discounted.

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.

iv. Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the Group has the legally enforceable right to set off current tax assets against current tax liabilities.

v. Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

i. the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

ii. the Group and the party are subject to common control;

iii. the party is an associate of the Group or a joint venture in which the Group is a venturer;

iv. the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

v. the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

vi. the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

w. Financial guarantees issued, provisions and contingent liabilities

i. Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in the consolidated profit and loss account on initial recognition of any deferred income.

ii. Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company 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 the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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 nonoccurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

x. 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.

y. Employee benefits

i. Defined benefit pension schemes

The Group's net obligation in respect of defined benefit pension schemes is calculated separately for each scheme by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value and the fair value of any scheme assets is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method.

When the benefits of a scheme are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the consolidated profit and loss account on a straight line basis over the average period until the benefits become vested. If the benefits vest immediately, the expense is recognised immediately in the consolidated profit and loss account.

Any actuarial gains and losses are fully recognised in equity in the period they occur.

Where the calculation of the Group's net obligation results in a negative amount, the asset recognised is limited to the present value of any future refunds from the scheme or reductions in future contributions to the scheme less past service cost.

ii. Shared based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the consolidated profit and loss account for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to revenue reserves).

iii. Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, leave passage, contributions to defined contribution retirement plans and the cost 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.

z. Significant accounting estimates and judgements

Key sources of estimation uncertainty

Notes 17 and 25 contain information about the assumptions and their risk relating to defined benefit retirement obligations and financial instruments. Other key sources of estimation uncertainty are as follows:

– Valuation of investment properties

Investment properties are included in the balance sheet at their open market value, which is assessed annually by independent qualified valuers, after taking into consideration the net income allowing for reversionary potential.

The assumptions adopted in the property valuations are based on the market conditions existing at the balance sheet date, with reference to current market sales prices and the appropriate capitalisation rate.

z. Significant accounting estimates and judgements (Continued)

Key sources of estimation uncertainty (Continued)

– Assessment of useful economic lives for depreciation of fixed assets

In assessing the estimated useful lives of fixed assets, management takes into account factors such as the expected usage of the asset by the Group based on past experience, the expected physical wear and tear (which depends on operational factors), technical obsolescence arising from changes or improvements in production or from a change in the market demand for the product or service output of the asset. The estimation of the useful life is a matter of judgement based on the experience of the Group.

Management reviews the useful lives of fixed assets annually, and if expectations are significantly different from previous estimates of useful economic lives, the useful lives and, therefore, the depreciation rate for the future periods will be adjusted accordingly.

– Assessment of impairment of non-current assets

Management assesses the recoverable amount of each asset based on its value in use (using relevant rates) or on its net selling price (by reference to market prices), depending upon the anticipated future plans for the asset. Estimating the value in use of an asset involves estimating the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and applying the appropriate discount rate to these future cash flows. Cash flow projections for remaining useful life of the asset and the most recent financial budgets/forecasts are approved by management.

– Assessment of provision for properties for sale

Management determines the net realisable value of completed properties for sale by using (i) prevailing market data such as most recent sale transactions and market survey reports available from independent property valuers; and (ii) internal estimates of costs based on quotes by suppliers.

Management's assessment of net realisable value of properties under development for sale requires the application of a risk-adjusted discount rate to estimate future discounted cash flows to be derived from the properties under development for sale. These estimates require judgement as to the anticipated sale prices by reference to recent sale transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions. The Group's estimates may be inaccurate, and estimates may need to be adjusted in later periods.

– Recognition of deferred tax assets

The recognition of deferred tax assets requires formal assessment by the Group of the future profitability of related operations. In making this judgement, the Group evaluates, amongst other factors, the forecast financial performance, changes in technology and operational and financing cashflows.

Principal Subsidiaries, Associates and Jointly Controlled Entities

At 31 December 2007

	Subsidiaries	Place of incorporation/ operation	Issued ordinary share capital (except otherwise stated)/registered and paid up capital	Effective equity interest to the Company	Principal activities
	Properties				
#	**Wharf Estates Limited**	Hong Kong	2 HK$1 shares	100%	Holding company
	Harbour City Estates Limited	Hong Kong	20,000 HK$10 shares	100%	Property
	Wharf Realty Limited	Hong Kong	2 HK$1 shares	100%	Property
	Times Square Limited	Hong Kong	2 HK$10 shares	100%	Property
#	**Wharf Estates Development Limited**	Hong Kong	2 HK$1 shares	100%	Holding company
	Plaza Hollywood Limited	Hong Kong	10,000 HK$1 shares	100%	Property
	Delta Realty Limited	Hong Kong	2 HK$1 shares	100%	Property
	Feckenham Limited	Hong Kong	2 HK$10 shares	100%	Property
	Framenti Company Limited	Hong Kong	2 HK$1 shares	100%	Property
	HKRT Peak Properties Limited	Hong Kong	3,000,000 HK$10 shares	100%	Property
	Hong Tai Yuen Limited	Hong Kong	500,000 HK$1 shares	100%	Property
	New Tech Centre Limited	Hong Kong	10,000 HK$1 shares	100%	Property
	Olinda Limited	Hong Kong	2 HK$10 shares	100%	Property
	Spring Wealth Investments Limited	British Virgin Islands	500 US$1 shares	100%	Holding company
#	**Wharf China Limited**	Cayman Islands	500,000,000 US$1 shares	100%	Holding company
	Wharf Estates China Limited	British Virgin Islands	500 US$1 shares	100%	Holding company
	Beijing Capital Times Square Development Company Limited	The People's Republic of China	US$59,000,000	88%	Property
	Shanghai Long Xing Property Development Company Limited	The People's Republic of China	US$45,000,000	100%	Property
	Dalian Times Square Development Company Limited	The People's Republic of China	RMB420,000,000	100%	Property
	Han Long Development (Wuhan) Company Limited	The People's Republic of China	US$33,100,000	100%	Property
	Long Qing Property Development (Chongqing) Company Limited	The People's Republic of China	US$194,000,000	100%	Property
	Shanghai Jiu Zhou Property Development Company Limited	The People's Republic of China	US$30,000,000	85%	Property
	Shanghai Long Shen Real Estate Development Company Limited	The People's Republic of China	US$22,330,000	55%	Property
	Shanghai Wellington Garden Estate Development Company Limited	The People's Republic of China	US$16,666,666	59%	Property
	Shanghai Wheelock Square Development Limited	The People's Republic of China	US$80,000,000	98%	Property
	Wharf Estates (Wuxi) Company Limited	The People's Republic of China	US$143,080,000	100%	Property
	龍茂房地產開發(成都)有限公司	The People's Republic of China	HK$750,000,000	100%	Property
	龍潤房地產開發(成都)有限公司	The People's Republic of China	HK$820,000,000	100%	Property
	龍昌綜合開發(成都)有限公司	The People's Republic of China	HK$315,000,000	100%	Property
	蘇州蘇龍地產發展有限公司	The People's Republic of China	US$165,000,000	100%	Property
	龍錦綜合開發(成都)有限公司	The People's Republic of China	HK$775,000,000	100%	Property
*	**Harbour Centre Development Limited**	Hong Kong	315,000,000 HK$0.5 shares	67%	Holding company
	蘇州高龍房產發展有限公司	The People's Republic of China	RMB925,268,493	53%	Property
	九龍倉(常州)置業有限公司	The People's Republic of China	US$99,000,000 (paid in February 2008)	67%	Property
	Logistics				
	Wharf Transport Investments Limited	Hong Kong	2 HK$1 shares	100%	Holding company
	The "Star" Ferry Company, Limited	Hong Kong	1,440,000 HK$5 shares	100%	Public transport
	Hong Kong Tramways, Limited	Hong Kong	21,937,500 HK$5 shares	100%	Public transport
	Modern Terminals Limited	Hong Kong	70,116 HK$1,000 shares	68%	Container terminal
	Shenzhen Dachan Bay Modern Port Development Company, Limited	The People's Republic of China	RMB2,475,550,000	44%	Container terminal
	Suzhou Modern Terminals Limited	The People's Republic of China	RMB822,500,000	48%	Container terminal
	Hotels				
#	**Marco Polo Hotels Limited**	Cayman Islands	500,000,000 US$1 shares	100%	Holding company
	Marco Polo Hotels Management Limited	Hong Kong	2 HK$10 shares	100%	Hotel management
	The Hongkong Hotel Limited	Hong Kong	100,000 HK$1 shares	67%	Hotel and property
	The Marco Polo Hotel (Hong Kong) Limited	Hong Kong	1,000 HK$1 shares	100%	Hotel operation
	The Prince Hotel Limited	Hong Kong	2 HK$1 shares	100%	Hotel operation
	Wuhan Marco Polo Hotels Company Limited	The People's Republic of China	US$3,850,000	100%	Hotel management

Subsidiaries	Place of incorporation/ operation	Issued ordinary share capital (except otherwise stated)/registered and paid up capital	Effective equity interest to the Company	Principal activities
CME				
# **Wharf Communications Limited**	Hong Kong	1,000,000 HK$10 shares	100%	Holding company
COL Limited	Hong Kong	40,000 HK$500 shares	100%	Computer services
Hong Kong Cable Enterprises Limited	Hong Kong	2 HK$1 shares	74%	Advertising airtime, programming licensing and channel carriage services
Hong Kong Cable Television Limited	Hong Kong	750,000,000 HK$1 shares	74%	Pay television services
* i-CABLE Communications Limited	Hong Kong	2,016,792,400 HK$1 shares	74%	Holding company
i-CABLE Network Limited	Hong Kong	100 HK$1 shares 2 HK$1 non-voting deferred shares	74%	Network operation services
i-CABLE Satellite Television Limited	Hong Kong	2 HK$1 shares	74%	Non-domestic television services and programming licensing
i-CABLE Network Operations Limited	Hong Kong	500,000 HK$1 shares	74%	Internet and multimedia services
Sundream Motion Pictures Limited	Hong Kong	10,000,000 HK$1 shares	74%	Film production
Rediffusion Satellite Services Limited	Hong Kong	1,000 HK$10 shares	74%	Satellite television services
EC Telecom Limited	Hong Kong	2 HK$1 shares	100%	Telecommunication
Wharf T&T Limited	Hong Kong	100,000,000 HK$1 shares	100%	Telecommunication
Investment and others				
Wharf Limited	Hong Kong	2 HK$10 shares	100%	Management services
Wharf Finance Limited	Hong Kong	2 HK$1 shares	100%	Finance
Wharf Finance (BVI) Limited	British Virgin Islands/International	500 US$1 shares	100%	Finance
# Wharf Hong Kong Limited	Cayman Islands	500,000,000 US$1 shares	100%	Holding company

Associates	Place of incorporation/ operation	Class of shares	Effective equity interest to the Company	Principal activities
Logistics				
Mega Shekou Container Terminals Limited	British Virgin Islands	Ordinary	20%	Holding company
Shekou Container Terminals Limited	The People's Republic of China	Ordinary	20%	Container terminal operations
Shekou Container Terminals (Phase II) Limited	The People's Republic of China	Ordinary	20%	Container terminal operations
Shekou Container Terminals (Phase III) Limited	The People's Republic of China	Ordinary	20%	Container terminal operations

Jointly controlled entities	Place of incorporation/ operation	Class of shares	Effective equity interest to the Company	Principal activities
Property				
重慶嘉江房地產開發有限公司	The People's Republic of China	Ordinary	40%	Property
蘇州雙湖房地產有限公司	The People's Republic of China	Ordinary	50%	Property
重慶豐盈房地產開發有限公司	The People's Republic of China	Ordinary	37%	Property
杭州綠城海企房地產開發有限公司	The People's Republic of China	Ordinary	27%	Property
Logistics				
Taicang International Container Terminals Company Limited	The People's Republic of China	Ordinary	34%	Container terminal operations

Notes:

(a) All the subsidiaries listed above were indirect subsidiaries of the Company except where marked #.

(b) The above list gives the principal subsidiaries, associates and jointly controlled entities of the Group which, in the opinion of the Directors, principally affect the profit and assets of the Group.

\# Subsidiaries held directly by the Company
* Listed companies

Schedule of Principal Properties

At 31 December 2007

Address	Total	Office	Retail	Residential	Others	(Remarks)
	Approximate Gross Floor Areas (Sq.ft.)					
Investment Properties in Hong Kong						
Harbour City , Tsimshatsui						
Ocean Terminal	658,000	–	658,000	–	–	
Ocean Centre	901,000	677,000	224,000	–	–	
Wharf T&T Centre	257,000	257,000	–	–	–	
World Commerce Centre	257,000	257,000	–	–	–	
World Finance Centre	512,000	512,000	–	–	–	
Ocean Galleries	386,000	–	386,000	–	–	
Gateway I	1,236,000	1,128,000	108,000	–	–	
Gateway II	2,640,000	1,570,000	400,000	670,000	–	
The Marco Polo Hongkong Hotel (Commercial Section)	206,000	34,000	172,000	–	–	
Times Square						
Sharp Street East, Causeway Bay	1,969,000	1,033,000	936,000	–	–	
Others						
Plaza Hollywood, 3 Lung Poon Street, Diamond Hill	562,000	–	562,000	–	–	
Wharf T&T Square, Hoi Bun Road, Kwun Tong	395,000	330,000	65,000	–	–	
Delta House, 3 On Yiu Street, Shatin	349,000	349,000	–	–	–	
26-27/F, World-Wide House, Central	21,000	21,000	–	–	–	
Units at Cable TV Tower, Hoi Shing Road, Tsuen Wan	566,000	–	–	–	566,000	(Industrial)
Units at Strawberry Hill, 8 Plunkett's Road, The Peak	16,000	–	–	16,000	–	
77 Peak Road, The Peak	32,000	–	–	32,000	–	
Chelsea Court, 63 Mount Kellett Road, The Peak	43,000	–	–	43,000	–	
Mountain Court, 11-13 Plantation Road, The Peak	49,900	–	–	49,900	–	
1 Plantation Road, The Peak	97,000	–	–	97,000	–	
Units at Star House, 3 Salisbury Road, Kowloon	50,800	–	50,800	–	–	
	11,203,700	6,168,000	3,561,800	907,900	566,000	
Investment Properties in China						
Beijing Capital Times Square 88 West Changan Avenue, Beijing	1,114,000	724,000	390,000	–	–	
Shanghai Times Square 93-111 Huai Hai Zhong Road, Shanghai	973,000	331,000	447,000	195,000	–	
Chongqing Times Square, 100 Zou Rong Road, Yuzhong District, Chongqing	591,800	13,800	578,000	–	–	
	2,678,800	1,068,800	1,415,000	195,000	–	

Site Area (Sq.ft.)	Lot Number	Lease Expiry	Completion/ Expected Completion	Stage of Completion	Effective Equity Interest to the Company
346,719	KPP 83	2012	1966	N/A	100%
126,488	KML 11 S.A.	2880	1977	N/A	100%
(a)	KML 11 S.B.	2880	1981	N/A	100%
(a)	KML 11 S.B.	2880	1981	N/A	100%
(a)	KML 11 S.D.	2880	1983	N/A	100%
(a)	KML 11 S.B. & D.	2880	1981/83	N/A	100%
(a)	KML 11 R.P.	2880	1994	N/A	100%
(a)	KML 11 S.B. & D.	2880	1998/99	N/A	100%
(b)	KML 91 S.A. & KML 10 S.B.	2863	1969	N/A	67%
112,441	IL 731, IL 728, IL 727, IL 725 S.A. & R.P., IL 724 S.A., B & R.P., IL 722 & IL 718	2850/60/80	1993	N/A	100%
280,510	NKIL 6160	2047	1997	N/A	100%
48,438	KTIL 713	2047	1991	N/A	100%
70,127	STTL 422	2047	1999	N/A	100%
N/A	IL 8432	2053	1979	N/A	100%
N/A	TWTL 218	2047	1992	N/A	100%
N/A	RBL 512 & 1004	2027/28	1974/77	N/A	100%
76,728	RBL 836	2029	1951	N/A	100%
29,640	RBL 556 R.P.S.A. & S.B.	2035	2001	N/A	100%
32,145	RBL 522, 639, 661	2027	2001	N/A	100%
97,670	RBL 534 S.E. & F.	2028	2002	N/A	100%
N/A	KML 10 S.A.	2863	1966	N/A	67%
141,007	N/A	2044	1999	N/A	88%
148,703	N/A	2043	1999	N/A	100%
95,799	N/A	2050	2004	N/A	100%

	Approximate Gross Floor Areas (Sq.ft.)					
Address	**Total**	**Office**	**Retail**	**Residential**	**Others**	**(Remarks)**
Hotels and Clubs in Hong Kong						
Harbour City , Tsimshatsui						
The Marco Polo Hongkong Hotel	553,000	–	–	–	553,000	(Other represents a 664-room hotel)
Gateway	313,000	–	–	–	313,000	(Other represents a 433-room hotel)
Prince	359,000	–	–	–	359,000	(Other represents a 393-room hotel)
Pacific Club Kowloon	139,000	–	–	–	139,000	(Club House)
	1,364,000	–	–	–	1,364,000	
Property Developments in Hong Kong						
Cable TV Tower South Chai Wan Kok Street, Tsuen Wan	584,600	–	–	–	584,600	(Industrial)
Kowloon Godown, 1-3 Kai Hing Road, Kowloon Bay	1,575,200	–	82,900	–	1,492,300	(Industrial)
Yau Tong Godown, 5 Tung Yuen Street, Kowloon	255,700	–	42,600	213,100	–	
	2,415,500	–	125,500	213,100	2,076,900	
Property Developments in Hong Kong (undertaken by associates)						
Bellagio, 33 Castle Peak Road, Sham Tseng, Towers 1,2,3 & 5	35,400	–	10,400	25,000	–	($33\frac{1}{3}$% attributable to the Group – Note c)
Various Lots at Yau Tong Bay, Yau Tong, Kowloon	720,200	83,100	36,800	600,300	–	(15.6% attributable to the Group – Note c)
	755,600	83,100	47,200	625,300	–	
Property Developments in China						
Wellington Garden - Tower 3 183 Huai Hai Xi Road, Xuhui District, Shanghai	209,100	–	–	209,100*	–	
Wuhan Times Square, 160 Yan Jiang Da Dao Jiangan District, Wuhan – Towers 3 & 4	24,300	–	–	24,300	–	
– Towers 1, 2, 8 & 9	1,002,000	–	–	592,000*	410,000	(Other represents a 371-room hotel) (275,000 s.f. residential area pre-sold)
Dalian Times Square Ren Min Road, Zhongshan District, Dalian	1,529,000	–	188,000	1,341,000	–	
No.1 Xin Hua Road 176, Huai Hai Xi Road, Changning District, Shanghai	206,000	–	–	206,000	–	
Shanghai Wheelock Square 1717, Nan Jing Xi Road, Jingan District, Shanghai	1,228,000	1,149,000	79,000	–	–	
Jingan Garden 398, Wanhangdu Road, Jingan District, Shanghai	773,000	–	–	773,000*	–	
Tian Fu Times Square, Chengdu Junction of Dong Da Jie & Fu He, Jinjiang District	4,856,200	1,066,000	204,600	2,810,600	775,000	(Other represents a 611-room hotel) (493,000 s.f. residential area pre-sold)
No.10 Gaoxin District, Chengdu Junction of Zhan Hua Road and Fu Cheng Avenue	4,422,000	985,000	110,000	3,327,000	–	
Suzhou Industrial Park Lot No. 68210 Suzhou Industrial Park	2,192,000	–	–	2,192,000	–	
Wuxi Taihu Plaza project						
Wuxi Super Tower	3,023,000	1,311,000	32,000	1,050,000*	630,000	(Other represents a 345-room hotel)
Taihu Plaza, Nanchang District, Wuxi	8,949,000	–	–	8,949,000	–	

Site Area (Sq.ft.)	Lot Number	Lease Expiry	Completion/ Expected Completion	Stage of Completion	Effective Equity Interest to the Company
58,814	KML 91 S.A. & KML 10 S.B.	2863	1969	N/A	67%
(a)	KML 11 S.B.	2880	1981	N/A	100%
(a)	KML 11 S.D.	2880	1983	N/A	100%
48,309	KIL 11179	2021	1990	N/A	100%
66,000	TWIL 36	2047	N/A	Planning stage	100%
165,809	NKIL 5805, 5806 & 5982	2047	N/A	Planning stage	100%
42,625	YTIL 4SA & adjoining Government land	2047	N/A	Planning stage	100%
N/A	Lot 266 in DD 390	2051	2005	Completed	33 1/3%
769,626	R.P. of YTML 22 & ext., YTML 28 & ext., YTML 29 & ext., and YTML 12, 32 and 33 together with adjoining lots at Yau Tong Bay	2047	N/A	Planning stage	15.6%
80,482	N/A	2045	2007	Completed	59%
188,090	N/A	2073	2007	Completed	100%
		2053/73	2008	Superstructure in progress	
171,356	N/A	2039/69	2008	Superstructure in progress	100%
118,220	N/A	2064	2009	Substructure in progress	85%
136,432	N/A	2049	2009	Superstructure in progress	98%
170,825	N/A	2043/63	2011	Planning stage	55%
761,520	N/A	2045/75	2011	Superstructure/Substructure in progress	100%
884,459	N/A	2046/76	2011	Substructure in progress	100%
3,654,152	N/A	2076	2010	Planning stage	100%
313,867	N/A	2047/57	2012	Planning stage	100%
3,314,418	N/A	2078	2014	Substructure in progress	100%

	Approximate Gross Floor Areas (Sq.ft.)					
Address	**Total**	**Office**	**Retail**	**Residential**	**Others**	**(Remarks)**
Property Developments in China (Continued)						
Shuangliu Development Zone, Chengdu Junction of Shuang Nan Avenue and Guang Hua Avenue, Shuangliu County	9,807,000	–	686,000	8,309,000*	812,000	(Other represents a 852-room hotel)
Chengdu IFC Junction of Hongxing Road and Da Ci Si Road, Jinjiang District	4,724,000	2,226,000	1,248,000	490,000	760,000	(Other represents a 600-room hotel)
Changzhou Dinosaur Park Project China Dinosaur Park, Xinbei District, Changzhou, Jiangsu Province	8,681,000	–	–	7,838,000	843,000	(Other represents a 405-room hotel)
Suzhou Industrial Park Project						
Suzhou Super Tower, Xing Hu Jie,	3,780,000	1,302,000	30,000	1,627,000	821,000	(Other represents a 600-room hotel)
Xiandai Da Dao, Suzhou Industrial Park, Suzhou	9,765,000	–	–	9,765,000	–	
	65,170,600	8,039,000	2,577,600	49,503,000	5,051,000	
Property Developments in China (undertaken by jointly controlled entities)						
Hangzhou Zhuantang Town Project Zhuantang Town, Zhi Jiang National Tourist Resort, Xihu District, Hangzhou	2,005,000	–	83,000	1,922,000	–	(50% attributable to the Group – Note c)
Suzhou Wei Ting Project South of Lin Hu Road, East & West sides of Ying Hu Road Suzhou Industrial Park	908,000	–	–	908,000	–	(50% attributable to the Group – Note c)
Nanjing Xian Lin Project West of Xian Lin Lake, North of Xian Lin Da Dao Xian Lin Xin Qu	2,263,000	–	–	2,263,000	–	(50% attributable to the Group – Note c)
Chongqing Danzishi Project Danzishi, Nanan District	9,039,000	–	706,000	8,333,000	–	(40% attributable to the Group – Note c)
Chongqing Jiangbei City Project Zone B of Jiangbei City, Jiang Bei District, Chongqing	2,524,000	–	–	2,524,000	–	(55% attributable to the Group – Note c)
Hangzhou CBD Project West of Wang Jiang Dong Road, North of Zhi Jiang Road, East Side is Bounded by Planning Road, South of Fu Chun Road, Qianjiang New City, Shangcheng District, Hangzhou	1,280,000	190,000	26,000	917,000	147,000	(Other represents a 160-room hotel) (40% attributable to the Group – Note c)
	18,019,000	190,000	815,000	16,867,000	147,000	
TOTAL	**101,607,200**	**15,548,900**	**8,542,100**	**68,311,300**	**9,204,900**	

* Residential includes office-apartments

Notes :

(a) Components of Harbour City, which has a total site area of 428,719 sq. ft.

(b) Part of The Marco Polo Hongkong Hotel building.

(c) The floor areas of properties held through jointly controlled entities and associates are shown on an attributable basis.

(d) Subsequent to 31 December 2007, the Group acquired a new site (three land parcels) in Wuxi with developable GFA of approximately 8.7 million square feet in January 2008.

Site Area (Sq.ft.)	Lot Number	Lease Expiry	Completion/ Expected Completion	Stage of Completion	Effective Equity Interest to the Company
3,900,589	N/A	2047/77	2012	Planning stage	100%
590,481	N/A	2047	2011	Planning stage	100%
4,427,804	N/A	2047/77	2012	Planning stage	67%
229,069	N/A	2047/77	2013	Planning stage	53%
5,425,454	N/A	2077	2013	Planning stage	53%
2,046,685	N/A	2047/77	2012	Planning stage	50%
1,976,237	N/A	2077	2012	Planning stage	50%
3,578,071	N/A	2077	2012	Planning stage	50%
6,080,656	N/A	2047/57	2014	Planning stage	40%
1,002,408	N/A	2057	2012	Planning stage	37%
906,921	N/A	2047/77	2012	Planning stage	27%

Ten-year Financial Summary

	2007 HK$ Million	2006 HK$ Million	Restated 2005 HK$ Million	Restated 2004 HK$ Million	2003 HK$ Million
Summary of Profit and Loss Account					
Turnover	**16,208**	13,364	12,543	11,953	11,253
Group profit attributable to shareholders	**13,143**	10,757	13,888	3,767	3,043
Prior year adjustment	**–**	–	–	8,910	–
Restated amount	**13,143**	10,757	13,888	12,677	3,043
Dividends	**2,093**	1,958	1,958	1,683	1,487
Earnings per share (HK$)	**5.37**	4.39	5.67	5.18	1.24
Dividends per share (cents)	**80**	80	80	68.75	60.75
Summary of Balance Sheet					
Fixed assets	**114,613**	102,198	90,658	78,916	71,120
Goodwill and other intangible assets	**302**	306	297	297	347
Long term deposits	**–**	–	–	156	156
Associates	**3,661**	781	1,638	1,583	2,075
Jointly controlled entities	**5,076**	788	896	348	–
Available-for-sale investments	**2,858**	2,921	1,677	1,654	1,392
Long term receivables	**362**	371	410	426	439
Other assets	**423**	416	293	158	432
Deferred tax assets	**360**	429	468	118	112
Derivative financial assets	**17**	17	54	–	–
Current assets	**18,499**	11,050	8,101	6,482	5,089
Total assets	**146,171**	119,277	104,492	90,138	81,162
Current liabilities	**(13,925)**	(9,986)	(9,873)	(8,604)	(11,160)
Long term loan/deferred liabilities	**(24,823)**	(16,257)	(14,418)	(13,463)	(12,605)
Deferred taxation	**(15,325)**	(13,116)	(11,672)	(9,447)	(1,748)
Derivative financial liabilities	**(96)**	–	(3)	–	–
	92,002	79,918	68,526	58,624	55,649
Representing :					
Share capital	**2,448**	2,448	2,448	2,447	2,447
Reserves	**83,916**	72,714	62,926	52,502	49,181
Shareholders' equity	**86,364**	75,162	65,374	54,949	51,628
Minority interests	**5,638**	4,756	3,152	3,675	4,021
	92,002	79,918	68,526	58,624	55,649

	Restated 2002 *HK$ Million*	Restated 2001 *HK$ Million*	Restated 2000 *HK$ Million*	Restated 1999 *HK$ Million*	Restated 1998 *HK$ Million*
Summary of Profit and Loss Account					
Turnover	11,333	11,725	12,023	10,521	10,840
Group profit attributable to shareholders	2,303	2,519	2,480	3,217	1,922
Prior year adjustment	(44)	–	14	294	(51)
Restated amount	2,259	2,519	2,494	3,511	1,871
Dividends	1,370	1,908	1,908	1,881	1,790
Earnings per share (HK$)	0.92	1.03	1.02	1.51	0.82
Dividends per share (cents)	56	78	78	78	78
Summary of Balance Sheet					
Fixed assets	69,044	74,445	77,237	73,362	71,651
Goodwill and other intangible assets	397	419	–	–	–
Long term deposits	156	468	–	–	–
Associates	3,367	3,389	4,972	5,197	3,842
Jointly controlled entities	–	–	–	–	–
Available-for-sale investments	1,178	1,088	1,901	5,258	7,107
Long term receivables	459	485	433	506	349
Other assets	468	533	570	575	653
Deferred tax assets	108	–	–	–	–
Derivative financial assets	–	–	–	–	–
Current assets	5,945	7,637	7,390	12,536	8,529
Total assets	81,122	88,464	92,503	97,434	92,131
Current liabilities	(11,420)	(12,181)	(12,893)	(10,345)	(13,469)
Long term loan/deferred liabilities	(16,673)	(17,441)	(17,156)	(26,802)	(22,322)
Deferred taxation	(1,614)	(467)	(478)	(507)	(518)
Derivative financial liabilities	–	–	–	–	–
	51,415	58,375	61,976	59,780	55,822
Representing :					
Share capital	2,447	2,447	2,446	2,446	2,295
Reserves	45,287	52,198	55,504	51,966	49,624
Shareholders’ equity	47,734	54,645	57,950	54,412	51,919
Minority interests	3,681	3,730	4,026	5,368	3,903
	51,415	58,375	61,976	59,780	55,822

Note:
Certain figures have been reclassified or restated to comply with the prevailing HKFRSs.