

Report of the Directors

The Directors have pleasure in submitting their Report and the Audited Financial Statements for the financial year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and those of its principal subsidiaries are set out on pages 129 to 131.

RESULTS, APPROPRIATIONS AND RESERVES

The results of the Group for the financial year ended 31 December 2008 are set out in the Consolidated Profit and Loss Account on page 67.

Appropriations of profits and movements in reserves during the financial year are set out in Note 28 to the Financial Statements on pages 107 to 109.

DIVIDENDS

An interim dividend of 36 cents per share was paid on 30 September 2008. The Directors now recommended for adoption at the Annual General Meeting to be held on Friday, 5 June 2009 the payment on 10 June 2009 to Shareholders on record as at 5 June 2009 of a final dividend of 44 cents per share in respect of the financial year ended 31 December 2008. This recommendation has been disclosed in the Financial Statements.

SHARE CAPITAL

During the financial year, a total of 305,984,578 ordinary shares of HK\$1.00 each of the Company, credited as fully paid, were allotted and issued by the Company as a result of a 1-for-8 rights issue by the Company.

FIXED ASSETS

Movements in fixed assets during the financial year are set out in Note 10 to the Financial Statements on pages 83 to 85.

DONATIONS

The Group made donations during the financial year totalling HK\$8.0 million.

DIRECTORS

The Directors of the Company during the financial year were Mr P K C Woo, Mr G W J Li, Mr S T H Ng, Ms D Y F Lee, Mr P Y C Tsui (appointed on 16 June 2008), Hon P M P Chan, Professor E K Y Chen, Dr R K F Ch'ien, Hon V K Fang, Mr Hans Michael Jebsen, Mr T Y Ng and Mr J E Thompson.

Mr P Y C Tsui, being appointed as Executive Director and Group Chief Financial Officer of the Company after the last Annual General Meeting, is due to retire from the Board in accordance with Article 94 of the Company's Articles of Association, and Mr P K C Woo, Mr S T H Ng, Ms D Y F Lee, Mr Hans Michael Jebsen and Mr J E Thompson are also due to retire from the Board at the forthcoming Annual General Meeting. Being eligible, they offer themselves for re-election. None of the retiring Directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

INTERESTS IN CONTRACTS

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

MANAGEMENT CONTRACTS

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the financial year was the Company, its subsidiaries, its ultimate holding company or any subsidiary of such ultimate holding company a party to any arrangement to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, with the exception that there existed certain outstanding options to subscribe for ordinary shares of i-CABLE Communications Limited ("i-CABLE") granted under i-CABLE's Share Option Scheme (the "i-CABLE Scheme") to certain executives/employees of i-CABLE or its subsidiaries, one of whom was a Director of the Company during the financial year. Under the rules of the i-CABLE Scheme (subject to any such restrictions or alterations as may be prescribed or provided under the Rules Governing the Listing of Securities (the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") from time to time in force), shares of i-CABLE would be issued at such prices, not being less than 80% of i-CABLE's average closing prices on the Stock Exchange for the five trading days immediately preceding the date of offer of the options, and the relevant options would be exercisable during such periods, not being beyond the expiration of 10 years from the date of grant, as determined by the board of directors of i-CABLE. During the financial year, no share of i-CABLE was issued to any Director of the Company under the i-CABLE Scheme.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

AUDITORS

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

By Order of the Board
Wilson W S Chan
Secretary

Hong Kong, 25 March 2009

Report of the Directors

SUPPLEMENTARY CORPORATE INFORMATION

(A) Biographical Details of Directors and Senior Managers etc.

(i) Directors

Peter Kwong Ching Woo, *GBS, JP, Chairman* (Age: 62)

Mr Woo has resumed the role of Chairman of the Company since 2002 after having also served in that capacity from 1986 to 1994. He also serves as a member and the chairman of the Company's Remuneration Committee. He is also the chairman and a substantial shareholder of the Company's ultimate holding company, namely, Wheelock and Company Limited ("Wheelock"), and chairman of a fellow subsidiary of the Company, namely, Wheelock Properties Limited ("WPL"), both publicly listed in Hong Kong. Furthermore, he is the chairman of another fellow subsidiary of the Company, namely, Wheelock Properties (Singapore) Limited ("WPSL"), which is publicly listed in Singapore. He is also a director of certain subsidiaries of the Company. He has for many years been actively engaged in community and related services, both locally and in the international arena, and has held various Government appointments.

Mr Woo serves as a member of the Standing Committee of the Eleventh National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He was appointed a Justice of the Peace in 1993 and awarded the Gold Bauhinia Star in 1998 by the Hong Kong SAR Government. He has been appointed a non-official member of the Commission on Strategic Development since June 2007. He had served as the chairman of Hospital Authority from 1995 to 2000, the council chairman of Hong Kong Polytechnic University from 1993 to 1997 and the Government-appointed chairman of the Hong Kong Trade Development Council from 2000 to 2007. He was the chairman of the Hong Kong Environment and Conservation Fund Committee set up in 1994 which he co-funded with the Government. He also served as a deputy chairman in 1991 to Prince of Wales Business Leaders Forum, and as a member of the International Advisory Council of JPMorgan Chase & Co., National Westminster Bank, Banca Nazionale del Lavoro, Elf Aquitaine of France and General Electric of America. He has received Honorary Doctorates from various universities in Australia, Hong Kong and the United States.

Gonzaga Wei Jen Li, *Senior Deputy Chairman* (Age: 79)

Mr Li joined the Company in 1980 as a Director and was appointed as the general manager in 1982. He became Deputy Chairman and Managing Director in 1989, appointed Chief Executive in 1992 and became Chairman in 1994. He relinquished the title of Chairman and Chief Executive and has assumed the title of Senior Deputy Chairman of the Company since 2002. He is also the senior deputy chairman of Wheelock, and the chairman of a publicly-listed subsidiary of the Company, namely, Harbour Centre Development Limited ("HCDL"). Furthermore, Mr Li is a director of WPL. He is also the chief executive officer and a director of Wharf China Limited, a wholly-owned subsidiary of the Company. He is also a director of certain other subsidiaries of the Company. Mr Li was formerly a director of publicly-listed Joyce Boutique Holdings Limited ("Joyce") from 2000 to 2008.

Stephen Tin Hoi Ng, *Deputy Chairman & Managing Director* (Age: 56)

Mr Ng joined the Company in 1981 and became Managing Director in 1989. He is also the deputy chairman of Wheelock and chairman and chief executive officer of i-CABLE Communications Limited ("i-CABLE"), which is a publicly-listed subsidiary of the Company. He is also the chairman of Modern Terminals Limited, the chairman and chief executive officer of Wharf T&T Limited, and the chairman of Joyce. He is also a director of certain other subsidiaries of the Company.

Doreen Yuk Fong Lee, *Executive Director (Age: 52)*

Ms Lee joined the Company in 1984. She has been a Director of the Company since 2003 and became an Executive Director in March 2007. She is also the managing director of Harbour City Estates Limited, Times Square Limited, Wharf Estates Limited and Wharf Estates China Limited (“WECL”), all being wholly-owned subsidiaries of the Company. She is also a director of certain other subsidiaries of the Company. She is responsible for overseeing the investment properties of the Group, particularly, two core properties of the Group, namely, Harbour City and Times Square in Hong Kong, and also the Group’s Times Square developments in Beijing, Shanghai, Chongqing, Wuhan and Dalian. Ms Lee is also a director of Joyce. She is a graduate of The University of Hong Kong where she obtained her bachelor’s degree in Arts (Hon).

Paul Yiu Cheung Tsui, *Executive Director & Group Chief Financial Officer (Age: 62)*

Mr Tsui, *FCCA, FCPA, FCMA, FCIS, CGA-Canada*, is an Executive Director & Group Chief Financial Officer of both Wheelock and the Company. He joined Wheelock/Wharf group in 1996 and became Wheelock’s director in 1998. He is presently also a director of WPL, WPSL and Joyce. He is also a director of certain other subsidiaries of the Company.

Hon Paul Mo Po Chan, *JP, Director (Age: 54)*

Mr Chan, *FCPA, FCCA (Practising), FCPA (Australia), FCIS, FCS, FTIHK*, has been an independent Non-executive Director of the Company since September 2004. He also serves as a member of the Company’s Audit Committee. He is the chairman of PCP CPA Limited. He is also an independent non-executive director of three companies publicly listed in Hong Kong, namely, Kingmaker Footwear Holdings Limited, Hong Kong Economic Times Holdings Limited and China Communications Services Corporation Limited. He has been appointed the chairman of the Legal Aid Services Council since September 2006.

Mr Chan is a graduate of The Chinese University of Hong Kong where he obtained both his bachelor’s and master’s degrees in Business Administration.

Mr Chan has over 30 years’ experience in accounting and finance field and is a former president of the Hong Kong Institute of Certified Public Accountants. He is also a former chairman of The Association of Chartered Certified Accountants – Hong Kong. In 2007, he was appointed a Justice of the Peace. In 2008, he was appointed a member of Shanghai City’s Chinese People’s Political Consultative Conference. Mr Chan was elected in September 2008 as a member of Legislative Council representing the Accountancy Functional Constituency.

Edward Kwan Yiu Chen, *GBS, CBE, JP, Director (Age: 64)*

Professor Chen has been an independent Non-executive Director of the Company since 2002. He was the president of Lingnan University in Hong Kong from September 1995 to August 2007. He is an honorary professor and a distinguished fellow of the Centre of Asian Studies at the University of Hong Kong. He was a member of the Legislative Council of Hong Kong from 1991 to 1992, and a member of the Executive Council of Hong Kong from 1992 to 1997. He was also a member of the Hong Kong SAR Basic Law Consultative Committee from 1985 to 1990. He is a director of two companies publicly listed in Hong Kong, namely, First Pacific Company Limited and Asia Satellite Telecommunications Holdings Limited.

Professor Chen was educated at The University of Hong Kong (Bachelor of Arts and Master of Social Science) and Oxford University (Doctor of Philosophy). He was appointed a Justice of the Peace in 1993 and awarded a CBE in 1995. In 2003, he was awarded the Gold Bauhinia Star Medal by the Hong Kong SAR Government.

Raymond Kuo Fung Ch’ien, *GBS, CBE, JP, Director (Age: 57)*

Dr Ch’ien has been an independent Non-executive Director of the Company since 2002. He is chairman of CDC Corporation and its subsidiary, China.com Inc, publicly listed in Hong Kong, and chairman of two companies publicly listed in Hong Kong, namely, MTR Corporation Limited and Hang Seng Bank Limited. Dr Ch’ien also serves on the boards of The Hongkong and Shanghai Banking Corporation Limited, Inchcape plc, publicly-listed Convenience Retail Asia Limited and Swiss Reinsurance Company Ltd.

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In public service, Dr Ch'ien is chairman of the Hong Kong/European Union Business Cooperation Committee and is a Hong Kong member of the APEC Business Advisory Council. Dr Ch'ien is an honorary president and past chairman of the Federation of Hong Kong Industries and a Trustee of the University of Pennsylvania. From 1992 to 1997, Dr Ch'ien was a member of the Executive Council of Hong Kong, then under British administration. He was appointed a member of the Executive Council of the Hong Kong SAR on 1 July 1997 and served until June 2002.

Dr Ch'ien received a doctoral degree in Economics from the University of Pennsylvania in 1978 and became a Trustee of the University in 2006. He was appointed a Justice of the Peace in 1993 and a Commander in the Most Excellent Order of the British Empire in 1994. In 1999, he was awarded the Gold Bauhinia Star Medal by the Hong Kong SAR Government. In 2008, he was awarded the honour of Chevalier de l'Ordre du Merite Agricole of France.

Hon Vincent Kang Fang, SBS, JP, Director (Age: 65)

Mr Fang has been an independent Non-executive Director of the Company since 1993. He also serves as a member and chairman of the Company's Audit Committee. He is the chief executive officer of Toppo Company (Hong Kong) Limited and managing director of Fantastic Garments Limited.

He currently serves as a member of Legislative Council representing Wholesale and Retail in Functional Constituency. He is a member of the Hospital Authority and Hong Kong Tourism Board. He is also a member of the Operations Review Committee of the Independent Commission Against Corruption ("ICAC") and a board member of the Airport Authority. He is the chairman of Hospital Governing Committee of Princess Margaret Hospital and Kwai Chung Hospital and the Quality Tourism Services Association. He is an honorary advisor of Hong Kong Retail Management Association and a director of The Federation of Hong Kong Garment Manufacturers.

Mr Fang is a graduate of North Carolina State University where he obtained both his bachelor's and master's degrees in Science of Textiles Engineering. Mr Fang was awarded the Silver Bauhinia Star by the Hong Kong SAR Government in 2008. He is also a Justice of the Peace.

Hans Michael Jebsen, BBS, Director (Age: 52)

Mr Jebsen has been an independent Non-executive Director of the Company since 2001. He also serves as a member of the Company's Audit Committee and Remuneration Committee. He is the chairman of Jebsen and Company Limited and also a non-executive director of publicly-listed Hysan Development Company Limited as well as vice chairman and a Board Member of Danfoss A/S, Denmark. He currently holds a number of public offices, namely, the vice-president and a trustee of World Wide Fund for Nature Hong Kong, the chairman of the Friend's Committee of the Asian Cultural Council Hong Kong, a Board Member of the Asian Cultural Council Board of Trustees, affiliate of the Rockefeller Brothers Fund, New York, an honorary fellow and a council member of the Hong Kong University of Science & Technology, as well as a member of the Advisory Council for the Environment, Hong Kong European Union Business Co-operation Committee of the Hong Kong Trade Development Council, Advisory Council as well as Board of Trustees of Asia Society Hong Kong Center and Advisory Board of the Hong Kong Red Cross. He is also an Honorary Citizen and Municipal Economic Advisor as well as a Committee Member of the CPPCC Jilin City, China.

After schooling in Germany and Denmark, he received a two-year banking education in Germany and the UK and studied Business Administration at the University of St. Gallen in Switzerland from 1978 to 1981.

Mr Jebsen was awarded the Bronze Bauhinia Star by the Hong Kong SAR Government in 2001, made a Knight of the Dannebrog by receiving the Silver Cross of the Order of Dannebrog by H. M. the Queen of Denmark in 2006 and was awarded the Merit Cross of the Order of the Merit of the Federal Republic of Germany in 2008.

Tze Yuen Ng, *Director* (Age: 61)

Mr Ng, *ACPA, ACMA*, joined the Company in 1985 and has been a Director of the Company since 1998. He is also a director of HCDL and of WPL, and also the managing director of WECL. Mr Ng was formerly a director of Joyce from 2000 to 2008. He is also a director of certain other subsidiaries of the Company.

James Edward Thompson, *GBS, Director* (Age: 69)

Mr Thompson has been an independent Non-executive Director of the Company since 2001. He also serves as a member of the Company's Audit Committee and Remuneration Committee. He established his company, Crown Worldwide, in Japan in 1965. He is a member of the American Chamber of Commerce ("ACC") in Hong Kong and was appointed as the chairman of ACC in 2003. He also serves on Hong Kong – United States Business Council, the Hong Kong Japan Business Co-operation Committee, and the Hong Kong Korea Business Roundtable. Mr Thompson has lived in Hong Kong for 31 years and has served on the Trade Development Council, the ICAC Advisory Committee as well as other government and charitable committees. He was awarded the Gold Bauhinia Star by the Hong Kong SAR Government in 2003.

Notes:

- (1) *Wheelock, WF Investment Partners Limited, Wheelock Corporate Services Limited, Myers Investments Limited, WPL, Star Attraction Limited and Lynchpin Limited (of which one or more of Mr P K C Woo, Mr G W J Li, Mr S T H Ng, Mr P Y C Tsui and Mr T Y Ng is/are director(s)) have interests in the share capital of the Company discloseable to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO").*
- (2) *The Company confirms that it has received written confirmation from each of the independent Non-executive Directors confirming their independence pursuant to Rule 3.13 of the Listing Rules, and considers them independent.*

(ii) *Senior Management*

Various businesses of the Group are respectively under the direct responsibility of the Chairman, the Senior Deputy Chairman, and the Deputy Chairman & Managing Director, as named under (A) (i) above. Only those three Directors are regarded as members of the Group's senior management.

Report of the Directors

(B) Directors' Interests in Shares

At 31 December 2008, Directors of the Company had the following beneficial interests, all being long positions, in the share capitals of the Company, the Company's parent company and a fellow subsidiary, namely, Wheelock and WPL, and two subsidiaries of the Company, namely, i-CABLE and Modern Terminals, and the percentages which the shares represented to the issued share capitals of the five companies respectively are also set out below:

	No. of Ordinary Shares (Percentage of Issued Capital)	Nature of Interest
The Company		
Mr Gonzaga W J Li	772,367 (0.0280%)	Personal Interest
Mr Stephen T H Ng	731,314 (0.0266%)	Personal Interest
Mr T Y Ng	200,268 (0.0073%)	Personal Interest
Wheelock		
Mr Peter K C Woo	1,204,934,330 (59.3023%)	Personal Interest in 8,847,510 shares, Corporate Interest in 200,865,142 shares and Other Interest in 995,221,678 shares
Mr Gonzaga W J Li	1,486,491 (0.0732%)	Personal Interest
Mr Stephen T H Ng	300,000 (0.0148%)	Personal Interest
Mr T Y Ng	70,000 (0.0034%)	Personal Interest
WPL		
Mr Gonzaga W J Li	2,900 (0.0001%)	Personal Interest
i-CABLE		
Mr Gonzaga W J Li	68,655 (0.0034%)	Personal Interest
Mr Stephen T H Ng	1,065,005 (0.0529%)	Personal Interest
Mr T Y Ng	17,801 (0.0009%)	Personal Interest
Modern Terminals		
Mr Hans Michael Jebsen	3,787 (5.40%)	Corporate Interest

Notes:

- (i) *The 995,221,678 shares of Wheelock stated above as "Other Interest" against the name of Mr Peter K C Woo represented an interest comprised in certain trust properties in which Mr Woo was taken, under certain provisions in Part XV of the SFO which are applicable to a director or chief executive of a listed company, to be interested.*
- (ii) *The shareholdings classified as "Corporate Interest" in which the Directors concerned were taken to be interested as stated above were interests of corporations at respective general meetings of which the relevant Directors were respectively either entitled to exercise (or taken under Part XV of the SFO to be able to exercise) or control the exercise of one-third or more of the voting power in general meetings of such corporations.*

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the SFO in respect of information required to be notified to the Company and the Stock Exchange by the Directors and/or Chief Executive of the Company pursuant to the SFO or to the Model Code for Securities Transactions by Directors of Listed Issuers, there were no interests, both long and short positions, held during the financial year by any of the Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), nor had there been any exercises during the financial year of any rights to subscribe for any shares, underlying shares or debentures of the Company.

(C) Substantial Shareholders' Interests

Given below are the names of all parties which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company as at 31 December 2008, the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at the date as recorded in the register kept by the Company under section 336 of the SFO (the "Register") and the percentages which the shares represented to the issued share capital of the Company:

Names	No. of Ordinary Shares (Percentage of Issued Capital)	
(i) Lynchpin Limited	193,879,157	(7.04%)
(ii) Star Attraction Limited	193,879,157	(7.04%)
(iii) Wheelock Properties Limited	193,879,157	(7.04%)
(iv) Myers Investments Limited	193,879,157	(7.04%)
(v) Wheelock Corporate Services Limited	193,879,157	(7.04%)
(vi) WF Investment Partners Limited	1,183,652,306	(42.98%)
(vii) Wheelock and Company Limited	1,377,531,463	(50.02%)
(viii) HSBC Trustee (Guernsey) Limited	1,377,531,463	(50.02%)

Note: For the avoidance of doubt and double counting, it should be noted that duplication occurs in respect of the shareholdings stated against parties (i) to (viii) above to the extent that the shareholding stated against party (i) above was entirely duplicated or included in that against party (ii) above, with the same duplication of the shareholdings in respect of (ii) in (iii), (iii) in (iv), (iv) in (v), (v) in (vi), (vi) in (vii) and (vii) in (viii).

All the interests stated above represented long positions and as at 31 December 2008, there were no short positions recorded in the Register.

(D) Directors' Interests in Competing Business

Set out below is information disclosed pursuant to paragraph 8.10 of the Listing Rules.

Six Directors of the Company, namely, Mr P K C Woo, who is also the chairman and a substantial shareholder of the Company's substantial shareholder, Wheelock, and Mr G W J Li, Mr S T H Ng, Ms D Y F Lee, Mr P Y C Tsui and Mr T Y Ng, being also directors of Wheelock and/or certain subsidiaries of Wheelock, are considered as having an interest in Wheelock under Rule 8.10 of the Listing Rules.

Ownership of property for letting and development of properties for sale and/or investment carried on by Wheelock and subsidiaries of Wheelock (the "Wheelock Group") constitute competing businesses of the Group.

The ownership of commercial premises by the Wheelock Group for rental purposes is considered as competing with the commercial premises owned by the Group. Since the Group's commercial premises are not in the vicinity of those owned by the Wheelock Group, and are targeted at different customers and would attract different tenants compared to those of the Wheelock Group, the Group considers that its interest regarding the business of owning and letting of commercial premises is adequately safeguarded.

The development of properties for sale and/or investment purposes by the Wheelock Group is also considered as a competing business of the Group. However, the Group itself has adequate experience in property development and is therefore capable of carrying on its property development business independently of the Wheelock Group.

For safeguarding the interests of the Group, the independent Non-executive Directors and the Audit Committee of the Company would on a regular basis review the business and operational results of the Group to ensure, *inter alia*, that the Group's development of properties for sale and/or investment and property leasing businesses are and continue to be run on the basis that they are independent of, and at arm's length from, those of the Wheelock Group.

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(E) Major Customers and Suppliers

For the financial year ended 31 December 2008:

- (i) the aggregate amount of purchases (not including the purchases of items which are of a capital nature) attributable to the Group's five largest suppliers represented less than 30% of the Group's total purchases; and
- (ii) the aggregate amount of turnover attributable to the Group's five largest customers represented less than 30% of the Group's total turnover.

(F) Bank Loans, Overdrafts and other Borrowings

Particulars of any and all bank loans, overdrafts and/or other borrowings of the Company and of the Group as at 31 December 2008 which are repayable on demand or within a period not exceeding one year are set out in Note 23 to the Financial Statements on pages 97 and 98. Those which would fall due for repayment after a period of one year are particularised in Note 23 to the Financial Statements on pages 97 and 98.

Set out below is information regarding certain borrowings of the Group outstanding as at 31 December 2008, all in the form of debt securities issued by wholly-owned subsidiaries of and guaranteed by the Company:

<u>Name of Subsidiary/Borrower</u>	<u>Description of Debt Securities Issued</u>	<u>Outstanding Principal Amount</u>
(1) Wharf Finance (BVI) Limited	HK\$ Guaranteed Fixed Rate Note due 2009	HK\$300 Million
	HK\$ Guaranteed Floating Rate Notes due 2009	HK\$100 Million
	HK\$ Guaranteed Floating Rate Notes due 2010	HK\$200 Million
	HK\$ Guaranteed Fixed Rate Notes due 2011	HK\$200 Million
	HK\$ Guaranteed Floating Rate Notes due 2013	HK\$300 Million
	HK\$ Guaranteed Fixed Rate Notes due 2016	HK\$250 Million
(2) Wharf Finance Limited	US\$ Guaranteed Fixed Rate Notes due 2017	US\$400 Million

(G) Interest Capitalised

The amount of interest (all being borrowing costs) capitalised by the Group during the financial year is set out in Note 5 to the Financial Statements on page 80.

(H) Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules throughout the financial year ended 31 December 2008.

(I) Disclosure of Connected Transactions

Set out below is information in relation to certain connected transactions involving the Company and/or its subsidiaries, particulars of which were previously disclosed in the announcements of the Company dated 5 January 2005, 16 January 2006 and 18 January 2006 respectively and are required under the Listing Rules to be disclosed in the Annual Report and Financial Statements of the Company:

(i) Tenancy Agreements with City Super Limited

During the financial year under review, there existed certain tenancy arrangements (the "City Super Transactions") respectively made by two wholly-owned subsidiaries of the Company as the landlords with City Super Limited ("City Super") as the tenant. The City Super Transactions are for the purpose of earning rental revenue for the Group. The amount of rent received by the Group for the year ended 31 December 2008 and certain particulars are as follows:

Location of the City Super Store Premises	HK\$ Million
1. Tenancy agreement in respect of B101-B109, Basement 1, Times Square, Causeway Bay, Hong Kong	35.93
2. Tenancy agreement in respect of Shops 3001-3002 and 3103-4, Level 3, Gateway Arcade, Harbour City, Kowloon, Hong Kong	32.61

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

The rentals receivable by the Group from the City Super Transactions are subject to annual cap amounts previously disclosed in the abovementioned announcement dated 5 January 2005.

(ii) Tenancy Agreement with Joyce Boutique Limited

During the financial year under review, there existed a tenancy agreement between a wholly-owned subsidiary of the Company as the landlord, and Joyce Boutique Limited ("JBL") as the tenant. This tenancy transaction (the "JBL Transaction") is for the purpose of earning rental revenue for the Group. The amount of rent received by the Group for the year ended 31 December 2008 and certain particulars are as follows:

Location of the JBL shop	HK\$ Million
G106 Ground Floor, No. 17-19 Canton Road, Harbour City, Kowloon, Hong Kong	14.97

The JBL Transaction is regarded as a continuing connected transaction under the Listing Rules by reason of the fact that JBL is indirectly 51.9%-owned by the Trust.

The rental receivable by the Group from the JBL Transaction is subject to an annual cap amount previously disclosed in the abovementioned announcement dated 16 January 2006.

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(iii) *Tenancy Agreement with Ferragamo Retail HK Limited*

During the financial year under review, there also existed a tenancy agreement between a wholly-owned subsidiary of the Company as the landlord, and Ferragamo Retail HK Limited (“Ferragamo”) as the tenant. This tenancy transaction (the “Ferragamo Transaction”) is for the purpose of earning rental revenue for the Group. The amount of rent received by the Group for the year ended 31 December 2008 and certain particulars are as follows:

Location of the Ferragamo shop	HK\$ Million
Ground Floor and Level 1, Ocean Centre, Harbour City, Kowloon, Hong Kong	18.24

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

The rental receivable by the Group from the Ferragamo Transaction is subject to an annual cap amount previously disclosed in the abovementioned announcement dated 18 January 2006.

(iv) *Confirmation from the Directors etc.*

(i) The Directors, including the independent Non-executive Directors, of the Company have reviewed the City Super Transactions, the JBL Transaction and the Ferragamo Transaction (collectively, the “Transactions”) mentioned under Sections I(i) to I(iii) above and confirmed that the Transactions were entered into:

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

(ii) Furthermore, the auditors of the Company have advised the following:

- (1) the Transactions had been approved by the Company’s Board of Directors;
- (2) nothing came to the attention of the auditors of the Company that caused them to believe that the Transactions were not entered into in accordance with the terms of the related agreements governing the Transactions; and
- (3) the relevant cap amounts, where applicable, have not been exceeded during the financial year ended 31 December 2008.