



Other Businesses

Other Hong Kong Properties

Balance Sheet (Extract)

As at 31 December 2008

	HK\$ Million
Properties	13,816
Interest in associates	59
Property inventory and development	817
Second mortgage debtors	9
Net current liabilities	(38)
Other non-current liabilities	(167)
*Net business assets (before debt)	14,496

* Excluding deferred tax on revaluation surplus for investment properties

Major Property List

		Attributable GFA (sq ft)	%		Owned	Status
Plaza Hollywood	Retail	562,000	100			For Lease
Wharf T&T Square	Office/ Retail	395,000	100			For Lease
Delta House	Office	349,000	100			For Lease
1 Plantation Road	Residential	97,000	100			For Lease
Mountain Court	Residential	49,900	100			For Lease
Chelsea Court	Residential	43,000	100			For Lease
77 Peak Road	Residential	32,000	100			For Lease
Star House - various units	Retail	50,800	70			For Lease
Cable TV Tower - various units	Industrial	566,000	100	For Lease/Own Use		
Strawberry Hill - various units	Residential	16,000	100	For Lease/Sale		
Bellagio Towers 1,2,3 & 5	Retail/Residential	17,800	33	For Lease/Sale		
Cable TV Tower South	Industrial	598,500	100	Under Construction		
Kowloon Godown	Residential	994,900	100	Under Planning		
Yau Tong Godown	Retail/Residential	255,700	100	Under Planning		
Yau Tong JV Project	Retail/Residential	624,500	15.6	Under Planning		

Other Businesses



Leasing activities for the Group's Peak property portfolio remained active in 2008



The deluxe Marco Polo Wuhan opened in September 2008

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

For our Peak property portfolio, leasing activities remained active during the year. 1 Plantation Road, Chelsea Court and Mountain Court were almost fully let during 2008, with favorable rental growth in new lettings and renewals. A record high unit rent of HK\$75.7 per square foot has been achieved from the new letting of a penthouse unit of 1 Plantation Road in October 2008. In addition, a penthouse unit of Chelsea Court registered a 61% rental increment in August 2008.

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

Marco Polo Hotels

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

The three hotels in Harbour City performed well during the year. Total hotel and club

revenue was HK\$1,042 million, and an 8% growth in average room rate was achieved. Despite a steady increase in average room rates, consolidated occupancy in 2008 slightly dropped to 86% (2007: 90%) on a slowdown in inbound tourism towards the year end, spurred by the global economic downturn.

A new deluxe Marco Polo hotel in Wuhan (at Wuhan Times Square) opened on 15 September 2008 and is wholly owned and developed by the Group. Located along the Yangtze River and within close proximity to the Wuhan International Airport, Marco Polo Wuhan ("MPW") is well positioned to tap the growing influx of travellers to Wuhan's trade and economic centre and to be the favoured hotel brand in the city. MPW houses a host of prestigious brands including Ermenegildo Zegna, Glasstique, Louis Vuitton and Tod's.

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

i-CABLE

Deteriorating economic conditions amidst the onslaught of the global financial turmoil,

along with the harsh operating environment took toll on i-CABLE's financial performance in 2008. A special provision made for set-top-boxes to be replaced in 2009 upon the launch of a new conditional access system and a loss booked relating to film investments turned i-CABLE to a net loss after tax of HK\$111 million from a net profit of HK\$183 million in 2007. Nevertheless, thanks to its prudence in financial management, i-CABLE maintained a sound liquidity position, with net cash increasing to HK\$690 million as at 31 December 2008 (2007: HK\$642 million).

Despite the setback in profitability, i-CABLE's ongoing efforts in reinforcing and enhancing the fundamentals of the business are well on track, with steady progress being made during the year. Timely adjustments to service packages spurred the continued growth of Pay TV subscribers. The Pay TV subscriber base continuously grew to 917,000 by the end of 2008 (2007: 882,000). However, dilution from lower yield subscribers reduced total turnover and operating profit for this sector to HK\$1,355 million (2007: HK\$1,595 million) and HK\$6 million (2007: HK\$179 million) respectively.



With strong balance sheet and low cost base, i-CABLE is in a good position to stay competitive in a challenging environment



Wharf T&T continued to progress steadily in its business transformation in 2008

2008 was a bountiful year on the content front, with i-CABLE's sports platform making local broadcasting history, its news team winning accolades, and its entertainment platform enjoying a further boost in popularity. In the summer, i-CABLE, as the Beijing Olympics' Official New Media Broadcaster in Hong Kong, made history with its unprecedented online coverage of the event, which has met with overwhelming responses. i-CABLE also secured the exclusive media rights for the UEFA Champions League and UEFA Cup for three seasons starting 2009/10, the 2010 FIFA World Cup and the 16th Asian Games that will take place in Guangzhou in November 2010, and the London Olympics in 2012. Professionalism of i-CABLE's news team gained wide recognition in 2008, with its coverage on the Sichuan earthquake winning the prestigious TV (News) Prize granted by the Asia Pacific Broadcasting Union.

On the Broadband front, subscriber base and turnover consolidated as i-CABLE adhered to a strategy of maintaining yield in the broadband access segment. Though the subscriber base slid to 267,000 (2007: 306,000), turnover was held at

HK\$576 million (2007: HK\$588 million). Operating profit for the sector fell to HK\$148 million (2007: HK\$180 million).

i-CABLE, though sustaining minor bruises, has withstood the first wave of the financial tsunami on relatively sound financial position. In a bid to be better equipped, i-CABLE has acquired new premier and attractive contents; is building up a new defence system against piracy and gearing up for delivering new service such as High Definition Television. i-CABLE's strong balance sheet and low cost base will put themselves in a good position to stay competitive in a harsh environment.

Wharf T&T

Wharf T&T, despite the devastating financial tsunami, continued to progress steadily in its business transformation and gained ground in both the telecom and IT sectors. Attributable to a recovery in the voice business and the robust performance of the data business Wharf T&T posted double-digit top line growth with earnings well exceeding expectations for 2008.

In 2008, the stable voice market enabled Wharf T&T to meet its yield improvement objective. Bandwidth appetite and the synergy between data and system integration strengthened the growth momentum for both services. The residential IDD business performed as planned and increased contribution to the overall profitability of Wharf T&T. Investment continued to build the 'Strictly Business' ICT brand. With this unique market position in place, Wharf T&T worked ever harder on service quality.

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

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