

Wheelock and Company Limited

The Wharf (Holdings) Limited

28 November 2007

Analyst Briefing





Wheelock's Results (for 6-month period ended 30.9.07)

Consolidation

- ❖ Wharf's financial statements were fully consolidated in the Group's, with Wharf becoming a subsidiary of the Group.
 - ◆ The Group's interim financial statements have consolidated Wharf's financial statements for the 9-month period from 1.1.2007 to 30.9.2007 (2006: 6-month period from 1.1.2006 to 30.6.2006)
- ❖ In the previous year, the Group equity accounted for its interest in Wharf and shared Wharf's results upto 31.12.2006 in the Group's last financial statements for the year ended 31.3.2007.



Results Highlights

	1H07/08 (HK\$)	1H06/07 (HK\$)	% Change
Net profit excluding revaluation surplus	2,214M	1,579M	+40%
Revaluation surplus (net of Tax & MI)	1,816M	2,156M	-16%
Profit attributable to shareholders	4,030M	3,735M	+8%
EPS	1.98	1.84	+8%
EPS (excluding revaluation surplus)	1.09	0.78	+40%
DPS	¢ 2.50	¢ 2.50	-
Excluding Wharf's additional 3-month results (Jul-Sep) (2006: Profit on disposal of Hampton) and net revaluation surplus	1,545M	1,218M	+27%



Results Highlights

	1H07/08 (HK\$)
Borrowing Cost	766M
Average Interest Rate	4.8%
	<i>As at 30.9.07</i>
Net Debt (Debts \$30.8M – cash \$8.2M)	22.6B
Loans borrowed by Wharf	26.5B
Loans borrowed by WPSL	2.7B
Debt to Shareholders' Equity	42.6%
Debt to total Equity	21.0%

Note:

(1) Wharf's and WPSL's loans are without recourse to the Company and its wholly-owned subsidiaries



Wharf's Key Recaps for First 3 Quarters 2007

- ❖ Properties continued to be the growth driver: turnover: HK\$7,071M, +61%; profit: HK\$4,542M, +59%
 - ◆ Core properties Harbour City and Times Square represent 54% of Group's total assets. Combined turnover: HK\$3,931M (+15%), operating profit: HK\$2,943M (+20%)
 - ◆ Robust growth in property development profit (HK & China): HK\$1,088M (06: HK\$-17M) mainly attributable to sale of units at Wellington Garden and selected towers of Wuhan Times Square in China and the remaining 3 Gough Hill houses in HK.
- ❖ China Properties
 - ◆ Acquired 10 prime sites in the cities of Chengdu, Hangzhou, Chongqing & Suzhou during Aug-Nov 2007:

Through Wharf

- 4 land parcels in Hangzhou – Xihu District, JV (Wharf / Jindu: 50%: 50%)
- 1 land parcel in Chengdu – Hongxing Lu, (Wharf – 100%)
- 1 land parcel in Chongqing – Danzishi through a JV (Wharf / China Overseas: 40: 60),



Wharf's Key Recaps for First 3 Quarters 2007

❖ China Properties (Cont'd)

◆ Through HCDL

- 1 land parcel in Hangzhou – Hangzhou CBD, JV (HCDL / Greentown: 40%:60%)
- 2 land parcels in Suzhou – Suzhou Industrial Park, JV (HCDL / Zhong Xin: 80%:20%)
- 1 land parcel in Chongqing – Jiangbei City, JV (HCDL / China Overseas: 55%:45%)

◆ Tian Fu Times Square (*No. 11 Dong Da Jie*), Chengdu launched its pre-sale of selected residential towers in Sep 07 and such launch was met with overwhelming responses – 95% of units launched pre-sold by end Sep 07, target completion: 2009-2011 (profit not yet booked until completion)

◆ Upon new acquisitions, Wharf group's current attributable landbank (including investment properties): plot ratio GFA: about 70.7M s.f.



Results Highlights

	3Q 07 (HK\$)	3Q 06 (HK\$)	% Change
❖ Turnover	12,573M	9,873M	+27%
❖ Operating profit	6,413M	4,742M	+35%
❖ Borrowing costs	(715M)	(624M)	-15%
❖ Taxation	(2,631M)	(1,665M)	-58%
❖ Net profit excluding property revaluation	4,020M	3,082M	+30%



Results Highlights

	3Q 07 (HK\$)	3Q 06 (HK\$)	% Change
❖ Net profit excluding revaluation surplus	4,020M	3,082M	+30%
❖ Revaluation surplus (net of Tax & MI)	3,527M	4,383M	-20%
❖ Profit attributable to shareholders	7,547M	7,465M	+1%
❖ Earnings per share	3.08	3.05	+1%
❖ EPS (excluding revaluation surplus)	1.64	1.26	+30%



Results Highlights

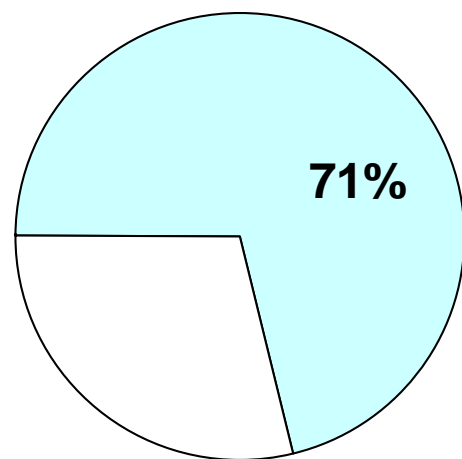
	3Q 07	3Q 06	% Change
❖ Borrowing Cost	715M	624M	+15%
❖ Average Interest Rate	4.9%	4.6%	+0.3pts
❖ Interest Cover	4.5x	5.7x	-1.2x

	3Q 07	FY06	% Change
❖ Net Debt	23.9B	16.9B	+41%
❖ Debt to Shareholders' Equity	29.1%	22.5%	+6.6pts

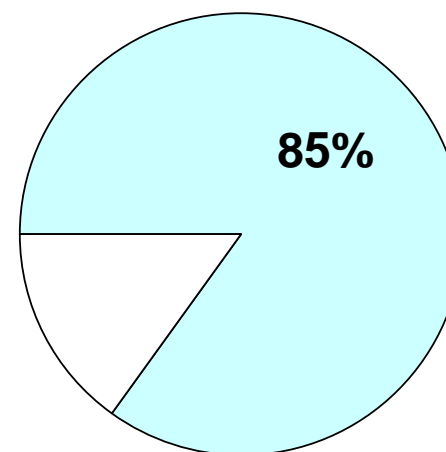


Properties

	<i>Revenue</i>			<i>Segment Profit</i>		
	3Q 07 (HK\$M)	3Q 06 (HK\$M)	Change %	3Q 07 (HK\$M)	3Q 06 (HK\$M)	Change %
Property Investment	4,727	4,103	+15%	3,454	2,878	+20%
Property Development	2,344	284	+725%	1,088	-17	+6500%
Total	7,071	4,387	+61%	4,542	2,861	+59%



Segment Profit Allocation



As % of Group NAV



Harbour City

SEGMENT PERFORMANCE	<i>Revenue</i>			<i>Occupancy</i>
	3Q 07 (HK\$M)	3Q 06 (HK\$M)	% Change	%
Retail	1,283	1,072	+20%	98%
Office	983	812	+21%	94%
Serviced Apartment	179	151	+19%	94%
Hotel	671	655	+2%	88%
Total	3,116	2,690	+16%	



Harbour City

Retail

- ❖ Average occupancy: 98%
- ❖ Continuous improvement in local sentiment and healthy growth in tourist arrivals fuelled the momentum of retail sales
- ❖ Average tenant's sales psf +23% YoY
- ❖ Conversion of Level 4 of OC – lease commitments of 3 stylish restaurants, which offer terrace dining with panoramic view and 2 brands on beauty facilities, completion: 4Q2007
- ❖ LV will expand its store to 3 levels, completion: 1Q2008

Office

- ❖ Occupancy: 94%
- ❖ New lettings: 368,607 s.f., including in-house expansions and relocation of offices from Metropolis, China HK City and Lippo Sun Plaza for office upgrading
- ❖ 2 recent transactions at GW Tower 6: Over HK\$40 psf.
- ❖ Positive rental reversion

Serviced Apartments

- ❖ Occupancy: 94%; a record high since its opening in 1999
- ❖ Renovation of penthouse units well underway



Times Square

SEGMENT PERFORMANCE	<i>Revenue</i>			<i>Occupancy</i>
	3Q 07 (HK\$M)	3Q 06 (HK\$M)	% Change	%
Retail	545	506	+8%	99%
Office	270	217	+24%	98%
Total	815	723	+13%	



Times Square

Retail

- ❖ Average occupancy: 99%
- ❖ Favourable rental growth on new leases and renewals
- ❖ Trade-mix refinement continued; Gucci's commitment of over 3,500-sq-foot retail space on the 2nd floor will boost excitement and traffic

Office

- ❖ Occupancy: 98%
- ❖ New lettings: 108,865 s.f.; half of them were in-house expansions
- ❖ Retention rate: 81%



Property Investment

- ❖ 3 Times Squares (Shanghai, Beijing, & Chongqing) performed satisfactorily
- ❖ 3Q07 Revenue: HK\$305M, +29%, Operating profit: HK\$148M, +61%
- ❖ Wheelock Square (1717, Nanjing Xi Lu), Shanghai (98% JV)
 - ◆ top quality Grade A office tower (with retail)
 - ◆ Foundation work completed; Superstructure works in progress
 - ◆ Completion: 2009
- ❖ More Times Squares will be rolled out in Wuhan, Dalian, and Chengdu



China Properties

Property Development

- ❖ Development profit: HK\$688M, due to sales recognition of sold units at Wellington Garden and selected towers of Wuhan Times Square upon completion
 - ◆ Wellington Garden (59% JV)
 - Residential, completion: 4/2007
 - 100% of units launched sold
 - ◆ Wuhan Times Square
 - Mix complex, completion: 2008
 - Towers 3 & 4 residential: 93% of units launched sold. Completed in 6/2007
- ❖ Wharf group's current attributable landbank (including investment properties): plot ratio GFA: about *70.7M s.f.*
- ❖ Project under pre-sale
 - ◆ Tian Fu Times Square (*No. 11 Dong Da Jie*)
 - Mix complex, completion: 2009-2011
 - 2 residential towers launched (in 9/2007): 95% pre-sold by end 9/2007



Property Development

❖ Acquired 10 new prime sites in Hangzhou, Chengdu and Chongqing in Aug-Nov 2007

Under Wharf

- 4 sites in Hangzhou – Lot 37, 38, 43, 44, Xihu District:
 - JV (Wharf / Jindu: 50%: 50%)
 - First-class residential development

- 1 site in Chengdu – IFC / IFC Tiandi
 - 100% owned by Wharf
 - lies in the heart of Chengdu's most vibrant commercial & business centre
 - Mixed-use project comprising Grade A offices, a 5-star hotel, and a high-end retail complex

- 1 site in Chongqing – Danzishi, Nanan District:
 - JV (Wharf / China Overseas: 40%: 60%)
 - situated in Danzishi, which is deemed the future CBD of Chongqing
 - High-end residential and commercial project



Property Development

Under HCDL:

- 1 site in Chongqing – Zone B Jiangbei District:
 - JV (HCDL / China Overseas: 55%: 45%).
 - High-end residential development

- 2 land parcels in Suzhou – Suzhou Industrial Park
 - JV (HCDL / Zhong Xin: 80%: 20%)
 - Planned for commercial & residential developments
 - ◆ Suzhou Super Tower – New tallest landmark development and future CBD centre of Suzhou
 - ◆ Suzhou Industrial Park Lot 82044-82047 for sale

- 1 site in Hangzhou – New Hangzhou CBD, Shangcheng District
 - JV (HCDL / Greentown : 40%: 60%)
 - High-end residential and commercial project



Property Development

❖ Other on-going projects

■ Dalian Times Square

- Retail & residential complex, completion: 2009
- 180,000-sq-foot shopping mall targeting for opening in 4Q2008 – secured commitment of top notched brands including LV (over 1,000 sq.m), Gucci, Hermes, Prada, Giorgio Armani, Dior, Fendi, Versace, etc.

■ Chengdu – No. 10 Gaoxin District

- Residential + office, completion: 2009-2011

■ Chengdu – Shuangliu Development Area

- Mixed use [office, retail (incl an outlet mall), hotel, residential]

■ Suzhou – Lot 68210, superbly located between Jinji Lake and Dushe Lake; next to a 27-hole golf club

- Premier deluxe low density residences, planning underway, completion: 2008-2010



Property Development

❖ Other on-going projects (Cont'd)

■ Wuxi

➤ 2 parcels of land planned for an upscale residential and a high rise commercial development

◆ Taihu Plaza Project – residential

◆ Wuxi Super Tower (339-metre) – New tallest Landmark of Wuxi, centre of CBD, Grade A office / deluxe serviced apartment / 5 star hotel

■ No.1 Xin Hua Road (85% JV), Shanghai – completion: 2009

■ Jingan Garden (55% JV), Shanghai – completion: 2011



Other Properties

Hong Kong Property Developments

- ❖ Revenue: HK\$712M, +154%
 - Sales of 3 Gough Hill deluxe houses

- ❖ Remaining stock to be sold
 - Bellagio: about 105 units

- ❖ Group's policy – To dispose of non-core properties
 - Following satisfactory disposal of Wharf's remaining stock in Grandtech Centre, the Group continues to look for opportunities to dispose of non-core properties



Other Properties

Marco Polo Hotels

❖ Current profile

- 9 operating hotels in the Asia Pacific Region
- 2 hotels under construction – Wuhan & Chengdu

❖ Hong Kong

- Hotel and club revenue: HK\$671M
- 7.5% growth in average room rates; occupancy (88%)

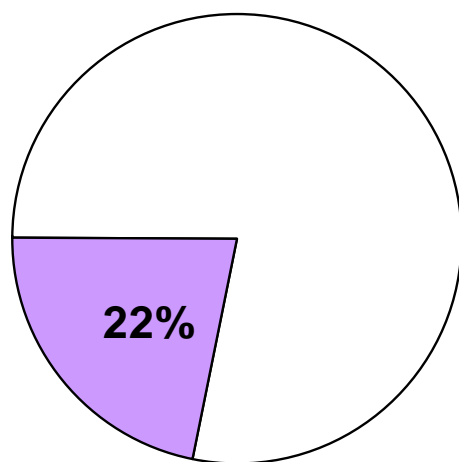
❖ Hotels to be opened

- 2 deluxe hotels in Wuhan (Early 2008) and Chengdu (2011)
- Currently, 3 additional hotels are planned for the Wuxi, Suzhou, and Chengdu markets

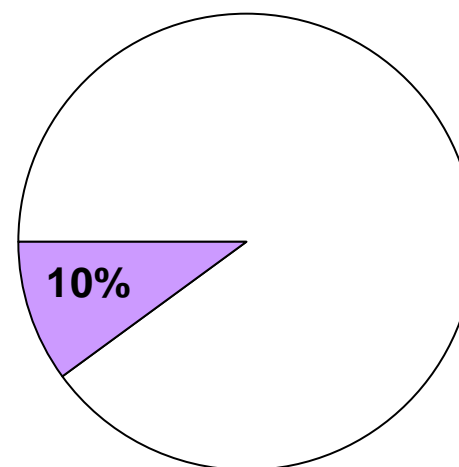


Logistics

	<i>Revenue</i>			<i>Segment Profit</i>		
	3Q 07 (HK\$M)	3Q 06 (HK\$M)	% Change	3Q 07 (HK\$M)	3Q 06 (HK\$M)	% Change
Logistics	2,656	2,570	+3%	1,383	1,353	+2%



Segment Profit Allocation



As % of Group NAV



Logistics

	<i>Revenue</i>			<i>Throughput</i>		
	3Q 07 (HK\$M)	3Q 06 (HK\$M)	% Change	3Q 07 TEUs(M)	3Q 06 TEUs(M)	% Change
Modern Terminals	1,284	1,238	+4%	4.24	4.01	+6%
				3Q 07 (HK\$M)	3Q 06 (HK\$M)	% Change
MTL's Associates & jointly controlled entities (post-tax)				194	72	+169%



Modern Terminals

Hong Kong

- ❖ Throughput: 4.24M TEUs, +6%
- ❖ Market share: 32.8% (2006: 33.9%)

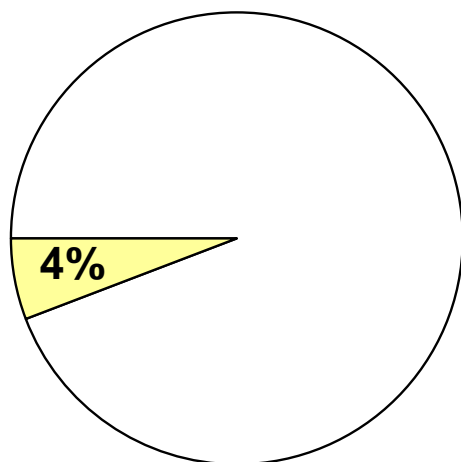
China

- ❖ Dachan Bay Phase I (65%) – 5 berths, designed capacity: 2.5M TEUs, 1st two berths will commence operation towards end 2007
- ❖ Taicang
 - Phase I (51%) and Phase II (70%)
 - Throughput: 587,000 TEUs, +66%, completion of remaining berths: End 2007
- ❖ Shekou
 - Throughput at Mega SCT: 2.28M TEUs
 - MTL holds 30% in Mega SCT after completion of SCT rationalization in 2/2007
- ❖ Others
 - Chiwan (8% holding) – throughput: 2.93M TEUs

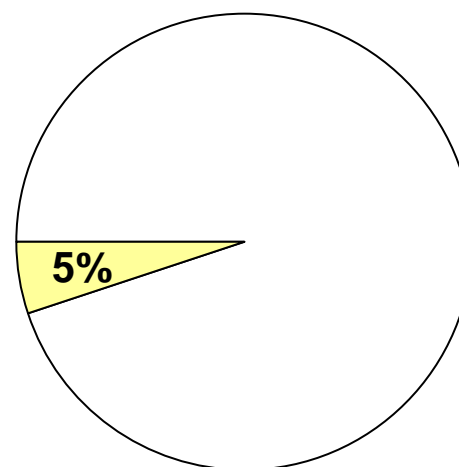


Communication, Media, & Entertainment (CME)

	<i>Revenue</i>			<i>Segment Profit</i>		
	3Q 07 (HK\$M)	3Q 06 (HK\$M)	% Change	3Q 07 (HK\$M)	3Q 06 (HK\$M)	% Change
CME	2,844	2,951	-4%	257	251	+2%



Segment Profit Allocation



As % of Group NAV



	<i>Revenue</i>			<i>No. of Subscribers/fixed lines</i>		
	3Q 07 (HK\$M)	3Q 06 (HK\$M)	% Change	3Q 07	FY 06	% Change
Pay TV	1,212	1,440	-16%	845,000	786,000	+7%
Internet & Multimedia	442	445	-	316,000	328,000	-3%
Wharf T&T	1,075	1,030	+4%	598,000	562,000	+6%



❖ Pay TV

- Aided by package unbundling, CABLE TV withstood aggressive competitive marketing to report steady growth in subscriber base
- A purpose-built integrated customer service centre in Guangzhou opened in 8/07 to provide one-stop hotline services, the first of 10 retail shops opened in Causeway Bay in 10/07 to expand sales coverage
- Started to prepare for full exploitation of the rights by bringing to HK unprecedented coverage of Olympics Games through new media platform

❖ Internet & Multimedia

- Subscription and turnover decreased marginally as the market further consolidated
- 25% growth in operating profit attributable to decrease of operating costs and growth of wholesales voice service

❖ Wharf T&T

- Surge in demand in data networking and IT businesses, together with a stabilized voice market, put Wharf T&T group back on the path of recovery



Profit & Loss Summary

	3Q 07 (HK\$M)	3Q 06 (HK\$M)	% Change
Turnover	12,573	9,873	+27%
Operating Profit	6,413	4,742	+35%
Revaluation Surplus	4,796	5,330	-10%
Profit Before Taxation	10,756	9,601	+12%
Taxation (Incl. deferred taxation on revaluation)	(2,631)	(1,665)	+58%
Profit After Taxation	8,125	7,936	+2%
Net Profit Attributable to Shareholders	7,547	7,465	+1%



Debt Profile

As at 30 September 2007

	Total Debt		Un-drawn Facility
	(HK\$B)	(%)	(HK\$B)
<u>Company and wholly owned subsidiaries</u>			
Committed facilities	16.7	63%	5.6
Uncommitted facilities	-	-	2.2
Total:	16.7	63%	7.8
<u>Non-wholly owned subsidiaries</u>			
Modern Terminals Limited (non-recourse to Wharf)	9.4	35%	7.5
i-CABLE	-	-	0.6
Others	0.4	2%	1.1
Subtotal:	9.8	37%	9.2
Overall:	26.5	100%	17.0



NAV Adjustment

As at 30 September 2007

Per Share
(HK\$)

For Supplemental Information Only:

NAV per Balance Sheet

33.64

Subjective adjustments:-

❖ Modern Terminals (transacted price in 2005)

3.01

❖ Hotel Properties (on independent valuation)

1.63

❖ i-CABLE (on market value)

0.29

Deferred tax on revaluation surplus of Hong Kong Investment Property

4.64

Adjusted NAV

43.21

+8% vs. HK\$40.11 as at 12/06



Outlook – China Properties under Wharf Group

	<u>Attributable plot ratio GFA</u>
<u>POST 2005 – INVESTMENT PROPERTIES</u>	<u>s.f. in 'M</u>
IFC / IFC Tiandi, Chengdu	4.7
Wuxi Super Tower, Wuxi	3.0
Suzhou Super Tower, Suzhou (HCDL 80% JV)	<u>3.0</u>
Sub-total:	10.7
<u>POST 2005 – FOR SALE / MIXED</u>	
Suzhou Industrial Park Lot 68210, Suzhou	2.2
Tian Fu Times Square, Chengdu*	4.4
No. 10 Gaoxin District, Chengdu	4.4
Shuangliu Development Zone, Chengdu	9.8
Taihu Plaza Project – Residential, Wuxi	9.0
Lot 37,38,43 &44 Hangzhou (50% JV)	2.0
Lot 24 Suzhou Industrial Park, Suzhou (50% JV)	0.9
Danzishi, Chongqing (40% JV)	9.0
Hangzhou CBD, Hangzhou (HCDL 40% JV)	1.3
Zone B of Jiangbei City (HCDL 55% JV)	2.5
Suzhou Ind'Park Lot 82044-82047 (HCDL 80% JV)	<u>7.8</u>
Sub-total:	53.3
Post-2005 Total:	<u>64.0</u>

* Project partly sold (floor areas shown exclude sold portion)



Outlook – China Properties under Wharf Group

	<u>Attributable plot ratio GFA</u>
<u>PRE 2005 – INVESTMENT PROPERTIES</u>	<u>s.f. in 'M</u>
Shanghai Times Square, Shanghai	0.9
Chongqing Times Square, Chongqing*	0.5
Wuhan Times Square, Wuhan	0.4
Dalian Times Square, Dalian	0.2
Beijing Capital Times Square, Beijing (87.5% JV)	0.8
Shanghai Wheelock Square, Shanghai (98% JV)	<u>1.2</u>
Total:	4.0
<u>PRE 2005 – FOR SALE / MIXED</u>	
Wuhan Times Square, Wuhan*	0.7
Dalian Times Square, Dalian	1.3
Wellington Garden, Shanghai (59% JV)*	0.1
No.1 Xin Hua Road, Shanghai (85% JV)	0.2
Jingan Garden, Shanghai (55% JV)	<u>0.4</u>
Total:	2.7
Pre-2005 Total:	<hr/> 6.7
Post-2005 Total:	64.0
TOTAL:	<hr/> <u>70.7</u>

* Project partly sold (floor areas shown exclude sold portion)

End of Presentation

