WHARF

Established 1886

THE WHARF (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)
Stock Code: 4

Interim Results Announcement for the half-year period ended 30 June 2013

Investment Properties Keep Growth Intact

HIGHLIGHTS

1. Core business Investment Properties including a portfolio of 3.6 million square feet of prime retail malls in Hong Kong remains the dominant contributor to Group core profit:
   - IP (Investment Properties) weighting increased to 56% (2012: 54%).
   - China DP (Development Properties) weighting increased to 25% (2012: 19%).
   - Hong Kong DP weighting declined to 1% (2012: 15%).

2. Steady growth in core profit following a bumper year for DP in 2012:
   - IP posted an 9% increase.
   - China DP increased by 39%.
   - Hong Kong DP contributed HK$53 million (2012: HK$836 million) in the absence of project completion.
   - Group core profit increased by 5% to HK$5,683 million.

3. IP continued to track or exceed its long term growth rate. Revenue increased by 10% and operating profit by 12%. Operating margin stood at a high 85%.
   - Harbour City's revenue increased by 15% and operating profit by 17%.
   - Times Square's revenue increased by 5% and operating profit by 6%, despite a 17% reduction in the mall's capacity due to renovation.
   - Plaza Hollywood's revenue increased by 12% and operating profit by 10%.
   - China revenue increased by 12% and operating profit by 12%, despite the closure of Shanghai Times Square's retail mall for renovation.

4. IP represents 68% of total business assets.
   - Book value as at 30 June 2013 was HK$245.7 billion.

- Valuation of completed IP appreciated by 5.3% or HK$11.3 billion. Retail properties in Hong Kong alone appreciated by 8.2% to account for 77% of the revaluation surplus.
- The robust rate of increase in IP revenue and operating profit had already been partly reflected in IP valuations in prior periods.

5. China DP (including attributable shares in joint ventures but not Greentown) comprises a land bank of 125 million square feet.
   - Revenue increased by 8% to HK$8.5 billion.
   - New sales increased by 45% to RMB10.9 billion, or 55% of the full year target of RMB20 billion.
   - The net order book (net of business tax) as at 30 June 2013 increased to RMB19.0 billion.

6. Total business assets as at 30 June 2013 had increased by HK$16.0 billion in the period (and HK$49.7 billion in 12 months).
   - IP totaled HK$246.6 billion (with HK$205.6 billion in Hong Kong and HK$41.0 billion in China).
   - DP totaled HK$86.8 billion.
   - Logistics and other business assets totaled HK$26.5 billion.

7. Net debt fell by 4.2% during the period to HK$53.3 billion (December 2012: HK$55.6 billion). Net debt to total equity ratio was reduced to 19.6% (December 2012: 21.7%).

8. All five IFSs (International Finance Squares) in China are progressing as planned. Chengdu IFS, the Group's next flagship commercial property, will open in a few months:
   - The shopping mall (2 million square feet of GFA) in January 2014; 92% leased.
   - The first international Grade A office tower (GFA: 1.4 million square feet) in early 2014; preleasing has just commenced.
   - A 230-room five-star international hotel in mid-2014.

GROUP RESULTS

Core profit for the period increased by 5% to HK$5,683 million (2012: HK$5,425 million).

Excluding IP revaluation surplus but including other accounting gains/losses, Group net profit decreased by 9% to HK$6,447 million (2012: HK$7,072 million).

Including IP revaluation surplus as well as other accounting gains/losses, unaudited Group profit attributable to equity shareholders amounted to HK$17,240 million (2012: HK$23,646 million). Basic earnings per share were HK$5.69 (2012: HK$7.81).

INTERIM DIVIDEND

An interim dividend of HK$0.50 (2012: HK$0.45) per share will be paid on 30 September 2013 to Shareholders on record as at 19 September 2013, absorbing a total amount of HK$1,515 million (2012: HK$1,363 million).

BUSINESS REVIEW

PROPERTY

INVESTMENT PROPERTY

Core business IP accounted for 56% of Group core profit during the period. Powered by the Group's leadership in retail management, IP in Hong Kong and China performed solidly.

HONG KONG
Revenue increased by 10% to HK$4,821 million and operating profit by 12% to HK$4,208 million.

Harbour City
Revenue (excluding hotels) increased by 15% to HK$3,509 million and operating profit by 17% to HK$3,088 million.

Retail
Harbour City remained one of the world's top shopping malls (for total retail sales) with two million square feet of contiguous mall space reinforcing the Group's leadership in retail management. Its premier location in Canton Road, expertly-managed trade mix and powerful retail marketing gives Harbour City a proposition that is unparalleled in the region. Total sales increased by 13.4% to set a first half-year record of HK$16 billion or about HK$2,640 per square foot per month.

New openings continued to demonstrate Harbour City's finely calibrated price point matrix while enhancing its renowned "shoppertainment" experience. New brands included *Chanel Watch & Jewellery,* fine jewellery *Boucheron,* plus the debut of internationally renowned Italian sneaker brand *Superga*. *Donguri Republic どんぐり共和國,* a favourite brand for youngsters, opened a debut store in Hong Kong in June and attracted long queues of shoppers to its Japanese animated film merchandise. The culinary selection has also been refined and widened with *C'est la B Café,* the French patisserie *Pierre Herme Paris* and renowned French fine-dining restaurant, *Dalloyau.*

Rejuvenation continues to bring surprises to the market, enhance the shopping experience and maximize retail value. Harbour City's 530-metre retail shop street frontage along Canton Road is one of the most coveted premium locations for international luxury brands given its draw with the visiting mainland customers. It has become a showcase for retailing in the Mainland. The all-star cast of top notch brands is forever juggling for advantageous position and shop front design. Following the opening of *Fendi's* and *Giorgio Armani's* multi-level flagship stores in 2012, *Paul & Shark* opened its flagship in April 2013. Other high-end fashion brands including *Chanel, Berluti* and *Tod's* are undergoing expansion to better present their brand personalities. *Chanel* will expand its presence by 10,000 square feet in 2014 to transform its Canton Road location into a true "maison" concept. *Versace* is poised to open a three-level full concept store. *Uniqlo* will open its largest store in Kowloon, with an 18,000 square foot space at Harbour City in 2014.

The acclaimed 'Doraemon' exhibition in 2012 was a big success. The Rubber Duck float in May-June 2013 was a giant hit. Harbour City collaborated with the conceptual Dutch artist Florentijin Hofman to create and exhibit the inflatable 16.5-metre giant Rubber Duck at Ocean Terminal (OT), marking the Duck's debut in Greater China and Hong Kong's first maritime exhibition. The giant Rubber Duck float on Hong Kong's Victoria Harbour, together with installations of rubber duck displays, attracted phenomenal foot traffic from locals and tourists alike and created an international media frenzy.

Renovation of OT is an important part of Harbour City's substantial premises improvement initiatives for further value creation. It will strategically relocate the atrium towards the center of the mall to substantially extend OT's very valuable front portion to the rear of the mall. These initiatives are highly value accretive. A host of prestige watch brands including *Rolex, Tag Heuer* and *Tudor* will take up the new shops. Best-of-class retailers are scouted for the transformation.

An extension building at OT, designed by internationally renowned architect firm Foster, is pending building approval. It will also further enhance the value at the rear of OT with attractive culinary offerings in the middle of the harbour and with a fabulous panoramic view of the Hong Kong Island sky line and the Peak.

Harbour City will strive to enhance its unrivalled critical mass and as a must-visit shopping landmark in Hong Kong. The rejuvenation and conversion works, including the renovation and extension of OT, are also set to add further growth impetus.

Revenue from Harbour City's retail sector increased by 18% in the period to HK$2,446 million.

Office

Office demand continued to be fuelled by business expansion, corporate upgrades and decentralization. Underpinned by positive rental reversion, revenue increased by 10% to HK$911 million. Rental rates for new commitments remained stable while occupancy reached 97% by end June 2013. Lease renewal retention rates held up solidly at 61% during the period, with favourable rental increments.

Serviced Apartments

Revenue for serviced apartments was HK$152 million, with occupancy (excluding 44 apartments closed for renovation) maintained at 87% at the end of June 2013. The substantial renovation underway will completely refresh the apartments on offer, effectively catering to customers' sophisticated demands.

Times Square

Despite a substantial drop of 17% in retail space due to a major renovation project, revenue increased by 5% to HK$979 million and operating profit by 6% to HK$873 million.

Retail

Times Square, prominently located at the heart of the most dynamic retail district, Causeway Bay on Hong Kong Island, is among the most successful vertical malls in the world. Its success lies in its unique 17-level mall design, diverse trade-mix and direct thoroughfare to the Mass Transit Railway. The direct link with the MTR is proving an ever more effective traffic feeder. The basement levels of Times Square which are connected are immensely productive. In spite of the major renovation, retail revenue increased by 2% to HK$679 million with occupancy maintained at 99% at the end of June 2013 (excluding the areas closed for renovation).

2013 marks the 20th anniversary of Times Square and significant renovation is underway for a re-launch later in the year which will position the 'new Times Square' as the mall with the most extensive product range, entertainment and culinary choices at the heart of Causeway Bay. The new Times Square will not only complement the sky escalators in the atrium with a new and contemporary sky cinema, but also complete a line up of coveted luxury brands for an exhilarating shopping experience. The sky cinema alongside the outlet bazaar and refined culinary offerings on the upper floors will draw foot traffic and enhance the value of those floors of the mall. The new Times Square is set to create an estimated incremental rental value of nearly HK$200 million per annum.

The formation of a new Times Square is beginning to take shape. *Tiffany* has opened at the street level and the other renowned brands are set to open at the lower floors after this summer. The much anticipated sky cinema on 12th and 13th floors to be operated by UA Cinema will open before the end of the year. It will be the highest sky cinema on Hong Kong Island and can be easily accessed with various new express lifts. This iconic cinema is designed to offer a new cinema experience with enhanced facilities including increased audience seats and 5 houses with a wider range of movie choice.

Tenant mix on the atrium floors was further enriched with the addition of international and trendy labels including *Fendi, Dior Homme, Loewe, De Beers*, *Versace Jeans* and *a.testoni*. Some existing tenants including *Saint Laurent Paris, Aquascutum, Steve Madden, MaBelle* and *Longines* were relocated with new images in an effort to uplift shopping atmosphere and experience.

Also enhancing the value of the upper floors is a refined food and dining offer. The conversion works at Food Forum on 12th and 13th floors are scheduled to be completed by the third quarter of 2013 with *Zushi Ana, PizzaExpress, School Food* and *Nha Trang*. *Chung's Kitchen* and *Modern China Restaurant* were relocated from 10th floor in mid-June. Culinary offering on 10th floor was refined with *雲陽閣* and *百樂潮州*. *Toast Box* opened on the Basement floor, while *Laduree café*, the renowned French café famous for its macrons will open its debut café in Hong Kong by late 2013.

Office
Revenue of the office sector increased by 12% to HK$300 million, underpinned by positive rental reversion. Occupancy was 97% at the end of June 2013. Lease renewal retention was maintained at 56%.

Plaza Hollywood
Plaza Hollywood, the market leading shopping mall in Kowloon East, has been gathering rapid momentum. Leveraging on brand repositioning and enhanced tenant mix, retail sales increased by 9% to HK$1.3 billion during the period or HK$591 per square foot per month. Revenue increased by 12% to HK$232 million and operating profit by 10% to HK$182 million. Occupancy was maintained at 99.9% at the end of June 2013.

Plaza Hollywood's location and efficient transport infrastructure naturally bring high volumes of foot traffic. It is located atop the Diamond Hill Station, interchange hub with the existing MTR network for the new Shatin-Central line, which will see traffic double. It is also located at the entrance to Tate's Cairn tunnel, a vehicular artery linking Kowloon East with the New Territories and beyond to Shenzhen, and directly linked to the Diamond Hill bus terminus.

In addition, Plaza Hollywood is in close proximity to various tourist attractions including the well known Wong Tai Sin Temple and Tang Dynasty-styled Chi Lin Nunnery and Nan Lian

Garden. Chi Lin has become a must-visit tourist destination and cultural landmark given its superb craftsmanship and elegant design at par with the best of Japanese shrines. It is also a leading urban religious landmark in Greater China attracting locals and tourists alike. Plaza Hollywood has been collaborating with Chi Lin to conduct a series of cultural destination promotions such as Veggie Food Festival and Gao Feng Ceramic Works Exhibition. These events have been well received and effectively captured shoppers' attention.

As a purpose-designed mall, Plaza Hollywood has a highly efficient layout, with lettable floor area representing 65% of gross floor area. Without towers above the mall, structural constraints are significantly reduced, which gives the mall maximum planning flexibility. It consists of over 250 retail outlets and includes a purpose-built stadium seating six-screen multiplex with 1,625 seats.

Prominently located in Kowloon East with a population catchment area of 1.5 million residents, Plaza Hollywood will be at the heart of the government's "Energizing Kowloon East" initiative, which is enhancing the attractiveness of the entire region.

CHINA

Despite the renovation to the Shanghai Times Square retail mall, higher contribution from Shanghai Wheelock Square and Chengdu Times Outlet increased revenue from China IP by 12% to HK$536 million. Operating profit grew by 12% to HK$353 million.

Wheelock Square is a premier office tower on Nanjing Xi Road overlooking the green landscape of Jingan Park in the heart of the Puxi CBD in Shanghai. As the tallest commercial building in Puxi at 270-metre, Wheelock Square is strategically located directly opposite Jingan Temple Metro Station which has express trains to Pudong International Airport. It is also prominently located next to Yan An elevated expressway, a major east-west thoroughfare through the centre of the city. Furthermore, it is literally at the centre of the region between the bund and Zhong Shan West Road with Hongqiao International Airport further to the west. With its distinctive design and world class management, Wheelock Square continued to be the preferred location for multinational firms and major corporations. At the end of June 2013, over 95% of the office space was leased, with average monthly spot rent at about RMB430 per square metre. While the property is still in its first lease cycle, the gross rental yield on cost soared to 16%. In recognition of its superb property management services and premium positioning, Shanghai Wheelock Square was awarded 2013 商業地產創新獎 and Best Property Management 最佳物業管理獎 by 申江服務導報 as well as 最佳服務標杆創新獎（寫字樓）by《第一財經中國商業地產榮耀榜》in 2013. In addition, it was also selected as one of the 最受金領青睞的上海八個辦公場所 on Weibo.

Dalian Times Square, a premier luxury shopping landmark in the heart of Dalian, houses a myriad of luxury brands including *Louis Vuitton* at over 10,000 square feet, *Gucci, Hermes, Dior* and *Prada.* Occupancy stood at 100% at the end of June 2013. The tenant mix was further fine-tuned with the introduction of renowned international brands including *Salvatore Ferragamo* and *MCM*. *Celine* has also opened since late June. The gross rental yield on cost increased to 64%.

Chongqing Times Square, at "ground zero" Liberation Statute Square, the commercial and financial hub of Chongqing, re-opened in July 2011. This renewed shopping mall with world-class facilities and services has attracted *Louis Vuitton* to open its debut flagship (over 17,000 square feet) and the only store in Chongqing. Overall sales performance of the mall is outstanding. At the end of June 2013, 95% of the retail space was leased. Thematic upper floors and basement are being built, with more international fashion and shoes brands including *ASH, Nine West* and *DKNY* on Level 3. A luxurious children wear cluster on Level 5 has new additions from *Ralph Lauren Children* and, *Armani Junior*. A cosmetics cluster and a mini food court on the lower ground floors will open in the second half of 2013 attracting foot traffic from the metro. The gross rental yield on cost is about 24%.

Chengdu Times Outlets, located in close proximity to the Chengdu Shuangliu International Airport, has instantly become one of the most visited outlet destinations in Chengdu since opening in late 2009. The gross rental yield on cost rose to 36%.

Shanghai Times Square is strategically located on Huai Hai Road, which has undergone substantial change, developing from a high street retail to a high-end retail destination . Its mall has been closed for renovation since May 2012 and is scheduled to re-open in the third quarter of 2013 with a new tenant mix including the largest Lane Crawford store in China occupying a total of four floors and offering the largest assortment of designer brands to the China market. Another mega lifestyle specialty store CitySuper will take up the entire basement, providing a true "one-stop-shopping" experience. The upper levels will feature food & beverage outlets with a cinema located on the top floor. The new Shanghai Times Square, together with the new cluster on Huai Hai Road and the new Lane Crawford will seamlessly complement one another and create further value.

International Finance Square

The Group is developing a series of five International Finance Squares (IFSs) in China, with a scale comparable to or exceeding Harbour City and Times Square in Hong Kong. The recurrent rental income base in China will be significantly strengthened upon completion of these IFSs by 2016.

Chengdu IFS

Chengdu IFS, the Group's next flagship development, is modeled on Harbour City in the city. It is strategically located at the intersection of three major commercial roads- Hongxing Road, Dacisi Road and Jiang Nan Guan Road, the busiest pedestrian shopping area of the city. Sitting at the top location in the city's main commercial district, Chengdu IFS will link to the adjacent Chunxi Road mass transit railway station where two lines 2 & 3 intersect. This unrivalled location attracts a large concentration of mainstream consumers and thriving businesses and can be aptly dubbed a combination of Hong Kong's Central CBD, Causeway Bay and Tsim Sha Tsui. The development comprises a mega mall designed by *Benoy,* two premium grade A office towers designed by *Kohn Pederson Fox Associates*, a luxurious residential tower and a five-star international hotel. Full completion is scheduled for 2014.

The first phase of Chengdu IFS, including a 210,000 square metre mega-sized mall and a Grade A office tower, is scheduled for completion in the second half of 2013. Retail pre-leasing continued to exceed plan, with 92% of the retail space committed at well above-budget rental rates. A host of celebrated retail tenants at Harbour City and Times Square in Hong Kong are attracted to take up the most sought-after spaces at Chengdu IFS. This strong demand underlines the desirable location and design of Chengdu IFS as well as retailers' confidence in Wharf's retail management expertise.

Hongxing Road, the equivalent of Hong Kong's Canton Road, will emerge as home to duplex flagship stores. Chengdu IFS has a retail shop street frontage of more than 530 metres on par with Harbour City's Canton Road frontage of 530 metres. For the first two levels, commitments have been obtained from the leading brands including *Louis Vuitton, Chanel,* *Dior & Dior Homme, Ermenegildo Zegna, Burberry* and *Coach*. Prestigious jewelry and watch labels including *Bulgari*, *Chaumet, Tiffany* and *IWC* have taken up space on Level Three, the second ground floor. Fashion concept stores including *Uniqlo* and *I.T. Group* will offer hip and street fashion on the upper levels, while UA Cineplex, a bowling lounge, ice rink and rooftop Sculpture Garden and Art Gallery will offer comprehensive entertainment and cultural elements. Mirroring the success of Harbour City, Chengdu IFS is poised to become a landmark for one-stop shopping in the Province of Sichuan and Western China with the most diversified trade mix and entertainment anchors, offering an unmatched and all-in-one shopping experience. The mega retail mall is scheduled to open in January of 2014.

In recognition of its superior quality and positioning, Chengdu IFS was awarded "*The Shopping Mall Potential Star in 2013" (中國購物中心 2013 年潛力星秀獎)* by the Association of Mall China in Beijing and "*2013 The Most Anticipated Shopping Mall" (2013 最值得期待購物中心)* by WMG (華西傳媒集群) in Chengdu, both in January 2013.

Chengdu IFS will feature two top-grade towers, the first of which at 248-metre with a GFA of 130,000 square metres is scheduled for completion in November 2013 and set to open in early 2014. Capitalizing on its unrivaled location, top quality and world-class management, the premier twin office towers are destined to attract all leading financial institutions and a host of multinational corporations, Fortune 500 companies, Forbes Global 2000 and major corporations. Chengdu IFS is poised to become a marketplace in which seamless business interaction among the financial tenants could be conducted. The pre-leasing programme has commenced with the appointment of CBRE and Jones Lang LaSalle as the Joint Sole Leasing Agents. The 5-star international hotel is scheduled to open in July 2014.

Chongqing IFS
Chongqing IFS, a 50:50 joint venture development with China Overseas Land (COLI), is strategically located in Jiangbei District, Chongqing's new CBD, where the Yangtze River meets the Jialing River. It enjoys a breathtaking panoramic river view and convenient connectivity through three nearby bridges. Transportation links are excellent with light railway lines 6 and 9 set to pass this area with stations nearby. This project is adjacent to the Chongqing City Grand Theatre, the Chongqing Science Museum and the Central Park. It comprises an iconic 300-metre landmark tower and four other towers above a 102,000 square-metre retail podium (slightly larger than Times Square Hong Kong), offering up-market retail, Grade A offices and a five-star sky hotel. The planned mall with three levels designed by *Benoy* is positioned as a boutique-sized Harbour City, showcasing a host of internationally renowned brands and a wide spectrum of fine dining and entertainment anchors including a cinema and ice rink. Retail pre-leasing activities have commenced and relevant leases are under close discussion with top-notch luxury brands. Full completion is scheduled for 2015.

Changsha IFS
Changsha IFS, similar to Chengdu IFS, is based on the Harbour City model. Ideally located in the prime area of Jiefang Road in Furong District with a total GFA of 725,000 square metres, Changsha IFS is positioned to be the landmark of the CBD. It commands direct underground linkage to a future interchange spot (Wuyi Plaza Station) for metro lines 1 and 2. The same underground passageway will connect with one of the busiest pedestrian streets in China – Huang Xing Pedestrian Shopping Street. Sitting at the intersection of Cai E Zhong Road and Jiefang Xi Road, Changsha IFS is flanked by financial institutes including the People's Bank of China, China Gold and China Foreign Exchange. This advantageous location with retail dynamics and business vibe, similar to Chengdu IFS's, is also comparable

with a combination of Hong Kong's Central CBD, Causeway Bay and Tsim Sha Tsui. Changsha IFS occupies the city's most coveted location. It features an iconic 452-metre tall tower and a 315-metre tall tower above a 230,000-square-metre mega-sized mall, offering upscale retail, Grade A offices and a five-star sky hotel. Changsha IFS has retail shop street frontage of more than 700 metres that is on par with Harbour City's Canton Road frontage of 530 metres. The mall, among the largest in Changsha and Central China and designed by *Benoy*, will offer a premium all-in-one experience spanning entertainment, lifestyle, culture and culinary offerings under one roof. Construction is underway, with full completion scheduled for 2016.

As with Chengdu IFS, the premier office towers are destined to attract a slew of financial institutions based in Hunan province.

Wuxi IFS

Wuxi IFS is located in Taihu Plaza, Wuxi's new CBD. It is a 339-metre tall landmark tower offering Grade A offices and a five-star sky hotel with a GFA of 190,000 square metres. As the tallest building in Wuxi, it will sit on a 29,000 square metre site overlooking the 670,000 square metre Taihu Plaza, which includes the adjacent large landscaped square, public museum and a public library, as well as the historic Grand Canal. It is also flanked by a multiuse development of Wuxi Maoye City, with a total planned GFA of 570,000 square metres. Full completion of Wuxi IFS is scheduled for 2014.

Suzhou IFS

Suzhou IFS is a 450-metre tall skyscraper landmark commercial development located in Suzhou's new CBD, Suzhou Industrial Park, and overlooking Jinji Lake. The development consists of international Grade A offices, luxury apartments plus a 96-room premium sky hotel with full scenery of Suzhou, boasting a GFA of 278,000 square metres. It will be directly connected to the future metro station. This project is adjacent to a mall of 170,000 square metres, known as Times Square but not owned or operated by our Group. On the other side, another high-end mall with a GFA of 35,000 square metres is being developed and is scheduled for completion in 2015/2016. Combined, they will form a multiuser complex of about 205,000 square metres of retail spaces in the vicinity. This underscores the Group's investment logic for Suzhou IFS. Full completion is scheduled for 2016.

DEVELOPMENT PROPERTY

HONG KONG

The Peak Portfolio

Wharf's Peak portfolio represents the most prestigious address in Hong Kong. Apart from the exclusive Mount Nicholson site acquired in 2010, the portfolio consists of a number of premier residences located on the Peak including No. 1 Plantation Road, Mountain Court, Chelsea Court, No. 77 Peak Road and various units in Strawberry Hill. These exclusive addresses, with an attributable GFA of more than 397,000 square feet, is estimated to have a combined value of HK$26 billion at an average accommodation value of about HK$66,000 per square foot of GFA, which far exceeds that for the average land bank.

The master layout plan and general building plan for Mount Nicholson have been approved. This 50:50 joint venture development with Nan Fung offers an attributable GFA of 162,000 square feet and will be developed into exclusive luxury residences with a stunning panoramic view of Victoria Harbour. Construction is underway while the pre-sale consent application for the first phase is under preparation.

Redevelopment of the Peak portfolio including No. 1 & No. 11 Plantation Road and No. 77 Peak Road is progressing as planned. Redevelopment plan was approved.

No. 1 Plantation Road will feature 20 houses with a total GFA of 91,000 square feet while No. 11 Plantation Road (formerly known as Mountain Court) will consist of seven houses with a total GFA of 46,000 square feet. No. 77 Peak Road will feature eight houses with a total GFA of 42,200 square feet. Foundation work for the various projects is underway.

Average occupancy at IP Chelsea Court was 86% during the first half of 2013.

Others

Riding on the development potential of Kowloon East, a vibrant zone to be transformed into an attractive, alterative CBD laid out in the Government's 2011-12 Policy Address, the Group boasts a cluster of projects under development or re-development in the region. The "Kowloon East Waterfront Portfolio" includes Wharf T&T Square, Kowloon Godown and Wheelock's One Bay East with a total GFA of 1.9 million square feet. These three properties are situated at the heart of the new CBD2 and span a 500-metre coastline with unobstructed views of Victoria Harbour. This cluster is comparable to Harbour City. The redevelopment of Kowloon Godown into a residential and commercial development with a GFA of 829,000 square feet has been approved. The premium offer for lease modification is expected to be available by the third quarter of 2013.

The plan to redevelop Wharf T&T Square into a high rise Grade A commercial building with a GFA of 596,200 square feet has been approved. The premium for lease modification has been settled whereas the first premium offer for permitting bonus GFA was accepted in February 2013. Relevant general building plan is in preparation.

The redevelopment of Yau Tong Godown into a residential and commercial development with a GFA of 256,000 square feet has been approved. The premium for lease modification has been settled. Foundation work is underway.

The master layout plan for the Yau Tong joint venture project, in which the Group has an approximately 15% interest, was approved by the Town Planning Board in February 2013. The development comprises 12 blocks of residential and commercial buildings with a total GFA of approximately 4 million square feet.

CHINA

China DP remains a key growth driver for the Group. Core profit rose by 39% and contribution to the Group increased to 25% from 19% last year. 578,000 square metres were completed and recognized during the period (2012: 349,000 square metres). Profit recognised during the period primarily included contributions from Crystal Park & Le Palais in Chengdu, Suzhou Times City, Changzhou Times Palace, and Wuxi Times City.

Contracted sales continued to rise, as a result of the Group's trusted brand for the development of quality and well-located residences. Various key regions witnessed solid growth underscoring the resilient local demand for quality housing and the Group's proven execution capabilities. A total of 33 projects (including three newly launched projects in Hangzhou and Changzhou) spanning across 12 cities were offered for sale or presale. On an attributable basis, a total of 0.8 million square metres were sold during the period to generate proceeds of RMB10.9 billion, which was 45% better than last year and represents 55% of the full year target for 2013. The net order book (net of business tax) increased to RMB19.0

billion for 1.67 million square metres at the end of June.

In 2013, the Group acquired two property development sites in Shanghai and Ningbo with an attributable GFA of 201,500 square metres for RMB2,303 million. The current land bank was maintained at 11.9 million square metres, spanning 15 cities.

Eastern China

Sales

The Eastern China region registered a 91% growth rate in contracted sales against the previous year. There are 15 projects on sale across five cities.

Three new projects were put on the market during the period. In Hangzhou, the initial phases of Shi Ji Hua Fu (世紀華府) and Palazzo Pitti (碧璽) were launched for presales. A total of 48,200 square metres and 41,800 square metres were promptly presold for proceeds of RMB508 million and RMB994 million respectively. In Changzhou, the first phase of Feng Huang Hu Shu (鳳凰湖墅) was launched for presale in April and has also met with a favourable response.

In Suzhou, Times City and Ambassador Villa sold a further 76,000 square metres and 29,300 square metres for proceeds of RMB1.0 billion and RMB750 million respectively. In Wuxi, Times City sold a further 67,700 square metres for proceeds of 614 million. Changzhou Times Palace launched additional phases and sold a further 71,700 square metres for proceeds of RMB554 million.

Other projects for sale included Glory of Time and Xiyuan in Wuxi, Kingsville in Suzhou, No. 1 Xin Hua Road and Xiyuan in Shanghai as well as Greentown Zhi Jiang Yi Hao (formerly known as Golf Landmark) (綠城。之江壹號), Palazzo Pitti and Junting in Hangzhou.

Acquisitions

In March 2013, the Group acquired a residential project in Shanghai Pudong District with a GFA of 97,900 square metres for RMB1.3 billion. The development is surrounded by three rivers and in close proximity to MTR line-16 station to be completed in 2016.

In July 2013, the Group acquired a 51,822-square-metre residential site in Ningbo's JiangBei District with established vicinity. The development envisages a GFA of 103,600 square metres and is scheduled for completion in 2016.

Development Progress

Initial or additional phases of the residential units of various projects were completed during the period, including Times City, Ambassador Villa and Kingsville in Suzhou, Xiyuan, Times City and Glory of Time in Wuxi and Changzhou Times Palace. The State Guest House, the five-star hotel and serviced apartments at Changzhou Times Palace will be completed in stages between the third quarter of 2013 and 2014. Construction progress of other developments in Eastern China is as planned.

Western China

Sales

Contracted sales in the Western China region witnessed a 16% growth rate from a year earlier, from nine projects on sale in Chengdu and Chongqing.

In Chengdu, Tian Fu Times Square sold a further 53,300 square metres for proceeds of

RMB1.0 billion. Other projects on sale including ICC • Sirius, Crystal Park, The Orion, Le Palais and Times Town of Shuangliu Development Zone have met with good demand.

In Chongqing, International Community launched additional phases of retail and residential units and sold a further 58,300 square metres for proceeds of RMB470 million on an attributable basis. The U World sold a further 21,800 square metres for attributed proceeds of RMB425 million.

Development Progress
In Chengdu, the first phase of residential units at The Orion (Tower 1) and Le Palais (eight residential towers) as well as the additional phases of residential and office units at Crystal Park were completed. The last office tower, namely Times 1 at Tian Fu Times Square is scheduled for completion in the third quarter of 2013.

In Chongqing, additional phases of International Community, The U World and The Throne were completed. These projects are developed through various joint ventures with COLI, with the Group's shareholding ranging between 40% and 55%.

All other developments in the cities of Chengdu and Chongqing are progressing as planned.

Southern China
Sales
Five projects are on sale in Foshan and Guangzhou.

In Foshan, additional phases of Evian Riviera, Evian Buena Vista, Evian Town and Evian Uptown were launched for presales during the period. On an attributable basis, Evian Riviera and Evian Buena Vista sold a further 26,500 square metres and 13,100 square metres for proceeds of RMB339 million and RMB129 million respectively. Evian Town and Evian Uptown sold 8,400 square metres and 16,200 square metres respectively during the period for attributed proceeds of RMB265 million and RMB183 million respectively. These four projects are developed through various 50:50 joint ventures with China Merchants Property (CMP).

In Guangzhou, Donghui City sold a further 13,500 square metres for proceeds of RMB211 million on an attributable basis. This is a joint venture development with China Vanke Co. Limited and CMP, in which the Group has a 33% interest.

Development Progress
In Foshan, additional phases of residential units at Evian Uptown were completed during the period. Construction of the remaining phases for Evian Uptown, Evian Riviera and Evian Buena Vista is underway, with full completion scheduled for 2013-2016. In Guangzhou, Donghui City is scheduled for completion in 2016.

Northern/Central Regions
Sales
In Tianjin, Peaceland Cove sold a further 37,600 square metres for proceeds of RMB528 million on an attributable basis. The Magnificent has also met with a favorable response.

Development Progress
All developments in the cities of Tianjin, Wuhan and Beijing are progressing as planned.

Greentown
The Group holds approximately 24.4% of the equity interest of Greentown and perpetual subordinated convertible securities for a total consideration of approximately HK$5.3 billion. The investment in Greentown is for the long term, complementing the Group's business strategy of continual expansion in China DP. The shares in Greentown were acquired at the price of HK$5.2 per share. They closed at HK$12.68 per share at the end of June 2013.

Greentown is a leading high-end real estate developer in China with strong brand recognition. In both 2011 and 2012, Greentown was ranked top in "China Urban Residents' Overall Satisfaction" and first in six indices including Product Quality, Property & Sales Services and Customer Loyalty by the China Index Academy. At the end of June 2013, Greentown had a land bank with a total GFA of 41.4 million square metres (22.0 million square metres attributable). Contracted sales during the first half of 2013 totaled RMB32.5 billion (RMB15.3 billion attributable), up 48% from RMB22.0 billion a year earlier.

The Group envisages that with Greentown's strength in property development and the Group's strength in financial management and excellence in commercial properties management, many strategic alliance opportunities lie ahead. With such strategic alliance, while Greentown could leverage on Wharf's strength in financial discipline, Wharf could bank on Greentown's expertise and long-term commitment to excellent quality to strengthen its China team and product quality. It is a win-win situation. The acquisition of two residential sites in Shanghai and Dalian through joint ventures with Greentown in 2012 marked a new beginning for both parties. In 2013, Greentown also bought the other partner's stake in one of the Group's jointly-controlled development projects in Hangzhou. The Group will continue to study other opportunities with Greentown.

Sino-Ocean Land
The Group's investment in Sino-Ocean Land (SOL) is strictly a strategic financial investment. The investment is underpinned by SOL's attractive dividend yield and sizeable land bank. SOL has excellent management and sourcing capability in Northern China, complimenting the Group's Eastern and Western China portfolios.

INVESTMENTS

Marco Polo Hotels
The Group currently operates 13 owned or managed hotels in the Asia Pacific region, four of which owned by the Group. The three in Hong Kong are superbly located in Harbour City while that in Wuhan is on the Bund and overlooks the Yangtze River.

The hotel group is poised for growth. A solid portfolio of the Group's 10 owned hotels (including 6 new hotels) exceeding HK$10 billion serves as a core platform of an expanding hotel network over the next five years. Among the six new owned hotels, five are premium hotels in the cities of Chengdu, Changsha, Chongqing, Suzhou and Wuxi; all but one are sky hotels.

The sky hotel in Suzhou is a luxury boutique-sized hotel with 96 rooms, whereas the others are premium hotels with more than 200 rooms each. Three out of these six new hotels are part of the Group's multi-use retail-office complexes (in Chengdu, Changsha and Chongqing).

The State Guest House and hotel in Changzhou are surrounded by a vast private garden for major events and weddings and are poised to become another showpiece for the Group's future development.

These hotels, destined to offer exquisite levels of design and impeccable quality of service, would take the hotel group to the next level of services and hospitality.

In addition to the Group's six owned hotels, there will be four new managed hotels in the cities of Guiyang and Tianjin in the Mainland, as well as Manila in the Philippines and Bangkok in Thailand.

During the period, the hotel segment was affected by the room renovation underway at The Gateway hotel, contracted business travelers' spending and the pre-opening expenses for the hotel in Changzhou. Total revenue increased by 6% to HK$689 million and operating profit decreased by 11% to HK$170 million. Consolidated occupancy of the three Marco Polo hotels in Hong Kong reached 81% with a 6% increase in average room rate. Marco Polo Wuhan is well positioned on the Bund and continues to achieve excellent market position in the local market.

The presence of premier brands such as Louis Vuitton at the lobbies of the Marco Polo hotels in Wuhan and Xiamen underlines their unmatched positions in the respective markets.

Modern Terminals
Global trade flows continued to be blighted by the ongoing weakness of the United States and European economies. Modern Terminals' consolidated revenue increased to HK$1,498 million but operating profit decreased by 20% to HK$456 million. This was mainly due to one-off costs in Hong Kong brought about by the labour unrest in Kwai Tsing. Throughput in Hong Kong was 2.6 million TEUs during the period.

In the Mainland, throughput at Da Chan Bay Terminal One in Shenzhen increased by 113% to 461,000 TEUs and will attempt to reach 1 million TEUs for the full year. Taicang International Gateway in Suzhou handled 664,000 TEUs. Shekou Container Terminals in Shenzhen, in which Modern Terminals holds a 20% stake, handled 2.1 million TEUs. Chiwan Container Terminal, in which Modern Terminals holds an 8% attributable stake, handled 1.4 million TEUs.

i-CABLE
While competition remained intense as ever, the first half of 2013 did not see any harsh price wars in the telephony, broadband and TV sectors. Thanks to a host of programming, marketing and service enhancement initiatives, efforts to retain customers paid off with attrition rates kept well in check. Cable TV's exclusive rights to sports properties and efforts to provide viewers with a diverse range of prestigious international sports events continued to bring excitement to sports fans. News programming has been further enhanced with an introduction of in-depth reports on the most topical news and current affairs on the Mainland. Broadband business continued to come under pressure from both wireline and wireless service providers.

Consolidated revenue decreased by 3% to HK$1,009 million with net loss at HK$112 million. A healthy financial position was maintained with net cash of HK$56 million.

Wharf T&T

Despite a moderate increase in revenue of 2% to HK$920 million during the period under review, Wharf T&T's net profit increased by 24% to HK$123 million. Core fixed line revenue registered a solid 11% rise. Cash flow position recovered to pre +EN network investment level with net inflow of HK$114 million. In recognition of its prominent performance in technology development and excellence in business and operational execution, Wharf T&T won the 'Technology Company of the Year 2013' Grand award in the annual ComputerWorld Hong Kong Awards Ceremony.

The Star Ferry

The Star Ferry is a public service ferry operator with a mission to service the community by providing passengers with reliable transportation as well as one of the world's best value-for-money sightseeing trips. The Star Ferry operates two inner harbour ferry services, Tsim Sha Tsui – Central and Tsim Sha Tsui – Wanchai under a franchise in addition to a circular harbour route covering the whole Victoria Harbour. Ferry receipts from the franchised services and the licensed harbour tour service recorded satisfactory growth. In an effort to enhance its non-fare box revenue, the Star Ferry is working on a development project to bring new excitement to the ground floor of the Central pier and the reclaimed waterfront in Central.

Hong Kong Air Cargo Terminals

Hong Kong is among the world's busiest airports in terms of handling international cargo. Hong Kong Air Cargo Terminals, a 20.8% associate of the Group, is the leading air cargo terminal operator in Hong Kong. It handled 1.3 million tonnes during the period, which exceeded budget by 12%.

FINANCIAL REVIEW

(I) REVIEW OF 2013 INTERIM RESULTS

Following 2012's exceptional positive results, the Group continued delivering a solid financial performance recording a core profit of HK$5,683 million in the first half of 2013. Compared to the corresponding period in previous years, this represents a 5% increase from 2012 and a 56% from 2011 or 59% from the average for the past 5 years, despite the absence of the exceptionally large revenue and profit after tax recognised from the Shanghai Xiyuan project and Hong Kong One Midtown project in 2012.

The profit attributable to shareholders was HK$17,240 million, a 27% decrease from the corresponding period in 2012, resulting mainly from lower investment property revaluation surplus and the absence of one-off accounting gain.

Revenue

Group revenue for the period decreased year-on-year by 18% to HK$14,880 million (2012: HK$18,250 million), principally due to lower recognition of property sales both in Hong Kong and the Mainland but partly compensated by the double-digit increase in investment property revenue.

Investment Property revenue from Hong Kong increased by 10% to HK$4,821 million, supported by the robust retail sales achieved by the tenants and the stable positive rental reversions for office areas particularly in Harbour City and Times Square. In the Mainland, rental revenue increased by 12% to HK$536 million as benefitted from the escalating revenue generated by Shanghai Wheelock Square and Chengdu Times Outlet, though partly distorted by the temporary loss of revenue at Shanghai Times Square caused by renovation. In aggregate, the segment reported an increase in revenue of 10% to HK$5,357 million (2012: HK$4,862 million).

Development Property continued to execute well both in sales and construction though recognised property sales (excluding joint ventures and associates) was 45% lower at HK$5,036 million (2012: HK$9,122 million), simply due to the exceptionally large contribution from Shanghai Xiyuan and Hong Kong One Midtown project in 2012. Revenue recognition during the current period mainly derived from Changzhou Times Palace, Suzhou Times City, Le Palais and Crystal Park in Chengdu in the Mainland totally HK$4,966 million and from Hong Kong totally HK$70 million.

During the period, inclusive of joint ventures and associates (other than Greentown) on an attributable basis, the Group recorded contracted property sales totaling RMB10,866 million (2012: RMB7,513 million) in more than ten cities in the Mainland, increasing its net order book to RMB19,035 million by end of June 2013 (December 2012: RMB15,687 million) pending for recognition in stages of completion.

Hotel revenue increased by 6% to HK$689 million as sustained by the increase in room rates though this was adversely disturbed by the rooms renovation work for Gateway Hotel.

Logistics revenue rose by 3% to HK$1,560 million (2012: HK$1,515 million) mainly reflecting the increase in throughput handled in both Hong Kong and the Mainland by Modern Terminals.

CME revenue slipped by 1% to HK$1,929 million (2012: HK$1,942 million), with revenue of Wharf T&T increased by 2% against i-CABLE's drop by 3%.

Operating Profit
Impacted by the lower property sales recognised by the Development Property segment, Group operating profit decreased by 26% to HK$6,080 million (2012: HK$8,241 million).

Investment Property remained the Group's largest profit contributor with the operating profit increased by 12% to HK$4,561 million (2012: HK$4,069 million). Contributions from Harbour City (excluding hotels) and Times Square increased by 17% and 6%, respectively. Operating profit from the Mainland grew by 12%, benefited from Shanghai Wheelock Square and Chengdu Times Outlet but partly impacted by the renovation of Shanghai Times Square.

Development Property's operating profit dropped by 73% to HK$922 million (2012: HK$3,428 million) with lower property sales recognised in both Hong Kong and the Mainland.

Hotels operating profit from the three Marco Polo hotels in Harbour City decreased by 8% to HK$177 million as chiefly impacted by the renovation works for Gateway Hotel. Including the Mainland hotels, the operating profit decreased by 11% to HK$170 million, as also adversely affected by the pre-operating expenses incurred for Changzhou Marco Polo Hotel.

Logistics' contribution dropped by 18% to HK$476 million (2012: HK$577 million), primarily due to higher operating costs recorded by Modern Terminals.

CME reported an operating profit of HK$7 million (2012: HK$17 million). Wharf T&T's operating profit increased by 20% to HK$143 million against i-CABLE's operating loss of HK$116 million.

Profit contribution from Investment and Others increased by 62% to HK$333 million (2012: HK$205 million), primarily due to increase in interest and dividend income.

Increase in Fair Value of Investment Properties
The book value of the Group's investment property portfolio as at 30 June 2013 increased to HK$245.7 billion (2012: HK$231.5 billion), with HK$222.1 billion thereof stated at fair value based on an independent valuation as at that date, which produced a revaluation surplus of HK$11,264 million (2012: HK$17,346 million), mainly reflecting the continuous strong rental growth of the Group's investment properties. The attributable net revaluation surplus of HK$10,793 million (2012: HK$16,574 million), after deducting related deferred tax and non-controlling interests, was credited to the consolidated income statement.

Investment properties under development in the amount of HK$23.6 billion are carried at cost and will not be carried at fair value until the earlier of their fair values first becoming reliably measurable or the dates of completion.

Other Net Income
Other net income for the period decreased by 51% to HK$750 million (2012: HK$1,544 million) in the absence of the non-recurrent book accounting gain of HK$1,543 million, being the negative goodwill arose from the acquisition of the interests in Greentown as reported last year.

Finance Costs
Finance costs charged to the consolidated income statement amounted to HK$73 million (2012: HK$605 million). This has been reduced by an unrealised net mark-to-market gain of HK$840 million (2012: HK$92 million) on the cross currency / interest rate swaps in accordance with the prevailing accounting standards. Net of non-controlling interests, the mark-to-market gain is HK$817 million (2012: HK$104 million).

Excluding the unrealised mark-to-market gain, finance costs before capitalisation were HK$1,292 million (2012: HK$979 million), representing an increase of HK$313 million mainly as a result of the increase in gross borrowings and rise in effective borrowing rates. The Group's effective borrowing rate for the period was 3.3% (2012: 2.6%).

Excluding the unrealised mark-to-market gain, finance cost after capitalisation of HK$379 million (2012: HK$282 million) in respect of the Group's related assets was HK$913 million (2012: HK$697 million), representing an increase of HK$216 million.

Share of Results (after tax) of Associates and Joint Ventures
The attributable profit from associates increased by 281% to HK$1,066 million (2012: HK$280 million) mainly due to the inclusion of Greentown's attributable profit of HK$583 million (2012: nil) and an increase in profit contributions from the Mainland development properties projects undertaken by other associates.

Joint ventures reported a profit of HK$276 million (2012: HK$4 million), an increase of HK$272 million, reflecting their sustained profit contributions from development properties projects in the Mainland.

Income Tax
Taxation charge for the period was HK$1,660 million (2012: HK$2,622 million), which included deferred taxation of HK$408 million (2012: HK$601 million) provided for the current period's revaluation gain attributable to investment properties in the Mainland.

Excluding the above deferred tax, the tax charge decreased by 38% to HK$1,252 million (2012: HK$2,021 million) mainly due to decrease in profit recognised by Development Property segment.

Non-controlling Interests
Group profit attributable to non-controlling interests decreased by HK$79 million to HK$463 million, reflecting the decrease in net profits of certain non-wholly-owned subsidiaries.

Profit Attributable to Equity Shareholders
Group profit attributable to equity shareholders for the period ended 30 June 2013 amounted to HK$17,240 million (2012: HK$23,646 million), representing a decrease of 27%. Basic earnings per share were HK$5.69, based on weighted average of 3,029 million shares (2012: HK$7.81 based on 3,029 million shares).

Excluding the net investment property revaluation surplus of HK$10,793 million (2012: HK$16,574 million), Group profit attributable to shareholders for the period was HK$6,447 million (2012: HK$7,072 million), representing a decrease of 9%.

Excluding the net investment property revaluation surplus and exceptional items, which included the attributable mark-to-market gains totalling HK$764 million (2012: HK$104 million) on swaps and other financial assets and the book accounting gain arising from the acquisition of the interests in Greentown of HK$1,543 million as reported in last period, the Group's core profit rose by 5% to HK$5,683 million (2012: HK$5,425 million). Core earnings per share were HK$1.88 (2012: HK$1.79).

(II) LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL COMMITMENTS

Shareholders' and Total Equity
As at 30 June 2013, the Group's shareholders' equity increased by HK$14,533 million or 6% to HK$263,034 million, equivalent to HK$86.81 per share based on 3,030 million issued shares (31 December 2012: HK$82.04 per share based on 3,029 million issued shares).

Including the non-controlling interests, the Group's total equity increased by 6% to HK$271,695 million (31 December 2012: HK$256,906 million).

Total Assets
The Group's total assets increased by 6% to HK$391.2 billion (31 December 2012: HK$369.0 billion). Total business assets, excluding bank deposit and cash, certain available-for-sale investments, deferred tax assets and other derivative financial assets, increased by 5% to HK$359.9 billion (31 December 2012: HK$343.9 billion).

Included in the Group's total assets is the investment property portfolio of HK$245.7 billion, representing 68% of total business assets. The core assets in this portfolio are Harbour City and Times Square in Hong Kong, which are valued at HK$133.9 billion (excluding the three Marco Polo hotels) and HK$44.9 billion, respectively, as at 30 June 2013. Together, they represent 73% of the total value of the portfolio. Investment properties in the Mainland amounted to HK$40.7 billion, including those under development which were stated at cost of HK$23.4 billion.

Other major business assets included other properties and fixed assets of HK$19.9 billion, interests in joint ventures and associates (mainly for Mainland property and port projects) of HK$37.1 billion and properties under development and held for sale (mainly in the Mainland) of HK$48.2 billion.

Geographically, the Group's business assets in the Mainland, mainly properties and terminals, increased to HK$138.1 billion (31 December 2012: HK$133.0 billion), representing 38% of the Group's total business assets.

Debts and Gearing
The Group's net debt decreased by HK$2.3 billion to HK$53.3 billion as at 30 June 2013 (31 December 2012: HK$55.6 billion), which was made up of HK$81.6 billion in debts and HK$28.3 billion in bank deposits and cash. Included in the Group's net debt were HK$7.0 billion (31 December 2012: HK$6.4 billion) attributable to Modern Terminals, Harbour Centre Development Limited ("HCDL") and other subsidiaries, which are without recourse to the Company and its other subsidiaries. Excluding these non-recourse debts, the Group's net debt was HK$46.3 billion (31 December 2012: HK$49.2 billion). Analysis of the net debt is as below:

Net debt/(cash)	**30 June 2013 HK$ Million**	31 December 2012 HK$ Million
Wharf (excluding below subsidiaries)	46,275	49,201
Modern Terminals	11,241	11,193
HCDL	(4,157)	(4,581)
i-CABLE	(56)	(188)
	53,303	55,625

As at 30 June 2013, the ratio of net debt to total equity was 19.6% (31 December 2012: 21.7%).

Finance and Availability of Facilities
The Group's total available loan facilities and issued debt securities as at 30 June 2013 amounting to HK$99.2 billion, of which HK$81.6 billion were utilised, are analysed as below:

	30 June 2013		
	Available Facility HK$ Billion	**Total Debts HK$ Billion**	**Undrawn Facility HK$ Billion**
Company/wholly-owned subsidiaries			
Committed bank facilities	49.9	35.2	14.7
Debt securities	30.8	30.8	-
	80.7	66.0	14.7
Non-wholly-owned subsidiaries			
Committed and uncommitted			
- Modern Terminals	13.6	11.7	1.9
- HCDL	4.5	3.8	0.7
- i-CABLE	0.4	0.1	0.3
	99.2	81.6	17.6

Of the above debts, HK$18.6 billion (31 December 2012: HK$17.6 billion) was secured by mortgage over certain properties under development, fixed assets and shares with total carrying value of HK$34.3 billion (31 December 2012: HK$28.2 billion).

The Group diversified the debt portfolio across a bundle of currency including primarily Hong Kong dollar ("HKD"), United States dollar ("USD") and Renminbi

("RMB"). The funding sourced from such debt portfolio was mainly used to finance the Group's development properties and port investments in the Mainland.

The use of derivative financial instruments was strictly monitored and controlled. The majority of the derivative financial instruments entered into by the Group were primarily used for management of the Group's interest rate and foreign currency exposures.

The Group continued to maintain a strong financial position with ample surplus cash denominated principally in HKD, USD and RMB and undrawn committed facilities to facilitate the Group's business and investment activities. In addition, the Group also maintained a portfolio of available-for-sale investments with an aggregate market value of HK$3.5 billion (31 December 2012: HK$3.9 billion), which is immediately available for liquidation for the Group's use.

Cash Flows for the Group's Operating and Investing Activities
For the period under review, the Group recorded net cash inflow before change in working capital of HK$6.4 billion (2012: HK$8.7 billion). The changes in working capital increased the net cash inflow from operating activities to HK$7.9 billion (2012: HK$4.5 billion). For investing activities, the Group's major cash outflow of about HK$2.7 billion mainly for settlement of construction cost of investment properties in the Mainland.

Major Capital and Development Expenditure and Commitments
The Group's major capital and development expenditure incurred in the first half of 2013 are analysed as follows:

A. Major capital and development expenditure

	Hong Kong HK$ Million	Mainland China HK$ Million	Total HK$ Million
Properties			
Investment property	433	1,679	2,112
Development property	22	5,227	5,249
	455	6,906	7,361
Investments			
Hotel	88	73	161
Modern Terminals	70	24	94
Wharf T&T	156	-	156
i-CABLE	78	-	78
Others	1	-	1
	393	97	490
Group total	848	7,003	7,851

i. Investment property expenditure incurred during the period mainly included the construction costs for Chengdu IFS.

ii. The Group also incurred HK$5.2 billion for investment in development properties mainly related to Mainland projects, including HK$0.9 billion cash contribution to joint ventures and associates.

iii. For Modern Terminals, the capital expenditures were mainly for the additions of other fixed assets and terminal equipment in the Mainland while those for Wharf T&T and i-CABLE were incurred substantially for procurement of production and broadcasting equipment, network rollout and internet service equipment. Modern Terminals and i-CABLE, respectively 67.6% and 73.8% owned by the Group, independently funded their own capital expenditure programmes.

B. Commitments to capital and development expenditures

As at 30 June 2013, the Group's major commitments to capital and development expenditures that to be incurred in the forthcoming years was estimated at HK$86.9 billion, of which HK$25.1 billion was authorised and contracted for. By segment, the commitments are analysed as below:

	As at 30 June 2013		
	Authorised and contracted for HK$ Million	**Authorised but not contracted for HK$ Million**	**Total HK$ Million**
Investment property			
Hong Kong	1,493	455	1,948
Mainland China	6,667	19,924	26,591
	8,160	20,379	28,539
Development property			
Hong Kong	889	-	889
Mainland China	15,637	40,149	55,786
	16,526	40,149	56,675
Investments			
Hotel	201	449	650
Modern Terminals	92	263	355
Wharf T&T	126	288	414
i-CABLE	16	226	242
	435	1,226	1,661
Group total	25,121	61,754	86,875

Properties commitments are mainly for land and construction cost, inclusive of attributable commitments to joint ventures and associates, to be incurred by stages in the forthcoming years. Attributable committed land cost of HK$6.1 billion is payable by 2013.

The above commitments and planned expenditures will be funded by Group's internal financial resources including its surplus cash of HK$28.3 billion, cash flow from operation, as we1ll as bank and other financings with the construction costs self-financed mainly by pre-sale proceeds and project loans. Other available resources include available-for-sale investments.

(III) HUMAN RESOURCES

The Group had approximately 15,200 employees as at 30 June 2013, including about 2,700 employed by managed operations. Employees are remunerated according to their job responsibilities and the market pay trend with a discretionary annual performance bonus as variable pay for rewarding individual performance and contributions to the respective group's achievement and results.

CONSOLIDATED INCOME STATEMENT

For The Six Months Ended 30 June 2013 – Unaudited

		Six months ended 30 June	
		2013	2012
	Note	**HK$ Million**	HK$ Million
Revenue	2	**14,880**	18,250
Direct costs and operating expenses		**(6,783)**	(8,164)
Selling and marketing expenses		**(526)**	(567)
Administrative and corporate expenses		**(782)**	(580)
Operating profit before depreciation, amortisation, interest and tax		**6,789**	8,939
Depreciation and amortisation		**(709)**	(698)
Operating profit	2 & 3	**6,080**	8,241
Increase in fair value of investment properties		**11,264**	17,346
Other net income	4	**750**	1,544
		18,094	27,131
Finance costs	5	**(73)**	(605)
Share of results after tax of:			
Associates		**1,066**	280
Joint ventures		**276**	4
Profit before taxation		**19,363**	26,810
Income tax	6	**(1,660)**	(2,622)
Profit for the period		**17,703**	24,188
Profit attributable to :			
Equity shareholders		**17,240**	23,646
Non-controlling interests		**463**	542
		17,703	24,188
Earnings per share	7		
Basic		**HK$5.69**	HK$7.81
Diluted		**HK$5.59**	HK$7.66

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Six Months Ended 30 June 2013 – Unaudited

	Six months ended 30 June	
	2013	2012
	HK$ Million	HK$ Million
Profit for the period	**17,703**	24,188
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss :		
Exchange gain / (loss) on translation of foreign operations	**1,457**	(406)
Net revaluation reserves of available-for-sale investments:	**(827)**	389
(Deficit) / surplus on revaluation	**(715)**	336
Transferred to consolidated income statement on disposal	**(112)**	53
Share of other comprehensive income of associates/joint ventures	**323**	(69)
Others	**9**	30
Other comprehensive income for the period	**962**	(56)
Total comprehensive income for the period	**18,665**	24,132
Total comprehensive income attributable to:		
Equity shareholders	**18,117**	23,521
Non-controlling interests	**548**	611
	18,665	24,132

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 30 June 2013 – Unaudited

	Note	**30 June 2013 HK$ Million**	31 December 2012 HK$ Million
Non-current assets			
Investment properties		**245,674**	231,522
Fixed assets		**19,884**	19,870
Interest in associates		**17,382**	16,673
Interest in joint ventures		**19,706**	19,530
Available-for-sale investments		**3,469**	3,868
Convertible securities		**2,770**	2,709
Goodwill and other intangible assets		**297**	297
Programming library		**130**	109
Deferred tax assets		**713**	739
Derivative financial assets		**83**	311
Other non-current assets		**17**	380
		310,125	296,008
Current assets			
Properties for sale		**48,227**	48,915
Inventories		**42**	45
Trade and other receivables	9	**4,248**	4,796
Derivative financial assets		**257**	439
Bank deposits and cash		**28,269**	18,795
		81,043	72,990
Current liabilities			
Trade and other payables	10	**(12,652)**	(14,801)
Deposits from sale of properties		**(13,244)**	(10,654)
Derivative financial liabilities		**(204)**	(215)
Taxation payable		**(1,799)**	(1,980)
Bank loans and other borrowings		**(17,598)**	(5,330)
		(45,497)	(32,980)
Net current assets		**35,546**	40,010
Total assets less current liabilities		**345,671**	336,018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 30 June 2013 – Unaudited

	Note	**30 June 2013 HK$ Million**	31 December 2012 HK$ Million
Non-current liabilities			
Derivative financial liabilities		**(1,278)**	(1,912)
Deferred tax liabilities		**(8,429)**	(7,827)
Other deferred liabilities		**(295)**	(283)
Bank loans and other borrowings		**(63,974)**	(69,090)
		(73,976)	(79,112)
NET ASSETS		**271,695**	256,906
Capital and reserves			
Share capital		**3,030**	3,029
Reserves		**260,004**	245,472
Shareholders' equity		**263,034**	248,501
Non-controlling interests		**8,661**	8,405
TOTAL EQUITY		**271,695**	256,906

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

These unaudited interim consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The preparation of the interim financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2012 except for the changes mentioned below.

With effect from 1 January 2013, the Group has adopted the below new, revised and amendment to Hong Kong Financial Reporting Standards ("HKFRSs"), which are relevant to the Group's financial statements:

Amendments to HKAS 1	Presentation of financial statements – Presentation of items of other comprehensive income
Amendments to HKFRS 7	Financial instruments: Disclosures – Offsetting financial assets and financial liabilities
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (Revised)	Employee benefits

The amendments to HKAS 1 require companies to classify items within other comprehensive income under two categories: (i) items which may be reclassified to profit or loss in the future if certain conditions are met and (ii) items which would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

Amendments to HKFRS 7 requires new disclosures for all recognised financial instruments that are set off in accordance with HKAS 32, Financial Instruments: Presentation. The adoption of the amendments does not have an impact on the Group's interim financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7.

HKFRS 10 introduces a single control model to determine whether an investee should be consolidated, based on the concept of power over the investee, exposure or rights to variability of returns and the ability to use power to affect the amount of returns. This replaces the previous approach which emphasised legal control under HKAS 27 (Revised) (for companies) or exposure to risks and rewards under HK(SIC)-INT 12 (for special purpose entities). The adoption of HKFRS 10 does not have any financial impact on the Group as all subsidiaries within the Group satisfy the requirements for control under HKFRS 10 as at 1 January 2013.

HKFRS 11 provides guidance on what constitutes a joint arrangement by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and are required to be accounted for using the equity method in the Group's consolidated financial statements. HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Ventures. Unlike HKAS 31, proportional consolidation of joint ventures is no longer allowed. It is not expected that this new standard will have a significant impact on the results and financial position of the Group.

HKFRS 13 establishes a single source of guidance for all fair value measurements required or permitted by HKFRSs. It clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under market conditions. HKFRS 13 contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of these disclosures are specifically required in interim financial statements for financial instruments and accordingly, the Group provides these additional disclosures in the interim report.

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

2. SEGMENT INFORMATION

The Group manages its diversified businesses according to the nature of services and products provided. Management has determined five reportable operating segments for measuring performance and allocating resources. The segments are investment property, development property, hotels, logistics, communications, media and entertainment ("CME"). No operating segments have been aggregated to form the following reportable segments.

Investment property segment primarily includes property leasing operations. Currently, the Group's properties portfolio, which mainly consists of retail, office and serviced apartments, is primarily located in Hong Kong and Mainland China.

Development property segment encompasses activities relating to the acquisition, development, design, construction, sale and marketing of the Group's trading properties primarily in Hong Kong and Mainland China.

Hotels segment includes hotel operations in the Asia Pacific region. Currently, the Group's owned or managed 13 Marco Polo Hotels.

Logistics segment mainly includes the container terminal operations in Hong Kong and Mainland China undertaken by Modern Terminals Limited ("Modern Terminals"), Hong Kong Air Cargo Terminals Limited ("Hactl") and other public transport operations.

CME segment comprises pay television, internet and multimedia and other businesses operated by i-CABLE Communications Limited ("i-CABLE") and the telecommunication businesses operated by Wharf T&T Limited.

Management evaluates performance primarily based on operating profit as well as the equity share of results of associates and joint ventures of each segment. Inter-segment pricing is generally determined on an arm's length basis.

Segment business assets principally comprise all tangible assets, intangible assets and current assets directly attributable to each segment with the exception of bank deposits and cash, financial investments, deferred tax assets and other derivative financial assets.

Revenue and expenses are allocated with reference to sales generated by those segments and expenses incurred by those segments or which arise from the depreciation of assets attributable to those segments.

2. SEGMENT INFORMATION

a. Analysis of segment revenue and results

Six months ended	Turnover HK$ Million	Operating profit HK$ Million	Increase in fair value of investment properties HK$ Million	Other net income HK$ Million	Finance costs HK$ Million	Associates HK$ Million	Joint ventures HK$ Million	Profit before taxation HK$ Million
30 June 2013								
Investment Property	**5,357**	**4,561**	**11,264**	**-**	**(594)**	**-**	**-**	**15,231**
Hong Kong	**4,821**	**4,208**	**10,641**	**-**	**(542)**	**-**	**-**	**14,307**
Mainland China	**536**	**353**	**623**	**-**	**(52)**	**-**	**-**	**924**
Development property	**5,036**	**922**	**-**	**27**	**(76)**	**892**	**254**	**2,019**
Hong Kong	**70**	**58**	**-**	**-**	**-**	**6**	**(1)**	**63**
Mainland China	**4,966**	**864**	**-**	**27**	**(76)**	**886**	**255**	**1,956**
Hotels	**689**	**170**	**-**	**-**	**(9)**	**-**	**-**	**161**
Logistics	**1,560**	**476**	**-**	**69**	**(47)**	**174**	**22**	**694**
Terminals	**1,498**	**456**	**-**	**89**	**(47)**	**103**	**22**	**623**
Others	**62**	**20**	**-**	**(20)**	**-**	**71**	**-**	**71**
CME	**1,929**	**7**	**-**	**-**	**(21)**	**-**	**-**	**(14)**
i-CABLE	**1,009**	**(116)**	**-**	**-**	**(2)**	**-**	**-**	**(118)**
Telecommunications	**920**	**143**	**-**	**-**	**(19)**	**-**	**-**	**124**
Others	**-**	**(20)**	**-**	**-**	**-**	**-**	**-**	**(20)**
Inter-segment revenue	**(168)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Segment total	**14,403**	**6,136**	**11,264**	**96**	**(747)**	**1,066**	**276**	**18,091**
Investment and others	**477**	**333**	**-**	**654**	**674**	**-**	**-**	**1,661**
Corporate expenses	**-**	**(389)**	**-**	**-**	**-**	**-**	**-**	**(389)**
Group total	**14,880**	**6,080**	**11,264**	**750**	**(73)**	**1,066**	**276**	**19,363**
30 June 2012								
Investment Property	4,862	4,069	17,346	73	(563)	-	-	20,925
Hong Kong	4,383	3,755	16,414	73	(482)	-	-	19,760
Mainland China	479	314	932	-	(81)	-	-	1,165
Development Property	9,122	3,428	-	1,504	(54)	89	(20)	4,947
Hong Kong	2,193	1,006	-	-	-	63	-	1,069
Mainland China	6,929	2,422	-	1,504	(54)	26	(20)	3,878
Hotels	649	192	-	-	(5)	-	-	187
Logistics	1,515	577	-	(46)	(137)	191	24	609
Terminals	1,469	573	-	(25)	(137)	105	24	540
Others	46	4	-	(21)	-	86	-	69
CME	1,942	17	-	3	(20)	-	-	-
i-CABLE	1,038	(100)	-	3	(2)	-	-	(99)
Telecommunications	904	119	-	-	(18)	-	-	101
Others	-	(2)	-	-	-	-	-	(2)
Inter-segment revenue	(168)	-	-	-	-	-	-	-
Segment total	17,922	8,283	17,346	1,534	(779)	280	4	26,668
Investment and others	328	205	-	10	174	-	-	389
Corporate expenses	-	(247)	-	-	-	-	-	(247)
Group total	18,250	8,241	17,346	1,544	(605)	280	4	26,810

2. SEGMENT INFORMATION

b. Analysis of inter-segment revenue

Six months ended 30 June	**2013 Total Revenue HK$ Million**	**2013 Inter-segment revenue HK$ Million**	**2013 Group Revenue HK$ Million**	2012 Total Revenue HK$ Million	2012 Inter-segment revenue HK$ Million	2012 Group Revenue HK$ Million
Investment property	**5,357**	**(75)**	**5,282**	4,862	(74)	4,788
Development property	**5,036**	**-**	**5,036**	9,122	-	9,122
Hotels	**689**	**-**	**689**	649	-	649
Logistics	**1,560**	**-**	**1,560**	1,515	-	1,515
CME	**1,929**	**(64)**	**1,865**	1,942	(54)	1,888
Investment and others	**477**	**(29)**	**448**	328	(40)	288
	15,048	**(168)**	**14,880**	18,418	(168)	18,250

c. Geographical information

Six months ended 30 June	**Revenue 2013 HK$ Million**	Revenue 2012 HK$ Million	**Operating profit 2013 HK$ Million**	Operating profit 2012 HK$ Million
Hong Kong	**8,675**	10,443	**4,899**	5,837
Mainland China	**6,185**	7,788	**1,161**	2,385
Singapore	**20**	19	**20**	19
Group total	**14,880**	18,250	**6,080**	8,241

3. OPERATING PROFIT

Operating profit is arrived at :

	Six months ended 30 June	
	2013	2012
	HK$ Million	HK$ Million
After charging / (crediting) :-		
Depreciation and amortisation on		
– assets held for use under operating leases	**72**	70
– other fixed assets	**548**	537
– leasehold land	**49**	48
– programming library	**40**	43
Total depreciation and amortisation	**709**	698
Staff costs	**1,624**	1,477
Cost of trading properties for recognised sales	**3,926**	5,371
Rental income less direct outgoings (Note)	**(4,605)**	(4,079)
Interest income	**(290)**	(192)
Dividend income from listed investments	**(98)**	(61)
Profit on disposal of fixed assets	**-**	(3)

Note: Rental income included contingent rentals of HK$1,067 million (2012: HK$995 million).

4. OTHER NET INCOME

Other net income for the period amounted to HK$750 million (2012: HK$1,544 million) mainly includes:

a. Net foreign exchange gain of HK$386 million (2012: loss of HK$52 million) which included the impact of foreign exchange contracts.

b Net gain on disposal of available-for-sale investment of HK$116 million (2012: HK$2 million) which includes a revaluation surplus of HK$112 million (2012: deficit of HK$53 million) transferred from the investments revaluation reserves of the Group.

c. For the period ended 30 June 2012, a book accounting gain representing negative goodwill of HK$1,543 million was recognised in respect of the Group's acquisition of 18.4% equity interests in Greentown as an associate in June 2012.

5. FINANCE COSTS

	Six months ended 30 June	
	2013	2012
	HK$ Million	HK$ Million
Interest charged on :		
Bank loans and overdrafts		
– repayable within five years	**398**	378
– repayable after five years	**93**	95
Other borrowings		
– repayable within five years	**417**	76
– repayable after five years	**236**	330
Total interest charge	**1,144**	879
Other finance costs	**148**	100
Less : Amount capitalised	**(379)**	(282)
	913	697
Fair value (gain)/loss :		
Cross currency interest rate swaps	**(210)**	213
Interest rate swaps	**(630)**	(305)
	(840)	(92)
Total	**73**	605

The Group's average effective borrowing rate for the period was 3.3% p.a. (2012: 2.6% p.a.).

6. INCOME TAX

Taxation charged to the consolidated income statement represents :

	Six months ended 30 June	
	2013	2012
	HK$ Million	HK$ Million
Current income tax		
Hong Kong		
- provision for the period	**683**	850
- overprovision in respect of prior years	**(58)**	(7)
Outside Hong Kong		
- provision for the period	**298**	598
- underprovision in respect of prior years	**-**	2
	923	1,443
Land appreciation tax ("LAT") in China	**207**	417
Deferred tax		
Change in fair value of investment properties	**408**	601
Origination and reversal of temporary differences	**122**	161
	530	762
Total	**1,660**	2,622

a. The provision for Hong Kong profits tax is based on the profit for the period as adjusted for tax purposes at the rate of 16.5% (2012: 16.5%).

b. Income tax on profits assessable outside Hong Kong is mainly China corporate income tax calculated at a rate of 25% and China withholding income tax at a rate of up to 10%.

c. Under the Provisional Regulations on LAT, all gains arising from transfer of real estate property in Mainland China 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 cost of land use rights, borrowings costs and all development property expenditures.

d. Tax attributable to associates and joint ventures for the six months ended 30 June 2013 of HK$780 million (2012: HK$134 million) is included in the share of results of associates and joint ventures.

7. EARNINGS PER SHARE

a. Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders for the period of HK$17,240 million (30/06/2012: HK$23,646 million) and the weighted average of 3,029 million ordinary shares in issue during the period (30/06/2012: 3,029 million ordinary shares).

b. Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders for the period of HK$17,313 million (30/06/2012: HK$23,719 million) and the weighted average of 3,099 million ordinary shares in issue during the period (30/06/2012: 3,098 million ordinary shares), calculated as follows:

(i) Profit attributable to ordinary equity shareholders (diluted)

	Six months ended 30 June	
	2013	2012
	HK$ Million	HK$ Million
Profit attributable to ordinary equity shareholders	**17,240**	23,646
After tax effect of effective interest on the liability component of convertible bonds	**73**	73
	17,313	23,719

(ii) Weighted average number of ordinary shares (diluted)

	30 June 2013	30 June 2012
	No. of shares Million	No. of shares Million
Weighted average number of ordinary shares at 30 June	**3,029**	3,029
Effect of conversion of convertible bonds	**69**	69
Effect of share options	**1**	-
	3,099	3,098

8. DIVIDENDS

a. The below interim dividends were proposed after the end of the reporting period which have not been recognised as liabilities at the end of the reporting period :

	Six months ended 30 June	
	2013	2012
	HK$ Million	HK$ Million
First interim dividend of 50 cents (2012 : 45 cents) per share proposed after the end of the reporting period	**1,515**	1,363

b. Dividends recognised as distribution during the period :

	Six months ended 30 June	
	2013	2012
	HK$ Million	HK$ Million
2012 second interim dividend paid of 120 cents per share	**3,635**	-
2011 second interim dividend paid of 70 cents per share	**-**	2,120
	3,635	2,120

9. TRADE AND OTHER RECEIVABLES

Included in this item are trade receivables (net of allowance for bad and doubtful debts) with an ageing analysis based on invoice date as at 30 June 2013 as follows:

	30 June 2013 HK$ Million	31 December 2012 HK$ Million
Trade receivables		
0 - 30 days	**613**	656
31 – 60 days	**140**	114
61 – 90 days	**83**	57
Over 90 days	**94**	78
	930	905
Accrued sales receivable	**-**	194
Other receivables and prepayments	**3,318**	3,697
	4,248	4,796

Accrued sales receivables mainly represent property sales consideration for property sales to be billed or received after the end of the reporting period. In accordance with the Group's accounting policy, upon receipt of the Temporary Occupation Permit or architect's completion certificate, the balance of sales consideration to be billed is included as accrued sales receivables.

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.

10. TRADE AND OTHER PAYABLES

Included in this item are trade payables with an ageing analysis as at 30 June 2013 as follows:

	30 June 2013 HK$ Million	31 December 2012 HK$ Million
Trade payables		
0 - 30 days	**327**	507
31 - 60 days	**159**	189
61 - 90 days	**39**	50
Over 90 days	**122**	95
	647	841
Rental and customer deposits	**2,764**	2,503
Construction costs payable	**1,896**	4,395
Amount due to associates	**3,217**	2,703
Amount due to joint ventures	**559**	549
Other payables	**3,569**	3,810
	12,652	14,801

11. REVIEW OF UNAUDITED INTERIM FINANCIAL STATEMENTS

The unaudited interim financial statements for the six months ended 30 June 2013 have been reviewed with no disagreement by the Audit Committee of the Company.

CORPORATE GOVERNANCE CODE

During the financial period under review, all the code provisions in the Corporate Governance Code (which is set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited were met by the Company, with the exception of two deviations, namely, (i) code provision A.2.1 (the "First Deviation") providing for the roles of the chairman and chief executive officer (or chief executive) to be performed by different individuals; and (ii) code provision F.1.3 (the "Second Deviation") providing for the company secretary to report to the board chairman or the chief executive. As regards the First Deviation, it is deemed appropriate as it is considered to be more efficient to have one single person to be the Chairman of the Company as well as to discharge the executive functions of a chief executive. The Board of Directors believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high-calibre individuals, with nearly half of them being INEDs. As regards the Second Deviation, the Company Secretary of the Company has for some years directly reported to, and continues to report to, the Deputy Chairman of the Company, which is considered appropriate and reasonable given the size of the Group. In the view of the Directors, this reporting arrangement would in no way adversely affect the efficient discharge by the Company Secretary of his job duties.

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 period under review.

BOOK CLOSURE

The Register of Members will be closed from Tuesday, 17 September 2013 to Thursday, 19 September 2013, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to qualify for the abovementioned interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrars, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 16 September 2013.

By Order of the Board
Kevin C. Y. Hui
Company Secretary

Hong Kong, 27 August 2013

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Peter K. C. Woo, Mr. Stephen T. H. Ng, Mr. Andrew O. K. Chow, Ms. Doreen Y. F. Lee, Mr. T. Y. Ng, Mr. Paul Y. C. Tsui and Ms. Y. T. Leng, together with six INEDs, namely, Mr. Alexander S. K. Au, Professor Edward K. Y. Chen, Dr. Raymond K. F. Ch'ien, Hon. Vincent K. Fang, Mr. Hans Michael Jebsen and Mr. James E. Thompson.