INTERIM REPORT 2013

中期報告書

Harbour Centre Development Limited

海港企業有限公司

Stock Code 股份代號：51

HIGHLIGHTS

- Core profit of HK$798.1 million increased more than five-fold from the same period two years ago (HK$123.4 million) and was more than double the five-year average (HK$334.7 million).

- This follows an exceptionally strong 2012 and confirms a sustainable and solid foundation.

- The rights issues in 2008 and 2009 raised a total of HK$2.9 billion from Shareholders. Since then, Shareholders have earned over HK$1.5 billion of dividends and seen the market value of their shares doubling to over HK$10.1 billion.

- The new equity capital raised was invested to build the China property business, which accounted for 80% of revenue and 49% of core profit in the first half of 2013 (2008: Nil).

- The first rights issue was undertaken in the first half of 2008, when core profit was HK$173.6 million. Five years later, core profit has risen by 3.6 times to HK$798.1 million for the first half of 2013. China property alone accounted for 63% of that increase.

- Interim dividend for the first half of 2013 is more than the combined total for the corresponding period in the six years from 2006 to 2011. It is also more than the full year dividend for 2011.

- In the first half of 2013, new sales contracted for China property was HK$2.9 billion and sales order recognition was HK$2.7 billion. Net sales order book as at 30 June 2013 was RMB5.4 billion.

- Foundation works at Suzhou International Finance Square started during the period.

- Net cash and the market value of listed securities as at 30 June 2013 totalled HK$5.7 billion. This places the Group well to meet upcoming capital commitments (including RMB3.9 billion to complete the construction of Suzhou International Finance Square) as well as to make new investments when suitable opportunities arise.

GROUP RESULTS

The unaudited Group profit attributable to equity shareholders for the six months ended 30 June 2013 amounted to HK$1,009.1 million, representing a decrease of 41% as compared with the corresponding period last year (2012: HK$1,698.6 million). Earnings per share were HK$1.42 (2012: HK$2.40) based on 708.8 million issued shares.

The Group's profit included an investment property revaluation surplus of HK$211.0 million (2012: HK$586.0 million). Excluding this, profit for the period under review was HK$798.1 million (2012: HK$1,112.6 million) representing a decrease of 28%.

INTERIM/SPECIAL INTERIM DIVIDENDS

The Board has declared an interim dividend of 12 cents (2012: 12 cents) per share, absorbing a total amount of HK$85.1 million (2012: HK$85.1 million). In addition, the Board has also declared a special non-recurrent interim dividend of 18 cents (2012: 36 cents) per share. Both such dividends will be payable on 27 September 2013 to Shareholders on record as at 19 September 2013. Total dividend distributions for the six-month period under review will amount to 30 cents (2012: 48 cents) per share, absorbing a total amount of HK$212.6 million (2012: HK$340.2 million).

BUSINESS REVIEW

The Group's core profit for the period under review increased by 547% from the first half of 2011 and exceeded its past five-year average by 138%. This followed an exceptionally strong 2012 and confirms a sustainable and solid foundation.

The rights issues undertaken by the Group in 2008 and 2009 raised a total of HK$2.9 billion from Shareholders. Since then, Shareholders have earned over HK$1.5 billion of dividends and witnessed the market value of their shares doubling to over HK$10.1 billion. The new equity capital raised was invested to build the Group's China property business, which accounted for 80% of revenue and 49% of core profit during the first half of 2013 (2008: Nil). This new core business, established since 2007, has turned a new page for the Group. Core profit has risen by HK$624.5 million or 3.6 times to HK$798.1 million for the period since the first half of 2008 (when the first of the aforesaid rights issues was undertaken). China property alone accounted for 63% of that five-year growth.

2012 had been an exceptional year as completion of the high-margin Xiyuan in Shanghai sparked a stellar interim result for the Group. Lower sales recognition during the first half of 2013 reduced core profit to HK$798.1 million. That said, core earnings still increased more than five-fold when compared to the first half of 2011, prior to the exceptional contribution from Xiyuan. China property business will continue to be a core business in the years to come.

China Portfolio

Development Properties (DP)
In the absence of a significant contribution from Xiyuan in Shanghai, revenue and operating profit for the segment decreased to HK$2,087.9 million and HK$476.5 million respectively. Profit recognised mainly included contributions from Suzhou Times City and Changzhou Times Palace. On the other hand, completion of additional phases of The U World in Chongqing boosted contributions from the joint venture.

Contracted sales continued to gain pace notwithstanding tepid economic growth and the challenges of the property market in the Mainland.

As at 30 June 2013, the Group had an attributable land bank of 1.7 million square metres of DP at a book value of HK$11.3 billion, which represented 63% of the Group's business assets.

Sales

The rising middle class aspiring to modern urban living sparked the solid demand for quality residences. The Group's projects, leveraging on Wharf's respected brand in the development of quality residences in sought after locations, have met with good demand.

Including the attributable share in the jointly-controlled project, over 1,300 residences with a total GFA of 174,700 square metres were contracted for sale for RMB2.3 billion (i.e. HK$2.9 billion), 10% higher than in the first half of 2012.

The net order book as at the end of June 2013 was RMB5.4 billion for 4,300 residences with a total GFA of 514,000 square metres. In the first half of 2013, sales order recognition was about HK$2.7 billion.

Initial phases of retail units and additional phases of residential units of Suzhou Times City were launched for pre-sale during the period. 76,000 square metres were sold or pre-sold at an average price of RMB12,700 per square metre for residential and RMB26,400 per square metre for retail. Total proceeds amounted to RMB1,014 million. The cumulative GFA sold/pre-sold represents 39% of the project total.

Changzhou Times Palace launched additional phases for pre-sale and sold or pre-sold 71,700 square metres, 30% higher than in the first half of 2012, at an average price of RMB7,600 per square metre. Contracted sales proceeds increased by 58% to RMB554 million. The cumulative GFA sold/pre-sold represents 52% of the project total.

Additional phases of residential units of The U World in Chongqing were launched for pre-sale during the period. On an attributable basis, 21,800 square metres were sold or pre-sold at an average price of RMB18,300 per square metre for residential and RMB40,900 per square metre for retail. Total proceeds amounted to RMB425 million. The cumulative GFA sold/pre-sold represents 40% of the project total.

Shanghai Xiyuan sold a further 5,200 square metres at an average price of RMB50,700 per square metre for proceeds of RMB335 million. The cumulative GFA sold represents 94% of the project total.

Development Progress

Changzhou Times Palace comprises residential towers and carparks, semi-detached houses and villas, a State Guest House, a five-star Marco Polo Hotel and serviced apartments with a total GFA of 800,000 square metres. Six residential high-rise towers were completed in June 2013. Construction of the remaining residential towers is underway, with full completion scheduled for 2016.

The U World in Chongqing, among the few residential developments in the new Jiangbei CBD, is a 55%-owned jointly-controlled residential and commercial development with China Overseas Land & Investment Limited. It offers an attributable GFA of 235,000 square metres with most of the residences enjoying a panoramic river view from different angles and is adjacent to the Grand Theatre, Chongqing Science and Technology Museum and the Central Park. The development is also in close proximity to the future Chongqing International Finance Square. Additional phases of residential units were completed during the period. Construction of the remaining residential towers is underway, with full completion scheduled for 2015.

Suzhou Times City, with a residential GFA of 907,000 square metres, is located along the main east-west thoroughfare of Xiandai Da Dao and near a future metro station. It is a joint venture owned 80:20 between the Group and a unit of the local government. Initial phases were completed in June 2013. Construction of the remaining towers is underway, with full completion scheduled for 2018.

Shanghai South Station is a 493,000-square-metre commercial development in Shanghai Xuhui District, in which the Group owns a 27% interest (attributable 133,000 square metres), led by major Mainland developer China Vanke Company Limited with a 51% interest. It is situated next to Shanghai South Railway Station and well connected to the existing Metro Line 1, Line 3 and future Line 15 stations. Design planning is underway.

Investment Properties (IP)

Suzhou International Finance Square (80% attributable to the Group) is a 450-metre landmark commercial development in the new CBD of Suzhou overlooking Jinji Lake, and will be comparable in height to the tallest building in Hong Kong. It is designed by the internationally renowned architect Kohn Pederson Fox and will be directly connected to the future metro station. With a total GFA of 278,000 square metres, the development consists of international Grade A office, luxurious apartments as well as a 96-room premium sky hotel with full scenery of Suzhou. Construction is underway at total estimated cost of RMB5 billion, with full completion scheduled for 2016. Foundation works started earlier this year.

Hotel

In Changzhou, the 32-suite State Guest House, a 271-room five-star hotel and 139-unit serviced apartments will be completed in stages between the third quarter of 2013 and 2014. The hotel is part of the State Guest House complex with vast garden space for major events and weddings. Pre-operating expenses incurred during the period weighed on the Hotel segment's results.

In Suzhou, a 96-room premium sky hotel with full scenery of the city is under development.

Hong Kong Portfolio

Investment Properties (IP)

Thanks to the resilient local and international consumption demand, the IP segment (mainly comprising prime Canton Road retail properties) performed solidly, with a 20% increase in revenue and a 21% increase in operating profit. The Group's IP portfolio was independently revalued as at 30 June 2013, which gave rise to a net revaluation surplus of HK$211 million for the period.

Hotel

While the favourable location of Marco Polo Hongkong Hotel ("MPHK Hotel") in Harbour City continued to provide convenience for discerning travelers, business travellers' spending was tightened amid uncertain global environment. Higher depreciation charges weighed on the hotel's results. Nevertheless, on the back of a solid hotel room demand, the average room rate at MPHK Hotel increased by 4% while average occupancy was maintained at 88% during the period under review.

FINANCIAL REVIEW

(I) Review of 2013 Interim Results

In the first half of 2013, the Group delivered a solid core profit of HK$798.1 million, which was largely in line with expectation. Compared to the corresponding period in previous years, this core profit represents a 28% decrease from 2012, but an increase of 547% from 2011 or 138% from the average for the past 5 years. An exceptionally large contribution in revenue and profit after tax from the Shanghai Xiyuan project had been recognised in 2012.

Including profit from IP revaluation, the profit attributable to shareholders decreased by 41% to HK$1,009.1 million.

Revenue

Group revenue decreased year-on-year by 43% to HK$2,619.5 million (2012: HK$4,554.9 million).

DP recognised property sales of HK$2,087.9 million (2012: HK$4,078.5 million) from phased completion of Changzhou Times Palace and Suzhou Times City and the remaining Shanghai Xiyuan units.

During the first half of 2013, inclusive of joint ventures on an attributable basis, the Group recorded total contracted sales of RMB2,327.6 million (2012: RMB2,096.3 million). As at 30 June 2013, the net order book amounted to RMB5,375.9 million, which is available for recognition as revenue on completion of the respective properties by stages.

IP revenue increased by 20% to HK$145.5 million (2012: HK$121.4 million), reflecting primarily the higher rental income from the retail areas of MPHK Hotel.

Hotel revenue increased by 3% to HK$302.2 million (2012: HK$292.5 million) in a softening market, mainly benefited from MPHK Hotel's improved average room rate.

Investment and Other Income comprising interest and dividend from the Group's surplus cash and investments increased by 34% to HK$83.9 million (2012: HK$62.5 million).

Operating Profit

Group operating profit decreased by 58% to HK$773.9 million (2012: HK$1,832.1 million).

DP's profit decreased to HK$476.5 million (2012: HK$1,620.7 million) for an operating margin of 23%, from recognition of Changzhou Times Palace, Suzhou Times City and Shanghai Xiyuan units.

IP's profit increased by 21% to HK$130.5 million (2012: HK$107.7 million) but Hotel profit decreased by 5% to HK$94.0 million (2012: HK$99.4 million) mainly due to increase in depreciation and the pre-operating expenses incurred by Changzhou Marco Polo Hotel. Profit from Investment and Others increased by 34% to HK$83.9 million (2012: HK$62.5 million).

Increase in Fair Value of IP

The Group's completed IP were stated at the valuations carried out by an independent valuer as at 30 June 2013 resulting in a valuation gain of HK$211.0 million (2012: HK$586.0 million). IP under development 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 of HK$168.5 million for the period mainly included foreign exchange gain of HK$146.9 million (2012: HK$35.0 million).

Finance Costs

Net finance costs for the period were HK$32.6 million (2012: HK$11.3 million). The charge was after capitalisation of HK$1.9 million (2012: HK$15.4 million) for the Group's Mainland projects.

Share of Results after Tax of Joint Ventures

The share of profit of joint ventures after tax amounted to HK$146.2 million (2012: loss of HK$10.4 million) with contribution primarily from the recognition of revenue and profit from The U World in Chongqing development project in the Mainland.

Income Tax

The taxation charge for the period decreased to HK$235.0 million (2012: HK$734.9 million) as a result of decrease in profit.

Profit Attributable to Equity Shareholders

Group profit attributable to equity shareholders for the period ended 30 June 2013 amounted to HK$1,009.1 million (2012: HK$1,698.6 million), representing a decrease of 41%. Earnings per share were HK$1.42 (2012: HK$2.40) based on 708.8 million issued shares.

Excluding the IP revaluation surplus of HK$211.0 million (2012: HK$586.0 million), the Group's core profit attributable to shareholders for the period was HK$798.1 million (2012: HK$1,112.6 million), representing a decrease of 28%. Core earnings per share were HK$1.13 (2012: HK$1.57) based on 708.8 million issued shares.

(II) Liquidity, Financial Resources and Commitments

Shareholders' and Total Equity

As at 30 June 2013, the Group's shareholders' equity increased by 5% to HK$15,364.5 million (31/12/2012: HK$14,591.3 million), equivalent to HK$21.68 per share (31/12/2012: HK$20.59 per share). Including the non-controlling interests, the Group's total equity stood at HK$16,376.9 million (31/12/2012: HK$15,563.4 million).

MPHK Hotel is stated at cost less accumulated depreciation according to the prevailing Hong Kong Financial Reporting Standards. Restating the hotel property based on the valuation as at 30 June 2013 carried out by an independent valuer would give rise to an additional revaluation surplus of HK$4,281.0 million and increase the Group's shareholders' equity as at 30 June 2013 to HK$19,645.5 million, equivalent to HK$27.72 per share.

Total Assets

The Group's total assets increased by 3% to HK$27,514.0 million (31/12/2012: HK$26,782.7 million), including HK$17,938.9 million of business assets, HK$7,956.8 million of bank deposits and cash and HK$1,532.9 million of available-for-sale investments.

The Group's major business assets included properties for sale of HK$7,110.7 million, interest held through joint ventures of HK$2,267.0 million and IP of HK$5,820.2 million. Geographically, HK$12,641.5 million or 70% of the Group's total business assets were located in Mainland.

Debt/Cash

As at 30 June 2013, the Group had net cash of HK$4,156.8 million (31/12/2012: HK$4,580.5 million), which was made up of HK$7,956.8 million of cash and HK$3,800.0 million of bank borrowings in various currencies.

Finance and Availability of Facilities and Funds

As at 30 June 2013, the Group's available loan facilities amounted to HK$4,936.8 million, of which HK$3,800.0 million was drawn. Certain banking facilities were secured by mortgage over the Group's certain properties under development for sale with total carrying value of HK$211.5 million (31/12/2012: HK$963.5 million).

The Group's debts were denominated in HKD, USD and RMB. Further borrowings will be sourced to finance the Mainland projects.

The use of derivative financial instruments was strictly 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 currency exposures.

The Group maintained a reasonable level of surplus cash, which was denominated principally in HKD and RMB, to facilitate the Group's business and investment activities. As at 30 June 2013, the Group also maintained a portfolio of investments primarily consisting of blue chip listed securities, with an aggregate market value of HK$1,532.9 million (31/12/2012: HK$1,541.6 million), which is available for liquidation to meet the Group's needs if necessary. The performance of the portfolio was largely in line with the general stock market.

Net Cash Flows for Operating and Investing Activities

For the period under review, the Group generated HK$534.2 million of net cash inflow from operating activities (2012: HK$778.1 million), primarily from pre-sales proceeds net of construction cost payment for the Group's Mainland development projects. For investing activities, the net cash outflow was HK$738.9 million (2012: inflow HK$127.3 million), mainly representing addition of interests for Shanghai South Station project.

Commitments

As at 30 June 2013, the Group's total authorised and contracted for commitments amounted to HK$3.3 billion which was mainly related to Mainland development projects. Apart from that, the Group also plans to invest HK$12.6 billion on the existing Mainland DP projects, including land cost of HK$1.0 billion, which will be carried out by stages in the forthcoming years and funded by internal financial resources, proceeds from property pre-sales and bank loans.

(III) Human Resources

The Group had approximately 720 employees as at 30 June 2013. 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 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	**2,619.5**	4,554.9
Direct costs and operating expenses		**(1,711.9)**	(2,520.4)
Selling and marketing expenses		**(77.1)**	(155.7)
Administrative and corporate expenses		**(31.0)**	(27.0)
Operating profit before depreciation, interest and tax		**799.5**	1,851.8
Depreciation		**(25.6)**	(19.7)
Operating profit	3	**773.9**	1,832.1
Increase in fair value of investment properties		**211.0**	586.0
Other net income	4	**168.5**	28.4
		1,153.4	2,446.5
Finance costs	5	**(32.6)**	(11.3)
Share of results after tax of joint ventures		**146.2**	(10.4)
Profit before taxation		**1,267.0**	2,424.8
Income tax	6(a)	**(235.0)**	(734.9)
Profit for the period		**1,032.0**	1,689.9
Profit attributable to:			
Equity shareholders		**1,009.1**	1,698.6
Non-controlling interests		**22.9**	(8.7)
		1,032.0	1,689.9
Earnings per share	7		
Basic		**HK$1.42**	HK$2.40
Diluted		**HK$1.42**	HK$2.40

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	**1,032.0**	1,689.9
Other comprehensive income for the period:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of overseas operations:	**218.2**	(54.2)
– subsidiaries	**179.7**	(44.7)
– joint ventures	**38.5**	(9.5)
Fair value changes on available-for-sale investments:	**(96.5)**	238.3
– (deficit)/surplus on revaluation	**(61.9)**	216.0
– transferred to consolidated income statement on disposal	**(34.6)**	22.3
Other comprehensive income for the period	**121.7**	184.1
Total comprehensive income for the period	**1,153.7**	1,874.0
Total comprehensive income attributable to:		
Equity shareholders	**1,113.4**	1,887.2
Non-controlling interests	**40.3**	(13.2)
	1,153.7	1,874.0

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		**5,820.2**	5,565.9
Fixed assets		**725.1**	649.8
Interest in associates		**925.4**	0.1
Interest in joint ventures		**2,267.0**	2,082.3
Available-for-sale investments		**1,532.9**	1,541.6
Deferred tax assets		**33.0**	44.0
Other non-current assets		**12.4**	375.9
		11,316.0	10,259.6
Current assets			
Properties for sale		**7,110.7**	7,822.2
Inventories		**2.0**	2.0
Trade and other receivables	9	**986.0**	750.7
Prepaid tax		**90.1**	122.7
Derivative financial assets		**52.4**	95.0
Bank deposits and cash		**7,956.8**	7,730.5
		16,198.0	16,523.1
Current liabilities			
Trade and other payables	10	**(1,421.2)**	(1,791.2)
Pre-sale deposits and proceeds		**(5,627.2)**	(5,700.4)
Derivative financial liabilities		**–**	(9.3)
Bank loans		**–**	(800.0)
Taxation payable		**(205.1)**	(488.9)
		(7,253.5)	(8,789.8)
Net current assets		**8,944.5**	7,733.3
Total assets less current liabilities		**20,260.5**	17,992.9
Non-current liabilities			
Bank loans		**(3,800.0)**	(2,350.0)
Deferred tax liabilities		**(83.6)**	(79.5)
		(3,883.6)	(2,429.5)
NET ASSETS		**16,376.9**	15,563.4
Capital and reserves			
Share capital	11	**354.4**	354.4
Reserves		**15,010.1**	14,236.9
Shareholders' equity		**15,364.5**	14,591.3
Non-controlling interests		**1,012.4**	972.1
TOTAL EQUITY		**16,376.9**	15,563.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013 – Unaudited

	Shareholders' equity							
	Share capital HK$ Million	Share premium HK$ Million	Investments revaluation reserve HK$ Million	Exchange reserve HK$ Million	Revenue reserve HK$ Million	Total shareholders' equity HK$ Million	Non-controlling interests HK$ Million	Total equity HK$ Million
At 1 January 2013	**354.4**	**3,287.0**	**993.0**	**951.3**	**9,005.6**	**14,591.3**	**972.1**	**15,563.4**
Changes in equity for the period:								
Profit	**–**	**–**	**–**	**–**	**1,009.1**	**1,009.1**	**22.9**	**1,032.0**
Other comprehensive income	**–**	**–**	**(96.5)**	**200.8**	**–**	**104.3**	**17.4**	**121.7**
Total comprehensive income	**–**	**–**	**(96.5)**	**200.8**	**1,009.1**	**1,113.4**	**40.3**	**1,153.7**
2012 second interim dividends paid	**–**	**–**	**–**	**–**	**(340.2)**	**(340.2)**	**–**	**(340.2)**
At 30 June 2013	**354.4**	**3,287.0**	**896.5**	**1,152.1**	**9,674.5**	**15,364.5**	**1,012.4**	**16,376.9**
At 1 January 2012	354.4	3,287.0	464.9	940.7	6,415.9	11,462.9	815.8	12,278.7
Changes in equity for the period:								
Profit	–	–	–	–	1,698.6	1,698.6	(8.7)	1,689.9
Other comprehensive income	–	–	238.3	(49.7)	–	188.6	(4.5)	184.1
Total comprehensive income	–	–	238.3	(49.7)	1,698.6	1,887.2	(13.2)	1,874.0
2011 second interim dividends paid (Note 8)	–	–	–	–	(127.6)	(127.6)	–	(127.6)
At 30 June 2012	354.4	3,287.0	703.2	891.0	7,986.9	13,222.5	802.6	14,025.1

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2013 – Unaudited

	Six months ended 30 June	
	2013	2012
	HK$ Million	HK$ Million
Net cash generated from operating activities	**534.2**	778.1
Net cash (used in)/generated from investing activities	**(738.9)**	127.3
Net cash generated from/(used in) financing activities	**309.8**	(832.4)
Increase in cash and cash equivalents	**105.1**	73.0
Cash and cash equivalents at 1 January	**7,730.5**	5,841.5
Effect on exchange rate changes	**121.2**	(28.7)
Cash and cash equivalents at 30 June	**7,956.8**	5,885.8

Cash and cash equivalents represent bank deposits and cash.

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 amendments 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.

1. **Principal Accounting Policies and Basis of Preparation** (continued)

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 additional disclosures in Note 12 to the interim financial statements.

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 managed its diversified businesses according to the nature of services and products provided. Management has determined three reportable operating segments for measuring performance and allocating resources. The segments are development property, investment property and hotel. No operating segment has been aggregated to form the following reportable segments.

Development Property (DP) segment encompasses activities relating to the acquisition, development, design, marketing and sale of trading properties primarily in Mainland China.

2. Segment Information (continued)

Investment Property (IP) segment primarily represents the property leasing of the Group's investment properties in Hong Kong. Some of the Group's development projects in Mainland China include properties which are intended to be held for investment purposes on completion.

Hotel segment represents the operations of Marco Polo Hongkong Hotel. Some of the Group's development projects in Mainland China include hotel properties.

Management evaluates performance based on operating profit as well as the equity share of results of associates and joint ventures of each segment.

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, available-for-sale investments, derivative financial instruments and deferred tax 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.

Analysis of segment revenue and results

Six months ended	Revenue HK$ Million	Operating profit/(loss) HK$ Million	Increase in fair value of investment properties HK$ Million	Other net income/(loss) HK$ Million	Finance costs HK$ Million	Joint ventures HK$ Million	Profit before taxation HK$ Million
30 June 2013							
Development property	**2,087.9**	**476.5**	**–**	**(6.5)**	**–**	**146.2**	**616.2**
Investment property	**145.5**	**130.5**	**211.0**	**–**	**–**	**–**	**341.5**
Hotel	**302.2**	**94.0**	**–**	**–**	**(9.0)**	**–**	**85.0**
Segment total	**2,535.6**	**701.0**	**211.0**	**(6.5)**	**(9.0)**	**146.2**	**1,042.7**
Investment and others	**83.9**	**83.9**	**–**	**175.0**	**(23.6)**	**–**	**235.3**
Corporate expenses	**–**	**(11.0)**	**–**	**–**	**–**	**–**	**(11.0)**
Group total	**2,619.5**	**773.9**	**211.0**	**168.5**	**(32.6)**	**146.2**	**1,267.0**
30 June 2012							
Development property	4,078.5	1,620.7	–	(0.5)	–	(10.4)	1,609.8
Investment property	121.4	107.7	586.0	–	–	–	693.7
Hotel	292.5	99.4	–	0.7	(5.4)	–	94.7
Segment total	4,492.4	1,827.8	586.0	0.2	(5.4)	(10.4)	2,398.2
Investment and others	62.5	62.5	–	28.2	(5.9)	–	84.8
Corporate expenses	–	(58.2)	–	–	–	–	(58.2)
Group total	4,554.9	1,832.1	586.0	28.4	(11.3)	(10.4)	2,424.8

(i) Substantially all depreciation was attributable to the Hotel Segment.

(ii) No inter-segment revenue has been recorded during the current and prior periods.

3. Operating Profit

Operating profit is arrived at:

	Six months ended 30 June	
	2013	2012
	HK$ Million	HK$ Million
After charging/(crediting):		
Depreciation	**25.6**	19.7
Staff costs (Note i)	**108.3**	90.1
Auditors' remuneration	**0.5**	0.5
Cost of trading properties sold during the period	**1,532.3**	2,355.0
Rental charges under operating leases	**9.8**	5.0
Rental income less direct outgoings (Note ii)	**(135.4)**	(111.1)
Interest income on bank deposits	**(61.5)**	(40.3)
Dividend income from listed investments	**(22.4)**	(22.2)

Notes:

(i) Staff costs included defined contribution pension schemes costs HK$4.1 million (2012: HK$3.7 million).

(ii) Rental income included contingent rentals of HK$49.5 million (2012: HK$44.4 million).

4. Other Net Income

	Six months ended 30 June	
	2013	2012
	HK$ Million	HK$ Million
Profit/(loss) on disposal of available-for-sale investments, including revaluation surplus of HK$34.6 million (2012: deficit of HK$22.3 million) transferred from the investments revaluation reserve	**38.6**	(6.8)
Net exchange gain, including the impact of forward foreign exchange contracts	**129.9**	35.2
	168.5	28.4

5. Finance Costs

	Six months ended 30 June	
	2013	2012
	HK$ Million	HK$ Million
Interest on bank borrowing wholly repayable within five years	**32.1**	17.4
Other finance costs	**11.7**	3.9
	43.8	21.3
Less: Amount capitalised	**(1.9)**	(15.4)
	41.9	5.9
Fair value changes on cross currency interest rate swaps	**(9.3)**	5.4
	32.6	11.3

6. Income Tax

(a) 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	**36.6**	31.8
Mainland China		
– provision for the period	**97.8**	373.6
	134.4	405.4
Land appreciation tax (“LAT”) (Note (d))	**85.4**	275.3
Deferred tax		
Origination and reversal of temporary differences	**5.0**	54.2
Withholding tax on undistributed retained profits of Mainland China subsidiaries (Note (e))	**10.2**	–
	15.2	54.2
Total	**235.0**	734.9

6. **Income Tax** (continued)

(b) The provision for Hong Kong profits tax is at the rate of 16.5% (2012: 16.5%) of the estimated assessable profits for the period.

(c) Income tax on profit assessable in Mainland China are China corporate income tax calculated at a rate of 25% and China withholding income tax at a rate of up to 10%.

(d) 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 property development expenditures.

(e) The China tax law also imposes a withholding tax at 10% unless reduced by a treaty or agreement, for dividends distributed by a PRC-resident enterprise to its immediate holding company outside Mainland China.

(f) Tax attributable to joint ventures for the six months ended 30 June 2013 of HK$140.6 million (2012: HK$Nil) is included in the share of results of joint ventures.

7. **Earnings Per Share**

The calculation of earnings per share is based on the profit for the period attributable to equity shareholders of HK$1,009.1 million (2012: HK$1,698.6 million) and 708.8 million (2012: 708.8 million) ordinary shares.

There were no potential dilutive ordinary shares in existence during the periods ended 30 June 2013 and 2012.

8. Dividends Attributable to Equity Shareholders

	Six months ended 30 June	
	2013	2012
	HK$ Million	HK$ Million
Dividends declared after the end of the reporting period:		
First interim dividend of 12 cents (2012: 12 cents) per share	**85.1**	85.1
Special interim dividend of 18 cents (2012: 36 cents) per share	**127.5**	255.1
	212.6	340.2

(a) The first interim dividend and special interim dividend declared after the end of the reporting period have not been recognised as liabilities at the end of the reporting period.

(b) The second interim dividend of HK$340.2 million for 2012 was approved and paid in 2013.

9. Trade and Other Receivables

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

	30 June	31 December
	2013	2012
	HK$ Million	HK$ Million
Trade receivables		
0–30 days	**67.7**	117.6
31–60 days	**0.7**	1.0
61–90 days	**0.2**	0.1
Over 90 days	**0.2**	0.1
	68.8	118.8
Prepayments	**430.8**	424.7
Other receivables	**470.1**	191.7
Amounts due from fellow subsidiaries	**16.3**	15.5
	986.0	750.7

9. **Trade and Other Receivables** (continued)

The Group has defined credit policies for each of its core business. 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. The amounts due from fellow subsidiaries are unsecured, interest free and recoverable on demand. All the receivables are expected to be virtually recoverable within one year.

10. **Trade and Other Payables**

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

	30 June 2013 HK$ Million	31 December 2012 HK$ Million
Trade creditors		
0–30 days	**12.8**	15.6
31–60 days	**–**	0.1
61–90 days	**–**	0.1
Over 90 days	**0.3**	0.3
	13.1	16.1
Other payables and provisions	**188.9**	226.5
Construction costs payable	**663.4**	973.1
Amounts due to fellow subsidiaries	**23.3**	37.5
Amounts due to an associate	**1.3**	1.3
Amounts due to joint ventures	**531.2**	536.7
	1,421.2	1,791.2

11. **Share Capital**

	30 June 2013 No. of shares Million	31 December 2012 No. of shares Million	**30 June 2013 HK$ Million**	31 December 2012 HK$ Million
Authorised				
Ordinary shares of HK$0.50 each	**1,200.0**	1,200.0	**600.0**	600.0
Issued and fully paid				
Ordinary shares of HK$0.50 each	**708.8**	708.8	**354.4**	354.4

12. Fair Value Measurement of Financial Instruments

(a) Fair value hierarchy

The following table presents the carrying value of financial instruments measured at fair value according to the levels of the fair value hierarchy defined in HKFRS 13 Fair Value Measurement with the fair value of each financial instrument categorised based on the lowest level of inputs that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.

- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.

- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

	Group		
	Level 1 HK$ Million	**Level 2 HK$ Million**	**Total HK$ Million**
At 30 June 2013			
Assets			
Available-for-sale investments:			
– Listed	**1,532.9**	**–**	**1,532.9**
Derivative financial instruments:			
– Forward foreign exchange contracts	**–**	**52.4**	**52.4**
	1,532.9	**52.4**	**1,585.3**
At 31 December 2012			
Assets			
Available-for-sale investments:			
– Listed	1,541.6	–	1,541.6
Derivative financial instruments:			
– Forward foreign exchange contracts	–	95.0	95.0
	1,541.6	95.0	1,636.6
Liabilities			
Derivative financial instruments:			
– Cross currency interest rate swaps	–	9.3	9.3

12. **Fair Value Measurement of Financial Instruments** (continued)

(a) **Fair value hierarchy** (continued)

During the six months ended 30 June 2013, there were no significant transfers between instruments in Level 1 and Level 2.

(b) **Valuation techniques and inputs used in Level 2 fair value measurements**

The fair value of forward foreign exchange contracts is determined by using forward exchange rates at the end of the reporting period and comparing to the contractual rates. The fair value of cross currency interest rate swaps is determined based on the amount that the Group would receive or pay to terminate the swaps at the end of the reporting period taking into account current interest rate and current creditworthiness of the swap counter-parties.

13. **Material Related Party Transactions**

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Material transactions between the Group and other related parties during the period ended 30 June 2013 are set out below:

(a) During the financial period, there were in existence agreements with a subsidiary of the ultimate holding company for the management, marketing, project management and technical services of the Group's hotel operations. Total fees payable under this arrangement during the current period amounted to HK$25.0 million (2012: HK$26.1 million). The management fees included a basic fee and an incentive fee which are calculated based on the relevant percentage of gross revenue and gross operating profit respectively. The marketing fee is calculated based on a percentage of gross revenue. The project management fee is calculated based on a percentage of costs and expenses actually incurred. The technical services fee is calculated based on relevant fee per hotel room. Such transaction constitutes a connected transaction as defined under the Listing Rules.

(b) During the financial period, there were in existence agreements with a subsidiary of the ultimate holding company for the project management services and property sales & marketing services in respect of the Group's China property development projects being developed by subsidiaries. Total fees payable under this arrangement during the current period amounted to HK$18.6 million (2012: HK$31.9 million). The project management fees and sales & marketing fee are calculated based on the relevant percentage of total construction cost and sale of property units respectively. Such transaction constitutes a connected transaction as defined under the Listing Rules.

(c) During the financial period, the Group leased out shops situated on G/F, 1/F, 2/F & 3/F of Marco Polo Hongkong Hotel to Lane Crawford (Hong Kong) Limited, which is indirectly wholly owned by a trust of which the chairman of the Company's ultimate holding company is the settlor. The rental earned by the Group from such shops during the current period, including contingent rental income, amounted to HK$112.0 million (2012: HK$90.0 million). Such a transaction does not constitute a connected transaction under the Listing Rules.

14. Contingent Liabilities

As at 30 June 2013, there were contingent liabilities in respect of guarantees given by the Company on behalf of subsidiaries relating to bank overdrafts and credit facilities up to HK$679.9 million (31/12/2012: HK$1,479.9 million). Except for the above, the Company does not provide any other guarantee. The Company has not recognised any deferred income for the guarantees given in respect of borrowings and other banking facilities for subsidiaries as their fair value cannot be reliably measured and their transaction price was HK$Nil (31/12/2012: HK$Nil).

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

15. Commitments

	30 June 2013 HK$ Million	31 December 2012 HK$ Million
(a) Capital commitments (include investment properties)		
Contracted but not provided for	**381.2**	428.9
Authorised but not contracted for	**5,087.9**	4,849.1
	5,469.1	5,278.0
(b) Properties under development (other than investment properties)		
Contracted but not provided for	**1,790.9**	1,760.8
Authorised but not contracted for	**4,730.5**	5,255.6
	6,521.4	7,016.4
(c) Properties under development undertaken by joint ventures/associates attributable to the Group		
Contracted but not provided for	**1,098.9**	1,708.3
Authorised but not contracted for	**2,837.9**	2,801.8
	3,936.8	4,510.1
(d) Expenditure for operating leases		
Within one year	**3.5**	4.3
After one year but within five years	**–**	0.7
	3.5	5.0

16. 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 set out in the Corporate Governance Code in Appendix 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") were met by the Company, except in respect of one code provision (viz. Code Provision A.2.1) providing for the roles of the chairman and chief executive to be performed by different individuals. Such deviation 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 more than half of them being Independent Non-executive Directors.

MODEL CODE FOR DIRECTORS' DEALING IN SECURITIES

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors of the Company who were in office during the period under review, all of them have confirmed that they have complied with the required standard set out in the Model Code and the code of conduct adopted by the Company regarding directors' securities transactions during the period under review.

DIRECTORS' INTERESTS IN SECURITIES

At 30 June 2013, Directors of the Company had the following beneficial interests, all being long positions, in the securities of the Company, The Wharf (Holdings) Limited ("Wharf") (which is the Company's parent company), Wheelock and Company Limited ("Wheelock") (which is Wharf's parent company), i-CABLE Communications Limited ("i-CABLE") and Wharf Finance Limited (both being fellow subsidiaries of the Company), and the percentages (where applicable) which the relevant securities represented to the issued share capitals of the five companies respectively are also set out below:

	Quantity held (percentage of issued capital, where applicable)	Nature of Interest
The Company – Ordinary Shares		
Michael T P Sze	37,500 (0.0053%)	Family Interest
Wheelock – Ordinary Shares		
Stephen T H Ng	300,000 (0.0148%)	Personal Interest
Paul Y C Tsui *(Note 1)*	1,500,000 (0.0738%)	Personal Interest in options for shares
Frankie C M Yick	7,000 (0.0003%)	Personal Interest
Wharf – Ordinary Shares		
Stephen T H Ng *(Note 2)*	4,304,445 (0.1421%)	Personal Interest in 804,445 shares and options for 3,500,000 shares
Kevin K P Chan *(Note 3)*	1,250,000 (0.0413%)	Personal Interest in options for shares
Andrew K Y Leung	6,629 (0.0002%)	Personal Interest
Michael T P Sze	50,099 (0.0017%)	Family Interest
Paul Y C Tsui *(Note 4)*	2,200,000 (0.0726%)	Personal Interest in options for shares
Frankie C M Yick	20,000 (0.0007%)	Personal Interest
i-CABLE – Ordinary Shares		
Stephen T H Ng	1,265,005 (0.0629%)	Personal Interest
Andrew K Y Leung	9,535 (0.0005%)	Personal Interest
Wharf Finance Limited		
– USD Fixed Rate Notes due 2017		
Brian S K Tang	US$400,000	Personal Interest

Notes:

(1) The 1,500,000 Wheelock share options represent the outstanding options granted to and yet to be exercised by Mr Paul Y C Tsui under Wheelock's share option scheme in June 2013.

(2) Of the 3,500,000 Wharf share options, 1,500,000 options and 2,000,000 options represent the outstanding options granted to and yet to be exercised by Mr Stephen T H Ng under Wharf's share option schemes in July 2011 and June 2013 respectively.

(3) Of the 1,250,000 Wharf share options, 500,000 options and 750,000 options represent the outstanding options granted to and yet to be exercised by Mr Kevin K P Chan under Wharf's share option schemes in July 2011 and June 2013 respectively.

(4) Of the 2,200,000 Wharf share options, 1,200,000 options and 1,000,000 options represent the outstanding options granted to and yet to be exercised by Mr Paul Y C Tsui under Wharf's share option schemes in July 2011 and June 2013 respectively.

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the Securities and Futures Ordinance ("SFO") in respect of information required to be notified to the Company and the Stock Exchange by the Directors and/or Chief Executive of the Company pursuant to the SFO or to the Model Code, there were no interests, both long and short positions, held as at 30 June 2013 by any of the Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), nor had there been any rights to subscribe for any shares, underlying shares or debentures of the Company and its associated corporations held by any of them at any time during the financial period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company as at 30 June 2013, the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at that date as recorded in the register kept by the Company under section 336 of the SFO (the "Register") and the percentages which the shares represented to the issued share capital of the Company:

	Names	No. of Ordinary Shares (percentage of issued capital)
(i)	The Wharf (Holdings) Limited	505,210,196 (71.28%)
(ii)	Wheelock and Company Limited	505,210,196 (71.28%)
(iii)	HSBC Trustee (Guernsey) Limited	505,210,196 (71.28%)
(iv)	Harson Investment Limited	57,054,375 (8.05%)

Notes:

(1) For the avoidance of doubt and double counting, it should be noted that the shareholdings stated against parties (i) to (iii) above represented the same block of shares.

(2) Wheelock's deemed shareholding interests stated above were held through, inter alia, its two wholly-owned subsidiaries, namely, Wheelock Investments Limited and WF Investment Partners Limited.

(3) Wharf's deemed shareholding interests stated above were held through its two wholly-owned subsidiaries, namely, Wharf Estates Limited and Upfront International Limited.

All the interests stated above represented long positions and as at 30 June 2013, there were no short position interests recorded in the Register.

CHANGES OF INFORMATION OF DIRECTORS

Given below is the latest information regarding the directorship(s) held at present and/or former directorship(s) (if any) held within the past three years in other listed public company(ies) in respect of any and all the Director(s) of the Company for whom there has/have been change(s) in the relevant information since the publication of the last annual report of the Company (or, where applicable as regards Director(s) appointed subsequent thereto, since the date of appointment as Director(s) of the Company):

Director(s)	Present/*(Former)* directorship(s) in other listed public company(ies)
Joseph M K Chow	Build King Holdings Limited; Chevalier International Holdings Limited; Hsin Chong Construction Group Limited (appointed in June 2013); Road King Infrastructure Limited; *(PYI Corporation Limited)*

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 and special 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
H O Hung
Company Secretary

Hong Kong, 16 August 2013

As at the date of this interim report, the Board of Directors of the Company comprises Mr Stephen T H Ng, Mr Kevin K P Chan, Mr Paul Y C Tsui and Hon Frankie C M Yick, together with five Independent Non-executive Directors, namely, Dr Joseph M K Chow, Mr H M V de Lacy Staunton, Hon Andrew K Y Leung, Mr Michael T P Sze and Mr Brian S K Tang.

Notwithstanding any choice of language or means for the receipt of corporate communications (viz. annual report, interim report, etc.) previously made by Shareholder(s) and communicated to the Company, Shareholder(s) is/are given the option (which may be exercised at any time by giving reasonable prior notice to the Company) of changing his/her/their choice of printed language version(s) to English only, Chinese only or both English and Chinese for receiving future corporate communications, or changing the choice of receiving future corporate communications to using electronic means instead of in printed version (or vice versa). Such notice of change of choice should contain the full name(s) in English, address and contact telephone number of the relevant Shareholder(s), together with the relevant words regarding the request for the change of choice, and should be sent to the Company, c/o the Company's Registrars, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by post or by hand delivery, or via email to harbourcentre-ecom@hk.tricorglobal.com.