



WHARF

Established 1886

The Wharf (Holdings) Limited

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Interim Report 2015





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Investment Properties Momentum Continues as Macro Environment Causes Concern

HIGHLIGHTS

1. Core profit increased by 5% to HK\$5.3 billion.
2. Solid growth in Investment Properties ("IP") contribution (12% to HK\$4.2 billion); core profit weighting increased to 80%.
3. A drop in Development Properties contribution (51% to HK\$0.4 billion); core profit weighting decreased to 7%.
4. The Group's investment in Greentown China Holdings Limited was reclassified as a financial investment with an accounting loss of HK\$1.5 billion. (In 2012, an accounting gain of HK\$2.2 billion was booked on initial investment as an associate.)
5. IP revaluation surplus decreased to HK\$3.2 billion.

GROUP RESULTS

Core profit for the period increased by 5% to HK\$5,258 million (2014: HK\$5,019 million).

Including IP revaluation surplus and other accounting gains / losses, Group profit attributable to equity shareholders for the period amounted to HK\$6,958 million (2014: HK\$11,701 million) for a 41% decrease. Basic earnings per share were HK\$2.30 (2014: HK\$3.86).

INTERIM DIVIDEND

An interim dividend of HK\$0.55 (2014: HK\$0.55) per share will be paid on 21 September 2015 to Shareholders on record as at 9 September 2015. This will absorb a total amount of HK\$1,667 million (2014: HK\$1,667 million).

BUSINESS REVIEW

HONG KONG INVESTMENT PROPERTIES (“IP”)

Revenue from this core contributor to Group earnings increased by 9% to HK\$6,053 million and operating profit by 8% to HK\$5,305 million.

Harbour City

Revenue (excluding hotels) increased by 8% to HK\$4,284 million and operating profit by 7% to HK\$3,779 million.

Retail

Against the backdrop of a challenging market, retail revenue increased by 7% to HK\$2,993 million. Occupancy rate was maintained at virtually 100%.

Harbour City remains an international retail landmark and is one of the most coveted destinations for the world’s best brands. Its market-leading position is strengthened by its critical mass (two million square feet of contiguous space), comprehensive retail offer and global showcase in the region for celebrated international retailers. At the core of the six-million-square-foot “Greater Harbour City” cluster in Tsim Sha Tsui covering high-traffic shopping, entertainment, dining and lifestyle, it enlivens the vibrant retail district. The mall continued to attract sought-after retailers.

New openings or commitments including kikki.K, Lladro, Roberto Cavalli and Samantha Thavasa further enhanced the diverse tenant mix. A spate of Hong Kong / Kowloon debuts at Harbour City across various categories including Issey Miyake, Lady M, Maison Margiela, MM6, Pleats Please, Rebecca Minkoff and The Royal Touch was introduced to enrich the shopping and dining experience.

Demand from renowned fashion brands for expansion also remained solid. Committed expansions included Bottega Veneta, Giuseppe Zanotti, Prada and Roger Vivier. Some lifestyle brands were proven winners, among which LOG-ON was committed to expanding alongside a few others.

Good progress was made with Ocean Terminal’s (“OT”) enhancement works, which generates future value creation. New retail and F&B attractions (including Alma Portuguese Grill Bar, Ballin, Leonard Paris, MM6, Pleats Please and Vivienne Westwood Café) on the third floor were created. Construction of the extension building, designed by Foster & Partners, is underway, with opening targeted for the second half of 2017. New culinary options with a stunning view over the harbour and city skyline will be offered at the building to generate extra patronage.

Powerful marketing also underpins the success of Harbour City. An array of sales-driven events including “HAPPY@hongkong Super JETSO” program with Hong Kong Tourism Board giving shoppers extra privileges and discounts, “Double Happiness” designed to celebrate the Chinese New Year and Valentine’s Day, the 6th annual signature event “Chocolate Trail”, the first ever large-scale Sake Festival, and the transformation of OT Forecourt into a 3D illustration swimming pool with six beautiful hyperrealist sculptures were conducted to draw crowds and media frenzy.

Office

Positive rental reversion lifted revenue by 11% to HK\$1,145 million. Rents for new commitments remained stable while occupancy rate was 98% at 30 June 2015. Demand from banking and financial sector and PRC companies increased. Lease renewal retention rate was 65%.

Times Square

Notwithstanding the temporary closure of about 8% of retail area for renovation, revenue increased by 7% to HK\$1,319 million and operating profit by 6% to HK\$1,178 million.

Retail

Times Square, among the most successful vertical malls across the globe, performed solidly. Retail revenue increased by 9% to HK\$990 million with occupancy rate maintained at 99%. Its unique 17-level mall design, expertly-managed trade mix, direct connection to Mass Transit Railway and iconic Open Piazza are instrumental to its success. Similar to Harbour City, Times Square is the core of a “Greater Times Square” cluster in Causeway Bay and has established itself as a unique shopping landmark in town.

New commitments or openings including AMOREPACIFIC, Burberry Beauty, Celine, J. Crew, Jimmy Choo, Kurt Geiger, Laura Mercier and Sportmax added excitement. Relocation of some tenants at the atrium including Adidas, Marks & Spencer, Max & Co. and Tory Burch with new images is underway. The opening of Haagen-Dazs dessert café and commitment of Greenhouse by Gaia Group further enhanced the culinary offering.

A new zone “Kids Square” was created on the 13A floor with recruitment of Kingkow, Marks & Spencer Baby and Watsons Baby to bring surprises to customers.

Conversion of the 9th floor into a lifestyle hub and creation of a duplex store connecting 9th and 10th floors (the previous Superstar Restaurant space) to house two lifestyle brands and a café is underway. Broadway and Fortress were relocated to the 9th floor. Various new lifestyle brands including Donguri Republic, LABO Hair & Nail by IL COLPO, Lenscrafters, OSIM, OTO, Sugarman, Tic Tac Time and Tissot were introduced, with openings targeted for the third quarter of 2015. The duplex store and other new shops will be opened in late 2015.

Innovative marketing plays a pivotal role in securing flow of shoppers for the mall. The TV advertisement for “HAPPY@hongkong Super JETSO” program was exclusively staged at Times Square. Apart from ‘JETSO’, Times Square also launched “Living Room Museum” at the Open Piazza, the first ever museum-in-a-mall, which briskly became our center stage of exhibitions. “The Legend of Lion Dance” exhibition was presented at the Museum during the Chinese New Year to echo the festive theme.

Office

Revenue increased by 2% to HK\$329 million as a result of positive rental reversion. Occupancy rate was 92% at the end of June. Lease renewal retention was maintained at 60%.

Plaza Hollywood

Plaza Hollywood, a leading shopping mall in Kowloon East, performed satisfactorily. Revenue increased by 3% to HK\$263 million and operating profit was maintained at HK\$206 million. Occupancy rate was 98% at the end of June. Tenant mix refinement continued to drive future growth.

Plaza Hollywood is not only situated atop Diamond Hill MTR Station, the future interchange hub for the new Shatin-Central link with the existing MTR network, but 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. Its coveted location in Kowloon East, a vibrant CBD2, alongside excellent transport connections creates an attractive catchment area for the mall. These, alongside various adjacent cultural landmarks and tourist attractions set it apart from others in the region.

A unique design without towers enables Plaza Hollywood to maximize planning flexibility. Its competitive advantages lie in its highly efficient layout (65% of GFAs is lettable) and good critical mass for shoppers and retailers (over 250 retail outlets, 20 restaurants, and a purposely-built stadium seating six-screen cinema multiplex with 1,614 seats).

CHINA INVESTMENT PROPERTIES

Higher contribution from Chengdu International Finance Square ("IFS") increased revenue for China IP by 34% to HK\$1,121 million and operating profit by 39% to HK\$589 million.

In Operation

Chengdu IFS

Retail

Retail revenue increased by 85% to RMB304 million. Occupancy rate was virtually 100%.

Opened in January 2014, the mega mall has become a one-stop lifestyle shopping landmark in Western China, underpinned by its enviable location, critical mass, world-class management and services. Nearly 300 of the world's premium brands (including over 100 debut stores of coveted brands in Western China) were attracted to the mall, reflecting their trust and confidence in the Group's value creation capability. The 15-metre-tall outdoor giant panda has become a hugely appealing draw for local residents and tourists.

New tenant commitments and openings including Creemee J, Ed Hardy, Hollis Coffee, Hublot, Kiton, Roberto Cavalli Junior, Shiseido SPA, Zenith, 皇城老媽 and 南小館 have refined the trade-mix and culinary offerings. Various marketing events including "Sweet As One" Chengdu IFS' first anniversary campaign with thematic exhibition of 40 art pieces from 15 international artists, Ju Ming Art Exhibition "When Art Meets Shopping Mall" China Tour and Vintage Cars Riding Day for VIP attracted phenomenal traffic. In recognition of its top-quality management, Chengdu IFS garnered various prestigious awards including "2014 Top Ten Trendy Commercial Landmark" by Sichuan Online, "2014 Commercial Innovation Award", "2014 Top Ten Shopping Mall" and other awards by Chengdu Retailers Business Association, as well as Gold Award of "ICSC China Shopping Center Awards 2015 (Design & Development)".

Office

Chengdu IFS features three premier Grade A office towers with world-class architecture and management services. It raises the bar to stay ahead of the competition in Western China. Its most-preferred location for multinationals, financial and major corporations makes it the marketplace for tenants to conduct seamless business interaction. 30% of total GFA (over 81,000 square metres) have been leased and another 15% are under offer or discussion. Such leasing status is well comparable to that of our Shanghai Wheelock Square, one of the best office addresses in Shanghai, at a similar stage (85,000 square metres committed in the first 1.5 years). Rental rates achieved (RMB130-170 per square metre per month) are among the highest in the city.

Hotel

Niccolo Chengdu, the first “Sophisticated Urban Chic” hotel under this new luxury brand by Marco Polo, features 230 luxurious guest rooms and suites, a range of exceptional dining experiences, and The Conservatory, a unique oval-shaped venue for business events and celebrations, as well as a Ballroom overlooking the stunning IFS Sculpture Garden. Soon after its soft opening in April 2015, Niccolo Chengdu already garnered its first award — “Best New Hotel Brand — Ultra Luxury” at the 5th China Hotel Awards by Lifestyle Magazine. Room revenue has exceeded the Group’s expectation, placing it among the top hotels in the city. Grand opening is planned for later this year.

Shanghai Wheelock Square

The tallest landmark tower at 270 metres and the finest premium office address in Puxi, it is located next to the Yan’an elevated expressway, right opposite to Jingan Temple Metro Station from where frequent trains commute to Pudong International Airport. It also sits between the Bund and Zhong Shan Xi Road with Hongqiao International Airport further to the west. Top-notch services and management have made it the preferred location for multinationals and major corporations.

Occupancy rate was 95% at the end of June. Lease renewal retention rate was 79% with solid rental reversion (15%). In recognition of its building security excellence, Wheelock Square garnered various awards including “The Safe Unit in Jing’an District 2014” by the Shanghai Jing’an District Security Governed Committee and “The Integrated Security Access Liability 2014 — Excellence Class” by the Jing’an Roads & Street Governed Committee.

Shanghai Times Square

Located on Huaihai Road, it is a high-end retail destination with the largest Lane Crawford store in China and a mega lifestyle specialty store CitySuper. The mall was nearly 100% occupied. Tenant mix was further refined to enhance the shopping experience. Innovative marketing events including the creation of a seven-metre-tall Kaws art installation (a popular photo-shooting spot) and various exhibitions held at the kid zones were conducted to boost traffic and sales. The offices were fully let at the end of June. Lease renewal retention rate was 92%.

Chengdu Times Outlet

Outlet mall is currently among the most thriving commercial segments in China as it offers international luxury brands at discounted prices, attracting the growing middle class in the Mainland. Since its opening in late 2009, Chengdu Times Outlet has been among the most visited outlet destinations. With over 250 top international brands spreading across the 63,000-square-metre mall, it registered a 22% growth in sales during the period.

Under Development

A total of five IFSs and two Times Outlets is progressing to plan. The first IFS opened in January 2014 and the first Times Outlet in 2009, both in Chengdu. Wuxi IFS also opened in 2014 and the others in Chongqing, Changsha and Suzhou are to follow.

Notably, Chengdu IFS and Changsha IFS are designed to surpass Harbour City and Times Square in Hong Kong not only in scale but also in local market positioning. They are located at the heart of these cities' respective core CBD.

Multi-use developments	Chengdu IFS	Changsha IFS
Total development area <i>In Hong Kong, Harbour City with 9.1M sq.ft and Times Square with 2.2M sq.ft</i>	8.2M sq.ft., comprising a 2.2M-sq-ft mall designed by Benoy, two premium Grade A office towers designed by Kohn Pedersen Fox Associates, a luxurious residential tower and a Niccolo hotel	11M sq.ft., featuring a 2.5M-sq-ft mall designed by Benoy, an iconic 452-metre tower and a 315-metre tower above the mall — offering upscale retail, Grade A offices and a Niccolo hotel
Retail Street frontage <i>Comparable to Harbour City's Canton Road 530-metre frontage</i>	530-metre	700-metre
Location <i>Aptly dubbed as a combination of Hong Kong's Central CBD, Causeway Bay and Tsim Sha Tsui. Put the IFSs in an unparalleled position to attract mainstream customers in the western / central China metropolis</i>	At the intersection of Hongxing Road, Dacisi Road and Beishamao Street, the busiest pedestrian shopping area	In Furong District's Jiefang Road, in close proximity to Huangxhing Road, one of the busiest pedestrian streets. Flanked by financial institutions (incl. The People's Bank of China) and a traditional shopping cluster on the other
MTR Station	Directly connected to MTR station (Lines 2 and 3 intersect)	Underground linkage to future Wuyi Plaza Station Line 1 (under construction) and 2
Completion	Full completion: 2015	In phases from 2016. Mall opening is targeted for the third quarter of 2017

Changsha IFS

Changsha IFS is the largest-scale multi-use development. Powered by its unparalleled geographical advantages and critical mass, the 230,000-square-metre mega mall is set to become an exceptional shopping, dining, lifestyle and leisure destination in Hunan province. Pre-leasing has just commenced, with over 30% of total retail area under offer to tenants or discussion.

Raising the benchmark for tomorrow's office, the premier office towers will be among the top choices for a myriad of financial institutions based in the province.

The third Niccolo luxury hotel is poised to open at Changsha IFS.

Chongqing IFS

Chongqing IFS, a 50:50 joint venture development (with China Overseas Development) featuring an iconic 300-metre landmark tower (topping-off ceremony was held in April 2015) and four other towers above a 102,000-square-metre retail podium, is the largest mixed-use development located in Jiangbei District, Chongqing's new CBD. Positioned to be a boutique-sized Harbour City, it will provide a shopping mall with a broad trade-mix, Grade A offices and the second Niccolo luxury hotel. Currently, over 60% of the retail floor plates were under offer to tenants including the key anchors and various major players under serious negotiations. Over 80% of office Tower Two and Three was sold. Full completion is scheduled for 2016. The mall is set to open in early 2017.

Suzhou IFS

Suzhou IFS is a 450-metre landmark commercial development located in the CBD overlooking Jinji Lake. The development (total GFA: 278,000 square metres), adjacent to Xinghu Street MTR Station (Line 1), features international Grade A offices, luxury apartments and a 147-room Niccolo luxury hotel with full scenery of Suzhou. Full completion is scheduled for 2017.

Changsha Times Outlet

Changsha Times Outlet is located at the northwest area of Changsha. The 70,000-square-metre development has direct access to multiple major motorways (including metro and high-speed expressway) connecting Changsha to various popular tourist attractions nationwide including Zhangjiajie and Dongting Lake. Construction work is scheduled for commencement later this year with completion scheduled for 2016.

CHINA DEVELOPMENT PROPERTIES (“DP”)

This business benefited from increased completions, with a 26% increase in consolidated revenue to HK\$6,562 million. Consolidated operating profit increased by 35% to HK\$1,134 million. Inclusive of joint ventures and associates on an attributable basis, operating profit increased by 14% to HK\$1,508 million and 605,000 square metres of GFA were recognised during the period (2014: 626,000 square metres).

Amid the current market environment, the Group’s attributable interest in contracted sales in the first half increased by 16% to RMB10.3 billion (626,000 square metres sold), representing 47% of the full-year target. A total of 50 development projects spanning 14 cities were offered for sale or pre-sale. The net order book (net of business tax) increased to RMB24 billion for 1.6 million square metres at the end of June.

The Group acquired five DP sites in Beijing, Hangzhou and Foshan directly or through joint ventures (attributable GFA: 0.23 million square metres) during the period for RMB3.9 billion. Inclusive of China IP, the current landbank is maintained at 9.6 million square metres, spanning 15 cities.

The Group will take a measured approach to further land purchases.

Eastern China

27 projects were on sale across six cities and three new projects in three cities launched for pre-sale. They generally received overwhelming responses, particularly in Shanghai, Suzhou and Hangzhou. In Shanghai, Zhoupu and Songjiang Xianhe Road projects, in aggregate, sold a further 41,600 square metres for RMB1.3 billion. On an attributable basis, South Station and Magnolia Mansion sold a further 20,200 square metres for combined proceeds of RMB800 million. In Suzhou, Times City and Ambassador Villa, in aggregate, sold a further 100,700 square metres for RMB1.9 billion. In Hangzhou, Palazzo Pitti and Royal Seal sold a further 37,900 square metres for combined proceeds of RMB1.2 billion.

Western / Southern / Central / Northern China

There are 10 projects on sale in Chengdu and Chongqing, seven projects on sale in Foshan and Guangzhou as well as six projects for sale in Beijing, Dalian, Tianjin and Wuhan.

THE PEAK PORTFOLIO & OTHER HONG KONG PROPERTIES

The Peak Portfolio

Wharf’s Peak Portfolio showcases an exclusive collection of the most luxurious residences nestled on the Peak. The combined value of these prestigious developments (attributable GFA: at least 397,000 square feet) is estimated to be HK\$28 billion (or about HK\$71,000 per square foot of GFA).

Mount Nicholson, a 50:50 joint venture development with Nan Fung group (attributable GFA: 162,000 square feet), is being developed into top-notch residences boasting a stunning view towards Victoria Harbour. Full completion is scheduled for 2015. Pre-sale preparation is underway, with launch of the first phase possibly later in 2015.

Superstructure / Foundation works for the re-development of the Peak Portfolio including 1 Plantation Road (20 houses), 11 Plantation Road (7 houses) and 77 Peak Road (8 houses) are underway.

Other Hong Kong Properties

The Group's exceptional "Waterfront Portfolio" at the heart of Kowloon East, a vibrant CBD2, is poised to benefit from the untapped potential in the region. The portfolio spanning a 500-metre coastline with a panoramic Harbour view comprises Kowloon Godown, Wharf T&T Square and Wheelock's One Bay East. Good progress was made with the re-development of Wharf T&T Square.

The re-development of Yau Tong Godown into a residential and commercial property is making good headway. Superstructure works are underway. Launched in April 2015, Peninsula East (256 units), in close proximity to Yau Tong MTR station, was promptly sold out in just two days. Total proceeds amounted to HK\$2.0 billion.

The 15%-owned Yau Tong joint venture project will feature 12 blocks of residential and commercial buildings (GFA: approximately four million square feet). The general building plan is under preparation.

HOTELS

The Group currently operates 14 Marco Polo hotels in the Asia Pacific region, six of which are owned by the Group.

Expanding its Macro Polo hotel portfolio in Asia Pacific remains the Group's strategic vision. There will be a solid portfolio of 12 owned hotels (including five new hotels in the Mainland) in four years' time, destined to offer superb design and impeccable hospitality for business and leisure travelers. Four of the new hotels are "Sophisticated Urban Chic" hotels under the luxury brand Niccolo, which raises the bar in style, taste and hospitality for the Group's hotel portfolio. As an integral part of the Group's multi-purpose IFS complexes, the first Niccolo was opened in Chengdu IFS in April 2015 and a further three Niccolo hotels will be opened in the IFS complexes in Chongqing, Changsha and Suzhou.

In Hong Kong, the three hotels in Harbour City experienced extra challenges as the hospitality sector faced intense pressure. Though Niccolo Chengdu got off to a good start since opening, its initial operating losses weighed on the hotel segment. Total revenue decreased to HK\$718 million (2014: HK\$760 million) while operating profit slid to HK\$115 million (2014: HK\$189 million).

Murray Building

Murray Building, a prominent 50-year-old iconic landmark with majestic arches, is being converted into a unique urban chic hotel (total investment: over HK\$7 billion). It will feature 336 luxury guestrooms overlooking the heart of Central. The Main Contract was awarded in May and hotel opening is targeted for the second half of 2017.

MODERN TERMINALS

Global trade flows continued to be hindered by the uncertain economies in Europe and the U.S., while China looks to domestic demand to drive growth. South China's container throughput declined marginally by 1%. Shenzhen's throughput increased by 7%, which was offset by the 11% drop in Kwai Tsing's throughput. The market shares of Shenzhen and Kwai Tsing were 58% and 42% respectively.

Modern Terminals' throughput in Hong Kong decreased to 2.0 million TEUs (2014: 2.9 million TEUs) and reduced consolidated revenue to HK\$1,382 million (2014: HK\$1,618 million) in the face of the market downturn and a shift in core shipping alliance volumes. Operating profit decreased to HK\$327 million (2014: HK\$508 million).

In the Mainland, throughput at Da-Chan Bay Terminals in Shenzhen posted a 5% growth to 596,000 TEUs, while throughput at Taicang International Gateway in Suzhou grew by 11% to 931,000 TEUs. Throughput at Shekou Container Terminals in Shenzhen, in which Modern Terminals holds a 20% stake, increased by 6% to 2.4 million TEUs. Chiwan Container Terminal in Shenzhen, in which Modern Terminals holds an 8% attributable stake, handled 1.2 million TEUs.

In July 2015, Modern Terminals sold 50% of its indirect equity interest in its Taicang container port businesses to Ningbo Port Co. Ltd. A profit will be recognised in the second half of 2015.

COMMUNICATIONS, MEDIA & ENTERTAINMENT

i-CABLE

An abundant supply of free channels, pay channels and streaming content further weakened the demand for Pay TV subscription service and henceforth i-CABLE's operating results. In a bid to attract and retain its subscribers, i-CABLE will provide customers with distinctive and premium content by continuously enriching its programmes. A gain in market share by rival broadband operators from i-CABLE due to faster connectivity heaped further pressure on the segment. i-CABLE will capitalise on new product initiatives and investments to strengthen its customer base and to boost revenue across segments. Free TV licensing process is underway.

Wharf T&T

2015 marks the 20th Anniversary of Wharf T&T. Established itself as a leading ICT services provider in Hong Kong, Wharf T&T is determined to grow to the next level, pioneering public cloud services. Notwithstanding the weakened demand, Wharf T&T further gained ground in its core business, attributable to its continuous effort in growing the customer base. Total revenue increased by 5% to HK\$990 million and operating profit by 5% to HK\$173 million. Data business delivered solid growth, as the extensive Fibre-to-the-Desk (FTTD) infrastructure continued to bear fruit, while core fixed line revenue registered a stable rise. Free cash flow substantially improved to HK\$222 million.

FINANCIAL REVIEW

(I) REVIEW OF INTERIM 2015 RESULTS

The Group's core profit increased by 5% year-on-year to HK\$5,258 million (2014: HK\$5,019 million). The increase principally reflected the resilience of Investment Properties ("IP") gaining 12% growth to HK\$4,186 million, representing 80% (2014: 75%) of the Group's core profit. Development Properties ("DP") decreased to HK\$390 million (2014: HK\$792 million), resulting from profit decrease from joint ventures and without equity-accounting Greentown China Holdings Limited ("Greentown") as an associate.

Profit attributable to shareholders was HK\$6,958 million, decreasing by 41% mainly as a result of a HK\$3,727 million lower investment property revaluation net surplus was reported and the inclusion of a HK\$1,491 million non-recurrent estimated accounting loss arising from the reclassification of Greentown as financial investments when it ceased to be an associate of the Group.

Revenue and Operating Profit

IP revenue increased by 12% to HK\$7,174 million (2014: HK\$6,399 million). Hong Kong increased by 9% to HK\$6,053 million, attributable to firm retail base rent persistently achieved from lease commitments and stable positive rental reversion for offices in both Harbour City and Times Square. In Mainland, revenue increased by 34% to HK\$1,121 million, benefitting from the escalating revenue generated by Chengdu IFS. Operating profit increased by 11% to HK\$5,894 million (2014: HK\$5,322 million) with Hong Kong increasing by 8% to HK\$5,305 million and Mainland by 39% to HK\$589 million.

DP (before joint ventures and associates) recognised 23% higher property sales to HK\$6,562 million (2014: HK\$5,328 million) and operating profit increased by 19% to HK\$1,111 million (2014: HK\$933 million), mostly attributable to phased completions for Suzhou Times City, Wuxi Times City and Suzhou Ambassador Villa.

Hotel revenue fell by 6% to HK\$718 million (2014: HK\$760 million). Hong Kong was adversely impacted by a very weak market. Operating profit decreased by 39% to HK\$115 million (2014: HK\$189 million), partly affected by decline in Hong Kong revenue and partly by pre-maturity operating losses from Marco Polo Changzhou and Niccolo Chengdu.

Logistics revenue dropped by 14% to HK\$1,434 million (2014: HK\$1,673 million) and operating profit by 36% to HK\$333 million (2014: HK\$517 million), principally reflecting lower throughput handled by Modern Terminals.

CME revenue fell by 2% to HK\$1,750 million (2014: HK\$1,790 million). Wharf T&T's revenue increased by 5% against i-CABLE's 10% decrease. Operating profit shrunk by 73% to HK\$38 million (2014: HK\$143 million) as i-CABLE's operating loss increased to HK\$129 million though Wharf T&T's operating profit increased by 5%.

Investment and others revenue fell by 24% to HK\$417 million (2014: HK\$547 million) and operating profit by 30% to HK\$267 million (2014: HK\$380 million), primarily due to decrease in interest income.

Consolidated revenue and operating profit rose by 10% and 5% to HK\$17,906 million and HK\$7,475 million, respectively.

Other Net Charge

Other net charge of HK\$1,285 million (2014: HK\$148 million) mainly included a non-recurrent estimated accounting loss of HK\$1,491 million arising from the deemed disposal of the Group's entire 24.3% interest in Greentown at the prevailing market value upon reclassification of such interest as financial investments instead of as an associate in June 2015. The Greentown interest was acquired in June 2012 at a cost of HK\$2,729 million, which was equity-accounted as an associate with an accounting profit representing negative goodwill of HK\$2,233 million.

Partly offsetting the above charge is a net profit of HK\$224 million (2014: loss HK\$152 million) deriving from investment disposals and exchange differences.

Fair Value Gain of Investment Properties

The book value of the Group's IP portfolio as at 30 June 2015 increased to HK\$306.9 billion (2014: HK\$301.9 billion) with HK\$291.5 billion thereof stated at fair value based on independent valuation as at that date, which produced a revaluation gain of HK\$3,486 million (2014: HK\$7,381 million). The attributable net revaluation gain of HK\$3,165 million (2014: HK\$6,892 million), after deducting related deferred tax and non-controlling interests, was credited to the consolidated income statement.

IP under development in the amount of HK\$15,379 million is 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.

Finance Costs

Finance costs charged to the consolidated income statement amounted to HK\$773 million (2014: HK\$1,076 million), including an unrealised mark-to-market loss of HK\$44 million (2014: HK\$189 million) on the cross currency/interest rate swaps in accordance with the prevailing accounting standards. Net of non-controlling interests, the mark-to-market loss was HK\$41 million (2014: HK\$188 million).

Excluding the unrealised mark-to-market loss, finance costs before capitalisation were HK\$1,079 million (2014: HK\$1,345 million), representing a decrease of HK\$266 million. The Group's effective borrowing rate for the period was 2.8% (2014: 3.3%).

Excluding the unrealised mark-to-market loss, finance costs after capitalisation of HK\$350 million (2014: HK\$458 million) in respect of the Group's related assets were HK\$729 million (2014: HK\$887 million), representing a decrease of HK\$158 million.

Share of Results (after tax) of Associates and Joint Ventures

The attributable profit from associates increased by 26% to HK\$435 million (2014: HK\$346 million) as supported by the increased profit contributions from the Mainland DP segment, despite the absence of equity-accounting profit from Greentown, which contributed a net profit of about HK\$200 million in the first half of 2014.

Joint ventures reported a loss of HK\$192 million (2014: profit of HK\$168 million) as adversely impacted by lower profit contributions from the Mainland DP projects without having major phased completion.

Income Tax

Taxation charge for the period was HK\$1,880 million (2014: HK\$1,886 million), which included deferred taxation of HK\$315 million (2014: HK\$481 million) provided for the current period's revaluation gain attributable to investment properties in the Mainland.

Excluding the above deferred tax, the tax charge increased by 11% to HK\$1,565 million (2014: HK\$1,405 million) mainly due to higher profit from IP and DP segments.

Non-controlling Interests

Group profit attributable to non-controlling interests increased by 48% to HK\$308 million (2014: HK\$208 million), reflecting the increase 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 2015 amounted to HK\$6,958 million (2014: HK\$11,701 million), representing a decrease of 41%. Basic earnings per share were HK\$2.30, based on weighted average of 3,031 million shares (2014: HK\$3.86 based on 3,030 million shares).

Excluding the net IP revaluation gain of HK\$3,165 million (2014: HK\$6,892 million), Group profit attributable to shareholders for the period was HK\$3,793 million (2014: HK\$4,809 million), representing a decrease of 21%.

Group's core profit rose by 5% year-on-year to HK\$5,258 million (2014: HK\$5,019 million), of which 80% was attributable to IP and 7% was attributable to DP. Core earnings per share were HK\$1.73 (2014: HK\$1.66). Core profit is a performance indicator of the Group's major business segments and arrived at after excluding the net IP revaluation gain, HK\$1,491 million (2014: HK\$Nil) loss arising from the deemed disposal of Greentown and HK\$26 million (2014: loss of HK\$210 million) attributable net mark-to-market gain on certain financial instruments for the period under review.

(II) LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL COMMITMENTS

Shareholders' and Total Equity

As at 30 June 2015, the Group's shareholders' equity increased by HK\$3,399 million or 1% to HK\$308.9 billion (31 December 2014: HK\$305.5 billion), equivalent to HK\$101.91 per share based on 3,031 million issued shares (31 December 2014: HK\$100.82 per share based on 3,030 million issued shares).

The Group's total equity including the non-controlling interests increased by HK\$3,695 million to HK\$317.8 billion (31 December 2014: HK\$314.1 billion).

Assets

The Group's total assets as at 30 June 2015 amounted to HK\$447.3 billion (31 December 2014: HK\$444.7 billion). Total business assets, excluding bank deposit and cash, certain available-for-sale investments, deferred tax assets and other derivative financial assets, increased to HK\$426.7 billion (31 December 2014: HK\$422.4 billion).

Including in the Group's total assets is the IP portfolio of HK\$306.9 billion, representing 72% of its total business assets. The core assets in this portfolio are Harbour City and Times Square in Hong Kong, which were valued at HK\$161.5 billion (excluding the three Marco Polo hotels) and HK\$52.9 billion, respectively as at 30 June 2015, together representing 70% of the IP portfolio. Mainland IP amounted to HK\$58.5 billion, including those under development at a cost of HK\$15.2 billion.

DP (mainly in the Mainland) decreased by 8% to HK\$43.7 billion (31 December 2014: HK\$47.5 billion). In addition, Mainland DP undertaken through associates and joint ventures amounted to HK\$28.5 billion (31 December 2014: HK\$32.4 billion). Other major business assets included other properties and fixed assets of HK\$25.4 billion.

Geographically, the Mainland business assets, mainly comprising properties and terminals, amounted to HK\$156.2 billion (31 December 2014: HK\$155.1 billion), representing 37% (31 December 2014: 37%) of the Group's total business assets.

Debts and Gearing

The Group's net debt as at 30 June 2015 increased by HK\$3.0 billion to HK\$62.3 billion (31 December 2014: HK\$59.3 billion), which was made up of HK\$79.0 billion in debts and HK\$16.7 billion in bank deposits and cash. Included in the net debt were HK\$10.4 billion (31 December 2014: HK\$10.3 billion) attributable to Modern Terminals, 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\$51.9 billion (31 December 2014: HK\$49.0 billion). An analysis of the net debt is as below:

Net debt/(cash)	30 June 2015 HK\$ Million	31 December 2014 HK\$ Million
Wharf (excluding below subsidiaries)	51,926	48,965
Modern Terminals	10,873	11,023
HCDL	(702)	(767)
i-CABLE	212	38
	62,309	59,259

As at 30 June 2015, the ratio of net debt to total equity was 19.6% (31 December 2014: 18.9%).

Finance and Availability of Facilities

The Group's total available loan facilities and issued debt securities as at 30 June 2015 amounting to HK\$96.9 billion, of which HK\$79.0 billion was utilised, are analysed as below:

	30 June 2015		
	Available Facility HK\$ Billion	Total Debts HK\$ Billion	Undrawn Facility HK\$ Billion
Company/wholly-owned subsidiaries			
Committed bank facilities	46.9	33.1	13.8
Debt securities	30.4	30.4	–
	77.3	63.5	13.8
Non-wholly-owned subsidiaries			
Committed and uncommitted			
— Modern Terminals	13.7	11.0	2.7
— HCDL	5.5	4.3	1.2
— i-CABLE	0.4	0.2	0.2
	96.9	79.0	17.9

Of the above debts, HK\$7.3 billion (31 December 2014: HK\$7.8 billion) was secured by a mortgage over certain fixed assets, IP and DP with total carrying value of HK\$34.3 billion (31 December 2014: HK\$39.9 billion).

The Group diversified the debt portfolio across a bundle of currencies including primarily United States dollar (“USD”), Hong Kong dollar (“HKD”) and Renminbi (“RMB”). The funding sourced from such debt portfolio was mainly used to finance the Group’s IP, DP and port investments in the Mainland.

The use of derivative financial instruments is strictly monitored and controlled. The majority of the derivative financial instruments entered into by the Group are 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 RMB, HKD and USD 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\$9.6 billion (31 December 2014: HK\$3.7 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 inflows before changes in working capital of HK\$8.0 billion (2014: HK\$7.5 billion). The changes in working capital decreased the net cash inflow from operating activities to HK\$7.2 billion (2014: HK\$4.8 billion). For investing activities, the Group recorded a cash outflow of HK\$6.5 billion (2014: HK\$2.0 billion), mainly for construction costs of IP projects and additions to investments in associates involved in property projects in Mainland China.

Major Capital and Development Expenditure and Commitments

The Group's major capital and development expenditure incurred in the first half of 2015 is analysed as follows:

A. Major capital and development expenditure

	Hong Kong HK\$ Million	Mainland China HK\$ Million	Total HK\$ Million
Properties			
IP	564	1,423	1,987
DP	381	9,170	9,551
	945	10,593	11,538
Others			
Hotels	93	–	93
Modern Terminals	129	17	146
Wharf T&T	184	–	184
i-CABLE	79	–	79
	485	17	502
Group total	1,430	10,610	12,040

- i. IP expenditure incurred during the period was mainly for the renovation of Harbour City and construction costs of the Mainland IFS projects.
- ii. DP expenditure in the first half of 2015 included HK\$5.5 billion attributable to DP projects undertaken by associates and joint ventures.
- iii. Modern Terminals' capital expenditure was mainly for terminal equipment while those of Wharf T&T and i-CABLE were incurred substantially for facilities and equipment.

B. Commitments to capital and development expenditure

As at 30 June 2015, the Group's major commitments to capital and development expenditure that are to be incurred in the forthcoming years was estimated at HK\$62.4 billion, of which HK\$29.3 billion was committed. By segment, the commitments are analysed as below:

	As at 30 June 2015		
	Committed HK\$ Million	Uncommitted HK\$ Million	Total HK\$ Million
IP			
Hong Kong	2,188	309	2,497
Mainland China	10,470	7,021	17,491
	12,658	7,330	19,988
DP			
Hong Kong	929	–	929
Mainland China	13,064	25,222	38,286
	13,993	25,222	39,215
Others			
Hotels	2,240	164	2,404
Modern Terminals	239	20	259
Wharf T&T	126	60	186
i-CABLE	33	270	303
	2,638	514	3,152
Group total	29,289	33,066	62,355

Properties commitments are mainly for land and construction cost, inclusive of attributable commitments to associates and joint ventures, to be incurred by stages in the forthcoming years.

The above commitments and planned expenditure will be funded by the Group's internal financial resources including its surplus cash of HK\$16.7 billion, cash flows from operations, as well 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 15,300 employees as at 30 June 2015, including about 2,400 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 2015 — Unaudited

	Note	Six months ended 30 June	
		2015 HK\$ Million	2014 HK\$ Million
Revenue	2	17,906	16,315
Direct costs and operating expenses		(8,235)	(7,114)
Selling and marketing expenses		(646)	(577)
Administrative and corporate expenses		(764)	(761)
Operating profit before depreciation, amortisation, interest and tax		8,261	7,863
Depreciation and amortisation		(786)	(739)
Operating profit	2 & 3	7,475	7,124
Increase in fair value of investment properties		3,486	7,381
Other net charge	4	(1,285)	(148)
Finance costs	5	9,676 (773)	14,357 (1,076)
Share of results after tax of: Associates		435	346
Joint ventures		(192)	168
Profit before taxation		9,146	13,795
Income tax	6	(1,880)	(1,886)
Profit for the period		7,266	11,909
Profit attributable to:			
Equity shareholders		6,958	11,701
Non-controlling interests		308	208
		7,266	11,909
Earnings per share	7		
Basic		HK\$2.30	HK\$3.86
Diluted		HK\$2.30	HK\$3.86

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Six Months Ended 30 June 2015 — Unaudited

	Six months ended 30 June	
	2015 HK\$ Million	2014 HK\$ Million
Profit for the period	7,266	11,909
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	35	(983)
Net revaluation reserves of available-for-sale investments:	286	(359)
Surplus/(deficit) on revaluation	307	(359)
Transferred to profit or loss on disposal	(21)	—
Share of other comprehensive income of associates/ joint ventures	(57)	(364)
Others	8	3
Other comprehensive income for the period	272	(1,703)
Total comprehensive income for the period	7,538	10,206
Total comprehensive income attributable to:		
Equity shareholders	7,148	10,054
Non-controlling interests	390	152
	7,538	10,206

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 30 June 2015 — Unaudited

	Note	30 June 2015 HK\$ Million	31 December 2014 HK\$ Million
Non-current assets			
Investment properties		306,875	301,890
Fixed assets		25,356	25,027
Interest in associates		18,058	22,449
Interest in joint ventures		19,575	19,030
Available-for-sale investments		9,635	3,740
Goodwill and other intangible assets		305	305
Programming library		170	168
Deferred tax assets		738	673
Derivative financial assets		893	885
Other non-current assets		48	41
		381,653	374,208
Current assets			
Properties for sale		43,653	47,543
Inventories		47	48
Trade and other receivables	9	4,969	3,851
Derivative financial assets		238	283
Bank deposits and cash		16,729	18,725
		65,636	70,450
Total assets		447,289	444,658

	Note	30 June 2015 HK\$ Million	31 December 2014 HK\$ Million
Non-current liabilities			
Derivative financial liabilities		(1,201)	(1,071)
Deferred tax liabilities		(10,964)	(10,425)
Other deferred liabilities		(324)	(315)
Bank loans and other borrowings	11	(63,740)	(69,331)
		(76,229)	(81,142)
Current liabilities			
Trade and other payables	10	(19,901)	(23,664)
Deposits from sale of properties		(15,789)	(14,496)
Derivative financial liabilities		(682)	(1,116)
Taxation payable		(1,584)	(1,476)
Bank loans and other borrowings	11	(15,298)	(8,653)
		(53,254)	(49,405)
Total liabilities		(129,483)	(130,547)
NET ASSETS		317,806	314,111
Capital and reserves			
Share capital	12	29,441	29,376
Reserves		279,453	276,119
Shareholders' equity		308,894	305,495
Non-controlling interests		8,912	8,616
TOTAL EQUITY		317,806	314,111

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Six Months Ended 30 June 2015 — Unaudited

	Shareholders' equity								
	Share capital	Share premium	Capital redemption reserves	Investments revaluation and other reserves	Exchange reserves	Revenue reserves	Total shareholders' equity	Non-controlling interests	Total equity
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
At 1 January 2015	29,376	-	-	740	8,868	266,511	305,495	8,616	314,111
Changes in equity for the period:									
Profit	-	-	-	-	-	6,958	6,958	308	7,266
Other comprehensive income	-	-	-	311	(129)	8	190	82	272
Total comprehensive income	-	-	-	311	(129)	6,966	7,148	390	7,538
Shares issued under the share option scheme	65	-	-	(15)	-	-	50	-	50
Equity settled share-based payments	-	-	-	20	-	-	20	-	20
Share options lapsed	-	-	-	(28)	-	28	-	-	-
Second interim dividends paid for 2014 (Note 8b)	-	-	-	-	-	(3,819)	(3,819)	-	(3,819)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(94)	(94)
At 30 June 2015	29,441	-	-	1,028	8,739	269,686	308,894	8,912	317,806
At 1 January 2014	3,030	26,339	7	1,080	9,332	235,769	275,557	8,698	284,255
Changes in equity for the period:									
Profit	-	-	-	-	-	11,701	11,701	208	11,909
Other comprehensive income	-	-	-	(535)	(1,112)	-	(1,647)	(56)	(1,703)
Total comprehensive income	-	-	-	(535)	(1,112)	11,701	10,054	152	10,206
Equity settled share-based payments	-	-	-	44	-	-	44	-	44
Redemption of convertible bonds	-	-	-	(99)	-	99	-	-	-
Second interim dividends paid for 2013	-	-	-	-	-	(3,636)	(3,636)	-	(3,636)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(349)	(349)
Transition to no-par value regime on 3 March 2014 (Note 12)	26,346	(26,339)	(7)	-	-	-	-	-	-
At 30 June 2014	29,376	-	-	490	8,220	243,933	282,019	8,501	290,520

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For The Six Months Ended 30 June 2015 — Unaudited

	Six months ended 30 June	
	2015 HK\$ Million	2014 HK\$ Million
Operating cash inflow	7,978	7,475
Changes in working capital/others	573	(1,423)
Tax paid	(1,303)	(1,258)
Net cash generated from operating activities	7,248	4,794
Investing activities		
Additions to investment properties and fixed assets	(3,217)	(3,288)
Other cash (used in)/generated from investing activities	(3,233)	1,247
Net cash used in investing activities	(6,450)	(2,041)
Financial activities		
Dividends paid to equity shareholders	(3,819)	(3,636)
Other cash generated from/(used in) financing activities	1,119	(3,143)
Net cash used in financing activities	(2,700)	(6,779)
Decrease in cash and cash equivalents	(1,902)	(4,026)
Cash and cash equivalents at 1 January	18,625	24,485
Effect of exchange rate changes	6	(189)
Cash and cash equivalents at 30 June	16,729	20,270
Analysis of the balance of cash and cash equivalents		
Bank deposits and cash	16,729	20,270

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

1. Principal Accounting Policies and Basis of Preparation

This unaudited interim financial information has 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 (“HKICPA”) 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 unaudited interim financial information in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, 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 unaudited interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2014 except for the changes mentioned below.

The HKICPA has issued certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) which are first effective for the current accounting period of the Group. The amendments do not have a significant impact on the Group’s results and financial position for the current or prior periods have been prepared or presented.

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

The unaudited interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 December 2014. The unaudited interim financial information and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

The financial information relating to the financial year ended 31 December 2014 that is included in the unaudited interim financial information as comparative information does not constitute the Company’s statutory annual financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance (or under their equivalent requirements found in section 141 of the predecessor Companies Ordinance (Cap. 32)).

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 (“IP”), development property (“DP”), hotels, logistics and communications, media and entertainment (“CME”). No operating segments have been aggregated to form the 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 operates 14 Marco Polo hotels in the Asia Pacific region, six of which are owned by the Group.

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, certain 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.

a. Analysis of segment revenue and results

For the six months ended	Revenue	Operating profit /(loss)	Investment properties fair value	Other net charge	Finance costs	Associates	Joint ventures	Profit before taxation
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
30 June 2015								
Investment property	7,174	5,894	3,486	53	(644)	-	-	8,789
Hong Kong	6,053	5,305	2,710	-	(639)	-	-	7,376
Mainland China	1,121	589	776	53	(5)	-	-	1,413
Development property	6,562	1,111	-	(1,479)	(42)	287	(221)	(344)
Hong Kong	-	(23)	-	-	-	5	(40)	(58)
Mainland China	6,562	1,134	-	(1,479)	(42)	282	(181)	(286)
Hotels	718	115	-	-	(3)	-	-	112
Logistics	1,434	333	-	(16)	(125)	148	29	369
Terminals	1,382	327	-	5	(125)	112	29	348
Others	52	6	-	(21)	-	36	-	21
CME	1,750	38	-	1	(18)	-	-	21
i-CABLE	760	(129)	-	1	(1)	-	-	(129)
Telecommunications	990	173	-	-	(17)	-	-	156
Others	-	(6)	-	-	-	-	-	(6)
Inter-segment revenue	(149)	-	-	-	-	-	-	-
Segment total	17,489	7,491	3,486	(1,441)	(832)	435	(192)	8,947
Investment and others	417	267	-	156	59	-	-	482
Corporate expenses	-	(283)	-	-	-	-	-	(283)
Group total	17,906	7,475	3,486	(1,285)	(773)	435	(192)	9,146
30 June 2014								
Investment property	6,399	5,322	7,381	18	(653)	-	-	12,068
Hong Kong	5,560	4,897	6,338	18	(625)	-	-	10,628
Mainland China	839	425	1,043	-	(28)	-	-	1,440
Development property	5,328	933	-	(24)	(51)	196	139	1,193
Hong Kong	113	94	-	-	-	4	(7)	91
Mainland China	5,215	839	-	(24)	(51)	192	146	1,102
Hotels	760	189	-	-	(7)	-	-	182
Logistics	1,673	517	-	(73)	(127)	150	29	496
Terminals	1,618	508	-	(52)	(127)	111	29	469
Others	55	9	-	(21)	-	39	-	27
CME	1,790	143	-	1	(19)	-	-	125
i-CABLE	843	(19)	-	1	-	-	-	(18)
Telecommunications	947	165	-	-	(19)	-	-	146
Others	-	(3)	-	-	-	-	-	(3)
Inter-segment revenue	(182)	-	-	-	-	-	-	-
Segment total	15,768	7,104	7,381	(78)	(857)	346	168	14,064
Investment and others	547	380	-	(70)	(219)	-	-	91
Corporate expenses	-	(360)	-	-	-	-	-	(360)
Group total	16,315	7,124	7,381	(148)	(1,076)	346	168	13,795

b. Analysis of inter-segment revenue

Six months ended 30 June	2015			2014		
	Total Revenue HK\$ Million	Inter-segment revenue HK\$ Million	Group Revenue HK\$ Million	Total Revenue HK\$ Million	Inter-segment revenue HK\$ Million	Group Revenue HK\$ Million
Investment property	7,174	(74)	7,100	6,399	(70)	6,329
Development property	6,562	–	6,562	5,328	–	5,328
Hotels	718	–	718	760	–	760
Logistics	1,434	–	1,434	1,673	–	1,673
CME	1,750	(40)	1,710	1,790	(48)	1,742
Investment and others	417	(35)	382	547	(64)	483
	18,055	(149)	17,906	16,497	(182)	16,315

c. Geographical information

Six months ended 30 June	Revenue		Operating profit	
	2015 HK\$ Million	2014 HK\$ Million	2015 HK\$ Million	2014 HK\$ Million
Hong Kong	9,474	9,456	5,771	5,821
Mainland China	8,408	6,837	1,674	1,281
Singapore	24	22	30	22
Group total	17,906	16,315	7,475	7,124

3. Operating Profit

Operating profit is arrived at:

	Six months ended 30 June	
	2015 HK\$ Million	2014 HK\$ Million
After charging/(crediting):		
Depreciation and amortisation on		
— assets held for use under operating leases	87	84
— other fixed assets	600	568
— leasehold land	37	37
— programming library	62	50
Total depreciation and amortisation	786	739
Staff costs (Note i)	1,783	1,743
Cost of trading properties for recognised sales	5,236	4,246
Gross rental revenue from investment properties (Note ii)	(7,174)	(6,399)
Direct operating expenses of investment properties	1,219	1,028
Interest income	(207)	(341)
Dividend income from listed investments	(98)	(98)
Loss on disposal of fixed assets	2	7

Notes:

- (i) Staff costs included contributions to defined contribution pension schemes of HK\$146 million (2014: HK\$135 million) and equity-settled share-based payment expenses of HK\$20 million (2014: HK\$44 million).
- (ii) Rental income included contingent rentals of HK\$900 million (2014: HK\$1,115 million).

4. Other Net Charge

Other net charge for the period amounted to HK\$1,285 million (2014: HK\$148 million) mainly comprises:

- a. A non-recurrent estimated accounting loss of HK\$1,491 million arising from the deemed disposal of the Group's entire 24.3% equity interest in Greentown China Holdings Limited ("Greentown") upon reclassification of such interest as financial investments at the prevailing market value when the Group ceased to have significant influence over Greentown in June 2015.

The Greentown equity interest was acquired by the Group in June 2012 at cost of HK\$2,729 million, with an accounting gain representing negative goodwill of HK\$2,233 million when it was equity-accounted as an associate.

- b. Net foreign exchange gain of HK\$144 million (2014: loss of HK\$152 million) which included the impact of foreign exchange contracts.
- c. Net profit on disposal of available-for-sale investment of HK\$80 million (2014: HK\$Nil) which included a revaluation surplus of HK\$21 million transferred from the investments revaluation reserves of the Group.

5. Finance Costs

	Six months ended 30 June	
	2015	2014
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Interest charged on:		
Bank loans and overdrafts	465	664
Other borrowings	520	551
Total interest charge	985	1,215
Other finance costs	94	130
Less: Amount capitalised	(350)	(458)
	729	887
Fair value loss:		
Cross currency interest rate swaps	9	91
Interest rate swaps	35	98
	44	189
Total	773	1,076

- a. The Group's average effective borrowing rate for the period was 2.8% p.a. (2014: 3.3% p.a.).
- b. The above interest charge has taken into account the interest paid/receipts in respect of interest rate swaps and cross currency interest rate swaps.

6. Income Tax

Taxation charged to the consolidated income statement represents:

	Six months ended 30 June	
	2015 <i>HK\$ Million</i>	2014 <i>HK\$ Million</i>
Current income tax		
Hong Kong		
— provision for the period	808	763
— overprovision in respect of prior years	(1)	(40)
Outside Hong Kong		
— provision for the period	470	433
	1,277	1,156
Land appreciation tax ("LAT") in China	133	149
Deferred tax		
Change in fair value of investment properties	315	481
Origination and reversal of temporary differences	155	100
	470	581
Total	1,880	1,886

- 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% (2014: 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 on 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 2015 of HK\$234 million (2014: HK\$650 million) is included in the share of results of associates and joint ventures.

7. Earnings Per Share

The calculation of basic and diluted earnings per share is based on the profit attributable to ordinary equity shareholders for the period of HK\$6,958 million (30/06/2014: HK\$11,701 million) and the weighted average of 3,031 million ordinary shares in issue during the period (30/06/2014: 3,030 million ordinary shares).

8. Dividends Attributable to Equity Shareholders

	Six months ended 30 June			
	2015 HK\$ per share	2015 HK\$ Million	2014 HK\$ per share	2014 HK\$ Million
First interim dividend proposed after the end of the reporting period	0.55	1,667	0.55	1,667

- a. The proposed first interim dividend based on 3,031 million issued ordinary shares (2014: 3,030 million shares) has not been recognised as a liability at the end of the reporting period.
- b. The second interim dividend of HK\$3,819 million for 2014 was approved and paid in 2015.

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 2015 as follows:

	30 June 2015 HK\$ Million	31 December 2014 HK\$ Million
Trade receivables		
0–30 days	664	749
31–60 days	148	165
61–90 days	70	74
Over 90 days	100	79
Other receivables and prepayments	982	1,067
	3,987	2,784
	4,969	3,851

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 2015 as follows:

	30 June 2015 <i>HK\$ Million</i>	31 December 2014 <i>HK\$ Million</i>
Trade payables		
0–30 days	308	396
31–60 days	197	235
61–90 days	147	48
Over 90 days	113	123
	765	802
Rental and customer deposits	3,877	3,552
Construction costs payable	5,870	9,599
Amount due to associates	2,717	2,798
Amount due to joint ventures	2,254	2,045
Other payables	4,418	4,868
	19,901	23,664

11. Bank Loans and Other Borrowings

	30 June 2015 <i>HK\$ Million</i>	31 December 2014 <i>HK\$ Million</i>
Bonds and notes (unsecured)	30,413	30,153
Bank loans (secured)	7,295	7,773
Bank loans (unsecured)	41,330	40,058
Total bank loans and other borrowings	79,038	77,984
Analysis of maturities of the above borrowings:		
Current borrowings		
Due within 1 year	15,298	8,653
Non-current borrowings		
Due after more than 1 year but not exceeding 5 years	56,593	59,677
Due after more than 5 years	7,147	9,654
	63,740	69,331
Total bank loans and other borrowings	79,038	77,984

12. Share Capital

	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	No. of shares Million	No. of shares Million	HK\$ Million	HK\$ Million
Issued and fully paid ordinary shares At 1 January	3,030	3,030	29,376	3,030
Transfer to no-par value regime on 3 March 2014	–	–	–	26,346
Shares issued under the share option scheme	1	–	65	–
At 30 June/31 December	3,031	3,030	29,441	29,376

13. Fair Values Measurement of Financial Instruments

a. Assets and liabilities carried at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement ("HKFRS13"). The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique. The levels are defined as follows:

- Level 1 valuations: Fair value measured using only level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using level 2 inputs i.e. observable inputs which fail to meet level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Financial instruments carried at fair value

The fair value measurement information for financial instruments in accordance with HKFRS 13 is given below.

	At 30 June 2015			At 31 December 2014		
	Level 1 HK\$ Million	Level 2 HK\$ Million	Total HK\$ Million	Level 1 HK\$ Million	Level 2 HK\$ Million	Total HK\$ Million
Assets						
Available-for-sale investments:						
— Listed investments	9,609	—	9,609	3,714	—	3,714
Derivative financial instruments:						
— Forward foreign exchange contracts	—	—	—	—	81	81
— Interest rate swaps	—	477	477	—	499	499
— Cross currency interest rate swaps	—	647	647	—	583	583
— Other derivatives	7	—	7	5	—	5
	9,616	1,124	10,740	3,719	1,163	4,882
Liabilities						
Derivative financial instruments:						
— Forward foreign exchange contracts	—	80	80	—	428	428
— Interest rate swaps	—	577	577	—	617	617
— Cross currency interest rate swaps	—	1,226	1,226	—	1,142	1,142
Bank loans and other borrowings:						
— Bonds and notes	—	12,606	12,606	—	13,170	13,170
— Bank loans	—	929	929	—	925	925
	—	15,418	15,418	—	16,282	16,282

During the six months ended 30 June 2015, there were no transfers of instruments between Level 1 and Level 2, or transfers into or out of Level 3 (31/12/2014: Nil).

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of forward exchange contracts in Level 2 is determined by using the forward exchange rates at the end of the reporting period and comparing them to the contractual rates.

The fair value of interest rate swaps and cross currency interest rate swaps in Level 2 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 rates and current creditworthiness of the swap counter-parties.

The fair values of bank loans and other borrowings in Level 2 is determined based on cash flows discounted using the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

b. Assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values as at 30 June 2015. Amounts due from/(to) subsidiaries are unsecured, interest free and have no fixed repayment terms.

14. Material Related Party Transactions

The Group and the Company have not been a party to any material related party transaction during the period ended 30 June 2015 except for the rental income totalling HK\$606 million (2014: HK\$492 million) earned from various tenants which are wholly or partly owned by companies which in turn are wholly-owned by the family interests of close family members of, or by a trust the settlor of which is a close family member of, the chairman of the Company's ultimate holding company. Such transactions are considered to be related party transactions, of which HK\$523 million (2014: HK\$433 million) also constitute connected transactions as defined under the Listing Rules.

15. Contingent Liabilities

As at 30 June 2015, there were contingent liabilities in respect of guarantees given by the Company on behalf of subsidiaries relating to overdrafts, short term loans and credit facilities, bonds and notes of up to HK\$79,317 million (31/12/2014: HK\$79,339 million). There were also contingent liabilities in respect of guarantees given by the Company on behalf of joint ventures and associates of HK\$8,852 million (31/12/2014: HK\$9,914 million), of which HK\$8,740 million (31/12/2014: HK\$9,259 million) had been drawn.

As at 30 June 2015, there were guarantees of HK\$8,239 million (31/12/2014: HK\$7,839 million) provided by the Group to the banks in favour of their customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's development properties. There were also mortgage loan guarantees of HK\$1,059 million (31/12/2014: HK\$1,228 million) provided by joint ventures and associates of the Group to the banks in favour of their customers.

The Group and the Company have not recognised any deferred income of the above guarantees for subsidiaries, joint ventures and associates as their fair value cannot be reliably measured and their transaction price was 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 Group and the Company under any of the guarantees.

16. Commitments

The Group's outstanding commitments as at 30 June 2015 are detailed as below:

a. Planned expenditure

	30 June 2015			31 December 2014		
	Committed HK\$ Million	Uncommitted HK\$ Million	Total HK\$ Million	Committed HK\$ Million	Uncommitted HK\$ Million	Total HK\$ Million
(I) Properties						
Investment properties						
Hong Kong	2,188	309	2,497	1,598	1,011	2,609
Mainland China	10,470	7,021	17,491	6,221	9,909	16,130
	12,658	7,330	19,988	7,819	10,920	18,739
Development properties						
Hong Kong	929	–	929	1,123	–	1,123
Mainland China	13,064	25,222	38,286	12,520	25,325	37,845
	13,993	25,222	39,215	13,643	25,325	38,968
Properties total						
Hong Kong	3,117	309	3,426	2,721	1,011	3,732
Mainland China	23,534	32,243	55,777	18,741	35,234	53,975
	26,651	32,552	59,203	21,462	36,245	57,707
(II) Non-properties						
Hotels	2,240	164	2,404	173	2,042	2,215
Modern Terminals	239	20	259	277	16	293
Wharf T&T	126	60	186	106	109	215
i-CABLE	33	270	303	5	208	213
	2,638	514	3,152	561	2,375	2,936
Group total	29,289	33,066	62,355	22,023	38,620	60,643

- (i) Properties commitments are mainly for construction costs to be incurred in the forthcoming years and HK\$2.2 billion (2014: HK\$0.7 billion) attributable land cost payable by 2016.
- (ii) The expenditure for development properties included attributable amounts for developments undertaken by joint ventures and associates of HK\$389 million (31/12/2014: HK\$479 million) in Hong Kong and of HK\$14,946 million (31/12/2014: HK\$14,910 million) in Mainland China.

- b.** In addition to the above, the CME segment is committed to programming and other expenditure totalling HK\$728 million (31/12/2014: HK\$836 million) with HK\$663 million (31/12/2014: HK\$766 million) being authorised and contracted for.
- c.** The Group leases a number of properties and telecommunication network facilities under operating leases. The leases typically run for an initial period of two to fifteen years, with an option to renew the lease when all terms are renegotiated. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals. Total operating leases commitments are detailed as below:

	30 June 2015 <i>HK\$ Million</i>	31 December 2014 <i>HK\$ Million</i>
Expenditure for operating leases		
Within one year	52	52
After one year but within five years	116	127
Over five years	28	33
	196	212

17. Review of Unaudited Interim Financial Information

The unaudited interim financial information for the six months ended 30 June 2015 has 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 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 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.

Regarding 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 more than half of them being Independent Non-executive Directors (“INEDs”). As regards the Second Deviation, the Company Secretary of the Company had formerly directly reported to the Deputy Chairman of the Company, which was considered appropriate and reasonable given the size of the Group. Following the change of Chairman of the Company with effect from 15 May 2015, the Company Secretary commenced reporting to the Chairman of the Company directly and the Company is in full compliance of Code Provision F.1.3.

MODEL CODE FOR DIRECTORS’ DEALING IN SECURITIES

The Company adopted its own set of code of conduct regarding directors’ securities transactions (the “Company’s Code”) with terms thereof being 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 and all the Directors have complied with the required standard set out in the Model Code and/or the Company’s Code during the period under review.

DIRECTORS' INTERESTS IN SECURITIES

(A) Interests in Shares

At 30 June 2015, present Directors of the Company had the following beneficial interests, all being long positions, in the share and/or debt securities of the Company, Wheelock and Company Limited ("Wheelock") (which is the Company's parent company) and two subsidiaries of the Company, namely, i-CABLE Communications Limited ("i-CABLE") and Modern Terminals Limited ("Modern Terminals"), and two other associated corporations of the Company (of which the Company is interested in more than 20% of their respective issued shares), namely, Greentown China Holdings Limited ("Greentown China") and Moon Wise Global Limited ("Moon Wise"). The percentages (where applicable) which the relevant shares represented to the number of shares in issue of the six companies respectively are also set out below:

	Quantity held (percentage, where applicable)	Nature of Interest
The Company		
Stephen T H Ng	804,445 (0.0266%)	Personal Interest
Alexander S K Au	100,000 (0.0033%)	Personal Interest
Vincent K Fang	100,000 (0.0033%)	Personal Interest
E K Yeoh	15,000 (0.0005%)	Personal Interest
Wheelock		
Stephen T H Ng	300,000 (0.0148%)	Personal Interest
i-CABLE		
Stephen T H Ng	1,265,005 (0.0629%)	Personal Interest
Modern Terminals		
Hans Michael Jebesen	3,787 (5.40%)	Corporate Interest
Greentown China		
Andrew O K Chow	430,000 (0.02%)	Personal Interest
Moon Wise (Note 3)		
— Subordinated Perpetual Capital Securities		
Andrew O K Chow	US\$200,000	Personal Interest

Notes:

- (1) *The interests in shares disclosed above do not include interests in share options of the Company and/or associated corporation(s) held by Directors of the Company as at 30 June 2015. Details of such interests in share options are separately set out below under the sub-sections headed "(B) Interests in Share Options of the Company" and "(C) Interests in Share Options of Wheelock".*
- (2) *The shareholdings classified as "Corporate Interest" in which the Directors concerned were taken to be interested as stated above were interests of corporation at general meetings of which the relevant Director was either entitled to exercise (or taken under Part XV of the Securities and Futures Ordinance (the "SFO") to be able to exercise) or control the exercise of one-third or more of the voting power in general meetings of such corporation.*
- (3) *Moon Wise, being a wholly-owned subsidiary of Greentown, is the issuer of certain Subordinated Perpetual Capital Securities which are unconditionally and irrevocably guaranteed by Greentown.*

(B) Interests in Share Options of the Company

Set out below are particulars of interests (all being personal interests) in options held during the six months ended 30 June 2015 by present Directors of the Company to subscribe for ordinary shares of the Company granted/exercisable under the Share Option Scheme of the Company:

Name of Director	Total no. as at 30 June 2015 (percentage based on no. of shares in issue)	Date of grant (Day/Month/Year)	No. of Shares under Option		Subscription Price per Share (HK\$)	Vesting/Exercise Period (Day/Month/Year)
			As at 1 January 2015	As at 30 June 2015		
Stephen T H Ng	3,500,000 (0.12%)	04/07/2011 05/06/2013	1,500,000	1,500,000	55.15	05/07/2011-04/07/2016 ⁽¹⁾
			2,000,000	2,000,000	70.20	06/06/2013-05/06/2018 ⁽²⁾
Andrew O K Chow	3,500,000 (0.12%)	04/07/2011 05/06/2013	1,500,000	1,500,000	55.15	05/07/2011-04/07/2016 ⁽¹⁾
			2,000,000	2,000,000	70.20	06/06/2013-05/06/2018 ⁽²⁾
Doreen Y F Lee	3,320,000 (0.11%)	04/07/2011 05/06/2013	1,320,000	1,320,000	55.15	05/07/2011-04/07/2016 ⁽¹⁾
			2,000,000	2,000,000	70.20	06/06/2013-05/06/2018 ⁽²⁾
Paul Y C Tsui	2,200,000 (0.07%)	04/07/2011 05/06/2013	1,200,000	1,200,000	55.15	05/07/2011-04/07/2016 ⁽¹⁾
			1,000,000	1,000,000	70.20	06/06/2013-05/06/2018 ⁽²⁾
Y T Leng	1,250,000 (0.04%)	04/07/2011 05/06/2013	500,000	500,000	55.15	05/07/2011-04/07/2016 ⁽¹⁾
			750,000	750,000	70.20	06/06/2013-05/06/2018 ⁽²⁾
K P Chan	1,250,000 (0.04%)	04/07/2011 05/06/2013	500,000	500,000	55.15	05/07/2011-04/07/2016 ⁽¹⁾
			750,000	750,000	70.20	06/06/2013-05/06/2018 ⁽²⁾

Notes:

- (1) *The options granted by the Company on 4 July 2011, being outstanding as at both 1 January 2015 and 30 June 2015, were/will be vested in five tranches within a period of 5 years, with each tranche covering one-fifth of the relevant options, i.e. exercisable to the extent of one-fifth of the relevant total number of shares and with the 1st, 2nd, 3rd, 4th and 5th tranche being exercisable from 5th of July in the years 2011, 2012, 2013, 2014 and 2015 respectively, with the exception that:*
- (i) *the relevant options held by Mr. Paul Y C Tsui as at 30 June 2015 were/will be vested in four tranches, with each tranche covering options for 300,000 Shares being exercisable from 5th of July in the years 2012, 2013, 2014 and 2015 respectively; and*
- (ii) *the relevant options held by Ms. Doreen Y F Lee as at 30 June 2015 were/will be vested in five tranches, with the 1st tranche covering options for 120,000 Shares being exercisable from 5th of July 2011, and the remaining four tranches each covering options for 300,000 Shares being exercisable from 5th of July in the years 2012, 2013, 2014 and 2015 respectively.*
- (2) *The options granted by the Company on 5 June 2013, being outstanding as at both 1 January 2015 and 30 June 2015, were/will be vested in five tranches within a period of 5 years, with each tranche covering one-fifth of the relevant options, i.e. exercisable to the extent of one-fifth of the relevant total number of shares and with the 1st, 2nd, 3rd, 4th and 5th tranche being exercisable from 6th of June in the years 2013, 2014, 2015, 2016 and 2017 respectively.*
- (3) *Except as disclosed above, no option of the Company held by present Directors lapsed or was exercised or cancelled during the financial period, and no option of the Company was granted to any Director and/or their associate(s) during the financial period.*

(C) Interests in Share Options of Wheelock

Set out below are particulars of all interests (all being personal interests) in options held during the six months ended 30 June 2015 by present Directors of the Company to subscribe for ordinary shares of Wheelock granted/exercisable under the share option scheme of Wheelock:

Name of Director	Date of grant (Day/Month/Year)	No. of Wheelock Shares under Option		Subscription price per Share (HK\$)	Vesting/Exercise period (Day/Month/Year)
		As at 1 January 2015	As at 30 June 2015 (percentage based on no. of shares in issue)		
Paul Y C Tsui	14/06/2013	1,500,000	1,500,000 (0.074%)	39.98	15/06/2013–14/06/2018

Note:

The share options of Wheelock outstanding as at both 1 January 2015 and 30 June 2015 were/will be vested in five tranches within a period of 5 years, with each tranche covering one-fifth of the relevant options, i.e. exercisable to the extent of one-fifth of the relevant total number of Wheelock's shares and with the 1st, 2nd, 3rd, 4th and 5th tranche being exercisable from 15th of June in the years 2013, 2014, 2015, 2016 and 2017 respectively.

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the SFO in respect of information required to be notified to the Company and the Stock Exchange by the Directors and/or Chief Executive of the Company pursuant to the SFO or to the Model Code (or any other applicable code) for Securities Transactions by Directors of Listed Issuers, there were no interests, whether long or short positions, held as at 30 June 2015 by any of present 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 as at 30 June 2015.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties, other than person(s) who is/are Director(s) of the Company, who/which were, directly or indirectly, interested in 5% or more of any class of voting shares of the Company as at 30 June 2015, 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 total number of shares in issue of the Company:

Names	No. of Ordinary Shares (percentage based on total number of shares in issue)	
(i) Wheelock and Company Limited	1,728,818,608	(57.04%)
(ii) HSBC Trustee (C.I.) Limited	1,728,818,608	(57.04%)

Notes:

- (1) For the avoidance of doubt and double counting, it should be noted that the shareholdings stated against parties (i) and (ii) represented the same block of shares.
- (2) Wheelock and Company Limited's deemed shareholding interests stated above included interests held through its wholly-owned subsidiaries, namely, Lynchpin Limited ("LL"), WF Investment Partners Limited ("WIPL") and Wheelock Investments Limited ("WIL"), with 248,871,072 shares (8.21%) being the deemed interests held by LL, 1,334,790,536 shares (44.04%) being the deemed interests held by WIPL and 1,728,818,608 shares (57.04%) being the deemed interests held by WIL with duplication to the extent that the respective shareholdings of LL and WIPL are entirely included in the deemed interests of WIL.

All the interests stated above represented long positions. As at 30 June 2015, there were no short position interests recorded in the Register.

SHARE OPTION SCHEME

Details of the Company's share options granted to Directors of the Company and the relevant movement(s) during the financial period are set out in the sub-section headed "Interests in Share Options of the Company".

Set out below are particulars during the financial period of all of the Company's outstanding share options which were granted to certain employees (six of them being present Directors of the Company), all working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance and are participants with options not exceeding the respective individual limits:

Date of grant (Day/Month/Year)	As at 1 January 2015	No. of shares under option			As at 30 June 2015	Vesting/Exercise Period (Day/Month/Year)	Price per shares to be paid on exercise of options (HK\$)
		Exercised during the period	Lapsed during the period				
04/07/2011	1,540,000	–	–	1,540,000	05/07/2011–04/07/2016	55.15	
	2,320,000	300,000	–	2,020,000	05/07/2012–04/07/2016		
	2,320,000	300,000	–	2,020,000	05/07/2013–04/07/2016		
	2,320,000	300,000	–	2,020,000	05/07/2014–04/07/2016		
	2,320,000	–	300,000	2,020,000	05/07/2015–04/07/2016		
	10,820,000	900,000	300,000	9,620,000			
05/06/2013	2,500,000	–	400,000	2,100,000	06/06/2013–05/06/2018	70.20	
	2,500,000	–	400,000	2,100,000	06/06/2014–05/06/2018		
	2,500,000	–	400,000	2,100,000	06/06/2015–05/06/2018		
	2,500,000	–	400,000	2,100,000	06/06/2016–05/06/2018		
	2,500,000	–	400,000	2,100,000	06/06/2017–05/06/2018		
	12,500,000	–	2,000,000	10,500,000			
Total:	23,320,000	900,000	2,300,000	20,120,000			

Notes:

- (1) Share options for a total of 2,300,000 shares of the Company lapsed in accordance with the terms of the Company's Share Option Scheme during the financial period.
- (2) Except as disclosed above, no share option of the Company lapsed or was granted, exercised or cancelled during the financial period.
- (3) The weighted average closing price of the shares of the Company immediately before the date(s) of exercise(s) of the share option during the financial period was HK\$59.04 per share.

CHANGES OF INFORMATION OF DIRECTORS

- (l) Given below is the latest information regarding annual emoluments, exclusive of any and all amounts which would be borne by Wheelock and/or its wholly-owned subsidiary(ies) and calculated on an annualised basis, of all those present Directors of the Company for whom there have been changes of amounts of emoluments during the course of their respective terms of office since the publication of the last annual report of the Company:

Director(s)	#Salary and various allowances <i>HK\$'000</i>		##Discretionary annual bonus in cash <i>HK\$'000</i>	
Stephen T H Ng	7,244	<i>(2014: 6,335)</i>	15,500	<i>(2014: 15,000)</i>
Andrew O K Chow	5,440	<i>(2014: 5,063)</i>	10,000	<i>(2014: 12,500)</i>
Doreen Y F Lee	5,605	<i>(2014: 4,823)</i>	9,500	<i>(2014: 10,500)</i>
Paul Y C Tsui	3,830	<i>(2014: 3,378)</i>	6,800	<i>(2014: 6,000)</i>
Y T Leng	3,699	<i>(2014: 3,523)</i>	4,000	<i>(2014: 5,000)</i>

Not including the Chairman's fee HK\$225,000 per annum (2014: HK\$200,000) and the Director's fee HK\$150,000 per annum (2014: HK\$100,000) payable by the Company to the Chairman and all other Directors of the Company.

Paid during the six-month period ended 30 June 2015, with the amounts of such discretionary annual bonuses fixed/decided unilaterally by the employers.

Fee payable to each member of the Company's Audit Committee was increased to HK\$75,000 per annum (2014: HK\$50,000).

- (II) 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 companies in respect of all the present Director(s) of the Company for whom there have been changes in the relevant information since the publication of the last annual report of the Company or the announcement of relevant appointment:

Director(s)	Present/(Former) directorship(s) in other listed public company(ies)
Stephen T H Ng	Harbour Centre Development Limited; Hotel Properties Limited; i-CABLE Communications Limited; Joyce Boutique Holdings Limited; Wheelock and Company Limited; Wheelock Properties (Singapore) Limited; <i>(Former Directorships: Greentown China Holdings Limited — resigned in March 2015)</i>
Alexander S K Au	Henderson Investment Limited — appointed in July 2015; Hong Kong Ferry (Holdings) Company Limited; Miramar Hotel and Investment Company, Limited; Sunlight Real Estate Investment Trust; <i>(Former Directorships: Henderson Land Development Company — resigned in June 2015)</i>
K P Chan	<i>(Former Directorships: Harbour Centre Development Limited — resigned in May 2015)</i>
Andrew O K Chow	Hong Kong Economic Times Holdings Limited; <i>(Former Directorships: Greentown China Holdings Limited — resigned in July 2015)</i>
Paul Y C Tsui	i-CABLE Communications Limited; Joyce Boutique Holdings Limited; Wheelock and Company Limited; <i>(Former Directorships: Greentown China Holdings Limited — resigned in July 2015; Harbour Centre Development Limited — resigned in August 2015; Wheelock Properties (Singapore) Limited — resigned in August 2015)</i>

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

BOOK CLOSURE

The Register of Members of the Company will be closed from Monday, 7 September 2015 to Wednesday, 9 September 2015, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 4 September 2015.

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

Hong Kong, 18 August 2015

As at the date of this interim report, the Board of Directors of the Company comprises Mr. Stephen T. H. Ng, Mr. Andrew O. K. Chow, Ms. Doreen Y. F. Lee, Mr. Paul Y. C. Tsui, Ms. Y. T. Leng and Mr. K. P. Chan, together with eight 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, Mr. Wyman Li, Mr. David M. Turnbull and Professor E. K. Yeoh.

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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by post or by hand delivery, or via email to wharfholdings-ecom@hk.tricorglobal.com.