

HIGHLIGHTS OF GROUP RESULTS

- Group profit before investment property revaluation increased by 47%.
- Wharf contributed to 90% of attributable profit before investment property revaluation surplus and 93% after investment property revaluation surplus.
- Property Investment (excluding Hotels) reported an 11% increase in turnover and a 23% increase in profit before tax (and revaluation surplus).
- Property Development reported a 61% decrease in turnover and a 30% increase in profit before tax. China (with a 37% gross profit margin) and Hong Kong accounted for 78% and 22% of profit before tax respectively. A year ago, Singapore (with a 19% gross profit margin) had been the main contributor.
- Communications reported a 33% increase in profit before tax despite a 9% decline in turnover.
- Logistics alone under-performed as world trade contracted. With effective cost control, Modern Terminals reported a 9% decline in profit before tax to mitigate a 17% decline in turnover. The operating environment continued to improve after the period end.

GROUP RESULTS

The Group reported an unaudited profit attributable to shareholders for the six months ended 30 June 2009 of HK\$1,754 million before investment property revaluation surplus, for an increase of 47% compared to that of last year, and HK\$3,599 million after the revaluation surplus, for a decrease of 21% compared to that of last year. Earnings per share were HK\$1.77 (2008: HK\$2.23).

INTERIM DIVIDEND

The Board has declared an interim dividend of 2.5 cents (2008: 2.5 cents) per share, payable on 30 September 2009 to shareholders on record as at 23 September 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Wharf (Holdings) Limited (a 50.02%-owned listed subsidiary) (“Wharf”)

Wharf’s turnover and profit before tax and investment property revaluation surplus grew by 8% to HK\$8,611 million and 34% to HK\$4,550 million respectively. Net profit attributable to shareholders increased by 44% to HK\$3,292 million (2008: HK\$2,281 million) before investment property revaluation surplus but decreased by 17% to HK\$6,975 million (2008: HK\$8,393 million) after the revaluation surplus. Earnings per share were HK\$2.53 (2008: HK\$3.05).

Harbour City

Backed by its critical mass, good tenant mix and high occupancy, Harbour City (excluding Hotels) achieved a turnover of HK\$2,173 million for an increase of 11% over the same period of 2008. Operating profit rose by 13% to HK\$1,881 million.

The global financial woes and human swine flu pandemic took their toll on the local retail market. Nevertheless, turnover from retail tenants grew by 12% to HK\$1,197 million. Tenants continued to achieve robust sales performance, with a 7% year-on-year growth in retail sales to outperform the overall retail market by over 11 percentage points. Occupancy was maintained at nearly 100%, with leases renewed at base rent increments of 25% on average.