

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

	Note	Unaudited 30 June 2009 HK\$ Million	Unaudited 30 June 2008 HK\$ Million
Turnover	2	9,082	12,273
Other net income	4	103	142
		9,185	12,415
Direct costs and operating expenses		(2,829)	(5,644)
Selling and marketing expenses		(363)	(384)
Administrative and corporate expenses		(533)	(540)
Operating profit before depreciation, amortisation, interest and tax		5,460	5,847
Depreciation and amortisation		(646)	(659)
Operating profit	2 & 3	4,814	5,188
Increase in fair value of investment properties		4,565	7,280
Net other charge	5	(121)	(961)
		9,258	11,507
Finance costs	6	(20)	(698)
Share of results after tax of:			
Associates		90	165
Jointly controlled entities		27	10
Profit before taxation		9,355	10,984
Taxation	7	(1,842)	(1,483)
Profit for the period		7,513	9,501
Profit attributable to:			
Equity shareholders		3,599	4,540
Minority interests		3,914	4,961
		7,513	9,501
Earnings per share	8	HK\$1.77	HK\$2.23

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Unaudited 30 June 2009 HK\$ Million	Unaudited 30 June 2008 HK\$ Million
Profit for the period	7,513	9,501
Other comprehensive income, net of tax, for the period		
Exchange differences on translation of financial statements of foreign entities	(141)	1,662
Net movement in available-for-sale investment revaluation reserves:	1,252	(1,385)
Changes in fair value recognised during the period	1,140	(1,794)
Reclassification adjustments transferred to income statement:		
Impairment losses	121	482
Disposal	(9)	(214)
Deferred tax	–	141
Share of reserves of associates/jointly controlled entities	(4)	228
Others	(6)	(41)
	1,101	464
Total comprehensive income for the period	8,614	9,965
Total comprehensive income attributable to:		
Equity shareholders	4,256	4,685
Minority interests	4,358	5,280
	8,614	9,965

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009

	Note	Unaudited 30 June 2009 HK\$ Million	Audited 31 December 2008 HK\$ Million
Non-current assets			
Investment properties		120,214	108,830
Leasehold land		3,698	4,203
Other property, plant and equipment		14,703	17,663
		<hr/>	<hr/>
Total fixed assets		138,615	130,696
Goodwill and other intangible assets		297	297
Interest in associates		5,427	5,438
Interest in jointly controlled entities		6,434	7,989
Available-for-sale investments		3,465	2,279
Long term receivables		404	411
Programming library		139	132
Deferred tax assets		487	484
Derivative financial assets		242	83
		<hr/>	<hr/>
		155,510	147,809
Current assets			
Properties for sale		22,931	24,660
Inventories		113	112
Trade and other receivables	10	2,027	2,686
Derivative financial assets		192	12
Short term investments		45	–
Bank deposits and cash		23,989	22,927
		<hr/>	<hr/>
		49,297	50,397
Current liabilities			
Trade and other payables	11	(5,723)	(6,603)
Bank loans and other borrowings		(3,060)	(4,955)
Deposits from sale of properties		(3,870)	(3,537)
Derivative financial liabilities		(93)	(206)
Taxation payable		(1,865)	(1,582)
		<hr/>	<hr/>
		(14,611)	(16,883)
Net current assets			
		<hr/>	<hr/>
		34,686	33,514
Total assets less current liabilities			
		<hr/>	<hr/>
		190,196	181,323
Non-current liabilities			
Bank loans and other borrowings		(40,808)	(40,668)
Deferred tax liabilities		(17,119)	(16,258)
Other deferred liabilities		(265)	(262)
Derivative financial liabilities		(827)	(738)
Employee retirement benefit liabilities		(140)	(154)
		<hr/>	<hr/>
		(59,159)	(58,080)
NET ASSETS			
		<hr/>	<hr/>
		131,037	123,243
Capital and reserves			
Share capital		1,016	1,016
Reserves		61,770	57,717
		<hr/>	<hr/>
Shareholders' equity		62,786	58,733
Minority interests		68,251	64,510
		<hr/>	<hr/>
TOTAL EQUITY		131,037	123,243
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Shareholders' equity – unaudited							Unaudited Minority interests	Unaudited Total equity
	Share capital	Share premium	Investment revaluation reserves	Exchange and other reserves*	Revenue reserves	Total			
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$		
	Million	Million	Million	Million	Million	Million	Million		
At 1 January 2009	1,016	1,914	159	1,738	53,906	58,733	64,510	123,243	
Total comprehensive income for the period	-	-	721	(64)	3,599	4,256	4,358	8,614	
Shares issued by subsidiaries	-	-	-	-	-	-	277	277	
Final dividend paid in respect of 2008 (Note 9b)	-	-	-	-	(203)	(203)	-	(203)	
Dividends paid to minority interests	-	-	-	-	-	-	(894)	(894)	
At 30 June 2009	1,016	1,914	880	1,674	57,302	62,786	68,251	131,037	
At 1 January 2008	1,016	1,914	1,539	1,302	50,880	56,651	57,508	114,159	
Total comprehensive income for the period	-	-	(748)	896	4,537	4,685	5,280	9,965	
Shares issued by subsidiaries	-	-	-	-	-	-	5,490	5,490	
Advance to minority interests	-	-	-	-	-	-	(47)	(47)	
Final dividend paid in respect of 2007 (Note 9b)	-	-	-	-	(203)	(203)	-	(203)	
Dividends paid to minority interests	-	-	-	-	-	-	(961)	(961)	
At 30 June 2008	1,016	1,914	791	2,198	55,214	61,133	67,270	128,403	

* Included in exchange and other reserves is capital redemption reserve of HK\$19 million (2008: HK\$19 million).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2009

	Unaudited 30 June 2009 HK\$ Million	Unaudited 30 June 2008 HK\$ Million
Net cash generated from/(used in) operating activities	3,998	(2,495)
Net cash generated from/(used in) investing activities	261	(2,960)
Net cash (used in)/generated from financing activities	(2,554)	15,071
Net increase in cash and cash equivalents	1,705	9,616
Cash and cash equivalents at 1 January	22,242	12,372
Effect of foreign exchange rate changes	(37)	266
Cash and cash equivalents at 30 June	23,910	22,254
Analysis of the balances of cash and cash equivalents		
Bank deposits and cash (Note a)	23,910	22,254
Note (a):		
Cash and cash equivalents		
Bank deposits and cash in the consolidated statement of financial position	23,989	22,876
Less: Pledged bank deposits	(79)	(622)
Cash and cash equivalents in the condensed consolidated statement of cash flows	23,910	22,254

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

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

The preparation of the interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of 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 interim financial statements are consistent with those described in the annual financial statements for the year ended 31 December 2008 except the changes mentioned below.

With effect from 1 January 2009, the Group has adopted the below relevant new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), amendments and interpretations, which are relevant to the Group’s financial statements:

HKAS 1 (Revised)	Presentation of financial statements
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
Improvements to HKFRSs (2008)	Amendments to HKAS 40 investment property
HK(IFRIC) – Int 13	Customer loyalty programmes

Except as described below, the adoption of the above new or revised standards, amendments and interpretations had no significant impact on the interim financial information of the Group.

(a) HKAS 1 (Revised) – Presentation of financial statements

As a result of the adoption of HKAS 1 (Revised), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

(b) HKFRS 8 – Operating segments

HKFRS 8 requires segment disclosure to be based on the way that the Group’s chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group’s chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on disaggregation of the Group’s financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group’s top management, and has resulted in amended disclosure being presented. Corresponding amounts have been restated on a basis consistent with the revised segment information.

(c) Improvements to HKFRSs (2008) – Amendments to HKAS 40 investment property

As a result of the amendment to HKAS 40, investment property which is under construction will be carried at fair value at the earlier of when the fair value first becomes reliably measurable and the date of completion of the property. Any gain or loss will be recognised in profit or loss. Previously such property was carried at cost until the construction was completed, at which time it was fair valued with any gain or loss being recognised in profit or loss. This amendment is applied prospectively. As a result of this amendment, the Group's certain properties under development have been reclassified as investment properties as at 1 January 2009.

2. SEGMENT INFORMATION

The Group managed 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 property investment, property development, logistics, communications, media and entertainment (“CME”) and investment and others.

Property investment segment primarily includes property leasing and hotel operations. Currently, the Group's properties portfolio, which consists of retail, office, service apartment and hotels, are primarily located in Hong Kong, China and Singapore.

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

Logistics segment mainly includes the container terminal operations of Modern Terminals and other public transport operation.

CME segment comprises pay television, internet and multimedia and other businesses operated by the Group's non-wholly owned subsidiary, i-CABLE Communications Limited (“i-CABLE”). It also includes the telecommunication businesses operated by Wharf T&T Limited.

Investment and others segment includes activities for managing the Group's corporate assets and liabilities, available-for-sale investments, financial instruments and other treasury operations.

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

Segment assets principally comprise all tangible assets, intangible assets and current assets directly attributable to each segment with the exception of income tax assets. Segment liabilities include all liabilities and borrowings directly attributable to and managed by each segment with the exception of income tax liabilities.

(a) Analysis of segment results

Six months ended	Turnover	Operating profit	Increase in fair value of investment properties	Net other charge	Finance costs	Associates	Jointly controlled entities	Profit before taxation
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
	Million	Million	Million	Million	Million	Million	Million	Million
30 June 2009								
Property investment	4,226	3,197	4,565	-	(171)	-	-	7,591
Hong Kong	3,387	2,882	4,563	-	(145)	-	-	7,300
China	285	147	2	-	(17)	-	-	132
Singapore	114	88	-	-	(3)	-	-	85
Hotels	440	80	-	-	(6)	-	-	74
Property development	1,750	751	-	-	(12)	(7)	8	740
Hong Kong	138	162	-	-	-	(2)	-	160
China	1,612	589	-	-	(12)	(5)	8	580
CME	1,693	129	-	-	-	1	-	130
i-CABLE	862	(1)	-	-	-	1	-	-
Telecommunications	831	132	-	-	-	-	-	132
Others	-	(2)	-	-	-	-	-	(2)
Logistics	1,483	626	-	-	51	96	19	792
Terminals	1,353	583	-	-	51	96	19	749
Others	130	43	-	-	-	-	-	43
Investment and others	169	274	-	(121)	112	-	-	265
Inter-segment revenue	(239)	-	-	-	-	-	-	-
Segment total	9,082	4,977	4,565	(121)	(20)	90	27	9,518
Corporate expenses	-	(163)	-	-	-	-	-	(163)
Group total	9,082	4,814	4,565	(121)	(20)	90	27	9,355

Six months ended	Turnover HK\$ Million	Operating profit HK\$ Million	Increase in fair value of investment properties HK\$ Million	Net other charge HK\$ Million	Finance costs HK\$ Million	Associates HK\$ Million	Jointly controlled entities HK\$ Million	Profit before taxation HK\$ Million
30 June 2008								
Property investment	3,933	2,886	7,280	-	(352)	-	-	9,814
Hong Kong	3,064	2,545	6,739	-	(271)	-	-	9,013
China	257	110	29	-	(53)	-	-	86
Singapore	102	75	512	-	(6)	-	-	581
Hotels	510	156	-	-	(22)	-	-	134
Property development	4,468	1,099	-	(479)	(57)	15	(8)	570
Hong Kong	420	120	-	-	-	15	-	135
China	587	330	-	(479)	(57)	-	(8)	(214)
Singapore	3,461	649	-	-	-	-	-	649
CME	1,858	98	-	-	-	-	-	98
i-CABLE	1,069	44	-	-	-	-	-	44
Telecommunications	789	57	-	-	-	-	-	57
Others	-	(3)	-	-	-	-	-	(3)
Logistics	1,832	833	-	-	(111)	150	18	890
Terminals	1,627	762	-	-	(111)	150	18	819
Others	205	71	-	-	-	-	-	71
Investment and others	393	424	-	(482)	(178)	-	-	(236)
Inter-segment revenue	(211)	-	-	-	-	-	-	-
Segment total	12,273	5,340	7,280	(961)	(698)	165	10	11,136
Corporate expenses	-	(152)	-	-	-	-	-	(152)
Group total	12,273	5,188	7,280	(961)	(698)	165	10	10,984

(b) Analysis of inter-segment revenue

	30 June 2009			30 June 2008		
	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
Property investment	4,226	(95)	4,131	3,933	(76)	3,857
Property development	1,750	–	1,750	4,468	–	4,468
CME	1,693	(84)	1,609	1,858	(78)	1,780
Logistics	1,483	–	1,483	1,832	–	1,832
Investment and others	169	(60)	109	393	(57)	336
	9,321	(239)	9,082	12,484	(211)	12,273

(c) Geographical information

	Revenue		Operating profit		Assets	
	30 June 2009 HK\$ Million	30 June 2008 HK\$ Million	30 June 2009 HK\$ Million	30 June 2008 HK\$ Million	30 June 2009 HK\$ Million	31 December 2008 HK\$ Million
Hong Kong	6,922	7,660	4,014	3,996	135,396	129,229
China	1,996	958	679	311	51,699	52,084
Singapore	164	3,655	121	881	17,712	16,893
Group total	9,082	12,273	4,814	5,188	204,807	198,206

3. OPERATING PROFIT

	30 June 2009 HK\$ Million	30 June 2008 HK\$ Million
Operating profit is arrived at after charging/(crediting):		
Depreciation:		
Assets held for use under operating leases	63	41
Other fixed assets	492	509
	555	550
Amortisation:		
Programming library	47	64
Leasehold land	44	43
Other intangible assets	–	2
Total depreciation and amortisation	646	659
Staff costs (Note a)	1,333	1,381
Cost of trading properties sold	984	3,340
Rental income less direct outgoings (Note b)	(3,165)	(2,784)
Interest income	(25)	(171)
Dividend income from listed investments	(46)	(93)
Dividend income from unlisted investments	(29)	(52)
Net foreign exchange gain (Note c)	(107)	(69)
Profit on disposal of fixed assets	(13)	–

Notes:

- (a) Staff costs included retirement scheme costs of HK\$59 million (2008: HK\$55 million).
- (b) Rental income included contingent rentals of HK\$339 million (2008: HK\$302 million).
- (c) Net foreign exchange gain included impact of forward foreign exchange contracts.

4. OTHER NET INCOME

	30 June 2009	30 June 2008
	HK\$ Million	HK\$ Million
Net (loss)/profit on disposal of available-for-sale investments	(4)	86
Profit on disposal of properties	14	18
Net profit on disposal of subsidiaries and jointly controlled entities	89	–
Others	4	38
	103	142

5. NET OTHER CHARGE

The net other charge of HK\$121 million represented the further impairment provisions for investments in SC Global Developments Ltd (“SC Global”) and Hotel Properties Limited made by Wheelock Properties (Singapore) Limited (“WPSL”) in its first quarter results, based on the market prices as at 31 March 2009.

The net other charge of HK\$961 million in the first half of 2008 comprised impairment provisions of HK\$482 million for the SC Global and of HK\$479 million for certain China projects.

6. FINANCE COSTS

	30 June 2009	30 June 2008
	HK\$ Million	HK\$ Million
Interest charged on:		
Bank loans and overdrafts repayable within five years	189	460
Other borrowings repayable within five years	6	32
Bank loans repayable after five years	36	55
Other borrowings repayable after five years	55	60
Total interest charge	286	607
Other finance costs	27	42
Less: Amount capitalised	(97)	(103)
	216	546
Fair value cost/(gain):		
Cross currency interest rate swaps	96	152
Interest rate swaps	(292)	–
	20	698

The Group’s average effective borrowing rate for the six months period was approximately 1.4% (2008: 3.0%) per annum.

7. TAXATION

Taxation charged to the consolidated income statement represents:

	30 June 2009	30 June 2008
	HK\$ Million	HK\$ Million
Current income tax		
Hong Kong		
Provision for the period	559	526
Underprovision in respect of prior years	186	163
Outside Hong Kong		
Provision for the period	142	223
	887	912
Land appreciation tax ("LAT") in China	140	60
Deferred tax		
Change in fair value of investment properties	790	1,241
Origination and reversal of temporary differences	44	84
Effect on reduction in tax rate on deferred tax balances	(19)	(812)
Benefit of tax losses recognition	-	(2)
	815	511
	1,842	1,483

- (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% (2008: 16.5%).
- (b) Income tax on profits assessable outside Hong Kong is calculated at rates of tax applicable in jurisdictions in which the Group is assessed for tax.
- (c) Under the Provisional Regulations on LAT, all gains arising from transfer of real estate property in China are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including borrowings costs and all property development expenditures.
- (d) Tax attributable to associates and jointly controlled entities for the six months ended 30 June 2009 of HK\$19 million (2008: HK\$21 million) is included in the share of results after tax of associates and jointly controlled entities.

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on profit attributable to equity shareholders for the period of HK\$3,599 million (2008: HK\$4,540 million) and 2,032 million ordinary shares in issue throughout the six months ended 30 June 2009 and 2008.

9. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

- (a) The below interim dividends were proposed after the reporting dates, which have not been recognised as liabilities at the reporting dates:

	30 June 2009 HK\$ Million	30 June 2008 HK\$ Million
Interim dividend of 2.5 cents (2008: 2.5 cents) per share proposed after the reporting date	51	51

- (b) Dividends recognised as distribution during the period:

	30 June 2009 HK\$ Million	30 June 2008 HK\$ Million
2008 Final dividend paid of 10.0 cents per share	203	–
2007 Final dividend paid of 10.0 cents per share	–	203
	203	203

10. TRADE AND OTHER RECEIVABLES

Included in this item are trade receivables (net of allowance for bad and doubtful debts) with an ageing analysis as at 30 June 2009 as follows:

	30 June 2009 HK\$ Million	31 December 2008 HK\$ Million
Trade receivables		
Current (not past due)	667	1,323
Past due:		
0 – 30 days	137	177
31 – 60 days	76	60
Over 60 days	142	67
	1,022	1,627
Other receivables	1,005	1,059
	2,027	2,686

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.

11. TRADE AND OTHER PAYABLES

Included in this item are trade payables with an ageing analysis as at 30 June 2009 as follows:

	30 June 2009	31 December 2008
	HK\$ Million	HK\$ Million
Amounts payable in the next:		
0 – 30 days	249	339
31 – 60 days	151	180
61 – 90 days	106	127
Over 90 days	282	393
	<hr/> 788	<hr/> 1,039
Rental and customer deposits	1,758	1,761
Other payables	3,177	3,803
	<hr/> 5,723	<hr/> 6,603

12. CONTINGENT LIABILITIES

There were no material contingent liabilities as at 30 June 2009 and 31 December 2008.

13. COMMITMENTS

The Group's outstanding commitments on expenditures as at 30 June 2009 are as follows:

	30 June 2009				31 December 2008			
	Hong Kong HK\$ Million	China HK\$ Million	Singapore HK\$ Million	Total HK\$ Million	Hong Kong HK\$ Million	China HK\$ Million	Singapore HK\$ Million	Total HK\$ Million
(a) Capital expenditure								
Authorised and contracted for	405	7,444	191	8,040	375	1,903	3	2,281
Authorised but not contracted for	1,134	12,982	-	14,116	1,144	1,304	-	2,448
	<u>1,539</u>	<u>20,426</u>	<u>191</u>	<u>22,156</u>	<u>1,519</u>	<u>3,207</u>	<u>3</u>	<u>4,729</u>
(b) Properties under development (other than investment properties)								
Authorised and contracted for	428	4,644	835	5,907	513	10,634	1,241	12,388
Authorised but not contracted for	-	20,357	-	20,357	-	35,341	-	35,341
	<u>428</u>	<u>25,001</u>	<u>835</u>	<u>26,264</u>	<u>513</u>	<u>45,975</u>	<u>1,241</u>	<u>47,729</u>
(c) Properties under development undertaken by jointly controlled entities and associates								
Authorised and contracted for	-	3,814	-	3,814	-	3,662	-	3,662
Authorised but not contracted for	-	7,956	-	7,956	-	9,666	-	9,666
	<u>-</u>	<u>11,770</u>	<u>-</u>	<u>11,770</u>	<u>-</u>	<u>13,328</u>	<u>-</u>	<u>13,328</u>
(d) Programming and others								
Authorised and contracted for	816	-	-	816	783	-	-	783
Authorised but not contracted for	70	-	-	70	71	-	-	71
	<u>886</u>	<u>-</u>	<u>-</u>	<u>886</u>	<u>854</u>	<u>-</u>	<u>-</u>	<u>854</u>
(e) Expenditure for operating leases								
Within one year	28	-	-	28	50	-	-	50
After one year but within five years	44	-	-	44	51	-	-	51
Over five years	61	-	-	61	65	-	-	65
	<u>133</u>	<u>-</u>	<u>-</u>	<u>133</u>	<u>166</u>	<u>-</u>	<u>-</u>	<u>166</u>

- (i) Commitments for capital expenditure in China are mainly related to land and construction cost for investment property under development and Modern Terminals' port expenditure for the Da Chan Bay and Taicang projects. In prior years, commitments for investment property under development were classified under commitments for property under development. As a result of the adoption of the amendments to HKAS 40 which expands the definition of investment property, these commitments were reclassified to commitments for capital expenditure as at 1 January 2009.
- (ii) Commitments for properties under development for investment or sale by the Group's subsidiaries or through jointly controlled entities and associates included outstanding land cost attributable to the Group of HK\$11,355 million payable by instalments mainly from 2009 to 2013.
- (iii) Commitments for operating leases are mainly related to leases of properties and telecommunication network facilities. These leases typically run for an initial period of two to fifteen years, with an option to renew the leases when all terms are renegotiated. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals.
- (iv) The above commitments, apart from HK\$3.0 billion in respect of properties under development undertaken by WPL group or through its associates, are substantially attributable to Wharf group.

14. MATERIAL RELATED PARTY TRANSACTIONS

Except for the transactions noted below, the Group has not been a party to any material related party transactions during the six-month period ended 30 June 2009:

In respect of the period ended 30 June 2009, the Group earned rental income totalling HK\$228 million (2008: HK\$221 million) from various tenants which are wholly-owned by, or are non-wholly-owned subsidiaries of, companies which in turn are wholly-owned by the family interests of, or by a trust the settlor of which is, the Chairman of the Company. Such transactions are considered to be related party transactions and also constitute connected transactions as defined under the Listing Rules.

15. COMPARATIVE FIGURES

As a result of the application of HKAS 1 (Revised), Presentation of financial statements and HKFRS 8, Operating Segments, certain comparative figures have been reclassified to conform to current period's presentation. Further details of these developments are disclosed in note 1.

16. REVIEW OF UNAUDITED INTERIM FINANCIAL STATEMENTS

The unaudited interim financial statements for the six months ended 30 June 2009 have been reviewed with no disagreement by the Audit Committee of the Company.

MODEL CODE FOR DIRECTORS' DEALING IN SECURITIES

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors and all the Directors have complied with the required standard set out in the Model Code and its code of conduct regarding Directors' securities transactions.

DIRECTORS' INTERESTS IN SHARES

At 30 June 2009, Directors of the Company had the following beneficial interests, all being long positions, in the share capitals of the Company, and of three subsidiaries of the Company, namely, The Wharf (Holdings) Limited ("Wharf"), i-CABLE Communications Limited ("i-CABLE") and Wheelock Properties Limited ("WPL"), and the percentages which the relevant shares represented to the issued share capitals of the four companies respectively are also set out below:

	No. of Ordinary Shares (percentage of issued capital)	Nature of Interest
The Company		
P K C Woo	1,204,934,330 (59.3023%)	Personal Interest in 8,847,510 shares, Corporate Interest in 200,865,142 shares and Other Interest in 995,221,678 shares
G W J Li	1,486,491 (0.0732%)	Personal Interest
S T H Ng	300,000 (0.0148%)	Personal Interest
B M Chang	8,629,575 (0.4247%)	Corporate Interest
Wharf		
G W J Li	772,367 (0.0280%)	Personal Interest
S T H Ng	731,314 (0.0266%)	Personal Interest
K W S Ting	194,000 (0.0070%)	Personal Interest
i-CABLE		
G W J Li	68,655 (0.0034%)	Personal Interest
S T H Ng	1,265,005 (0.0629%)	Personal Interest
WPL		
G W J Li	2,900 (0.0001%)	Personal Interest

Notes:

- (1) The 995,221,678 shares of the Company stated above as "Other Interest" against the name of Mr P K C Woo represented an interest comprised in certain trust properties in which Mr Woo was taken, under certain provisions in Part XV of the Securities and Futures Ordinance (the "SFO") which are applicable to a director or chief executive of a listed company, to be interested.
- (2) The shareholdings classified as "Corporate Interest" in which the Directors concerned were taken to be interested as stated above were interests of corporations at respective general meetings of which the relevant Directors were respectively either entitled to exercise (or taken under Part XV of 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 corporations.
- (3) The shareholding interests stated above as "Personal Interest" and "Corporate Interest" against the name of Mr P K C Woo totalling 209,712,652 shares of the Company represented the same block of shares as that of the shareholding interest of Mrs Bessie P Y Woo stated under the section headed "Substantial Shareholders' Interests" below.
- (4) The 995,221,678 shares of the Company as referred to under Note (1) above are entirely duplicated or included in the shareholding interest of HSBC Trustee (Guernsey) Limited stated under the section headed "Substantial Shareholders' Interests" below.

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, there were no interests, both long and short positions, held during the financial period by any of the Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), nor had there been any exercises during the financial period of any rights to subscribe for any shares, underlying shares or debentures of the Company.

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 the nominal value of any class of share capital of the Company as at 30 June 2009, the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at that date as recorded in the register kept by the Company under section 336 of the SFO (the "Register") and the percentages which the shares represented to the issued share capital of the Company:

Names	No. of Ordinary Shares (percentage of issued capital)
(i) Third Avenue Management LLC	142,416,000 (7.01%)
(ii) Mrs Bessie P Y Woo	209,712,652 (10.32%)
(iii) HSBC Trustee (Guernsey) Limited	1,095,300,362 (53.91%)

Note: Duplication occurred in respect of the shareholding interests under (ii) and (iii) above, as set out in Notes (3) and (4) under the section headed "Directors' Interests in Shares" above.

All the interests stated above represented long positions and as at 30 June 2009, there were no short position interests recorded in the Register.

CHANGES OF INFORMATION OF DIRECTORS

- (I) Given below is the latest information regarding annual emoluments (all covered by service contracts) for the year 2009 of all those Directors of the Company for whom there have been changes of amounts of emoluments since the end of December 2008:

Directors	#Salary and various allowances (calculated on annualised basis) HK\$'000	##Discretionary annual bonus in cash HK\$'000
P K C Woo	15,056 (2008: 15,056)	10,500 (2008: 14,000)
G W J Li	4,999 (2008: 4,925)	5,250 (2008: 7,000)
S T H Ng	4,489 (2008: 4,482)	6,750 (2008: 9,000)
P Y C Tsui	2,600 (2008: 2,596)	2,000 (2008: 2,400)

Not including the Chairman's fee of HK\$75,000 per annum to Mr P K C Woo and the Director's fee of HK\$60,000 per annum to each of the other Directors of the Company which are payable by the Company.

Paid during the six-month period ended 30 June 2009, with the amounts of such discretionary annual bonuses fixed/decided unilaterally by the employers.

- (II) Given below is the latest information regarding the directorships 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 Directors of the Company for whom there have been changes in the relevant information since the end of December 2008:

Directors	Present/(Former) directorships in other listed public companies
G W J Li	Wharf; WPL; (Harbour Centre Development Limited ("HCDL") (resigned in April 2009)); (see note below)
S T H Ng	Wharf; i-CABLE; HCDL (appointed in April 2009); Joyce Boutique Holdings Limited ("Joyce")
P Y C Tsui	Wharf; WPL; i-CABLE (appointed in June 2009); HCDL (appointed in April 2009); Joyce

Note: Mr G W J Li, being a former director of publicly-listed Wheelock Properties (Singapore) Limited, ceased to be its director in May 2006 (being three years and three months before the date of this report).

PURCHASE, SALE OR REDEMPTION OF SHARES

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

BOOK CLOSURE

The Register of Members will be closed from Monday, 21 September 2009 to Wednesday, 23 September 2009, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to qualify for the abovementioned interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrars, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 18 September 2009.

By Order of the Board

Wilson W S Chan

Company Secretary

Hong Kong, 26 August 2009

As at the date of this interim report, the Board of Directors of the Company comprises Mr Peter K C Woo, Mr Gonzaga W J Li, Mr Stephen T H Ng and Mr Paul Y C Tsui, together with three independent Non-executive Directors, namely, Mr Alexander S K Au, Mr B M Chang and Mr Kenneth W S Ting.



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