

## CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011 – Unaudited

	Note	Six months ended 30 June	
		2011 HK\$ Million	2010 HK\$ Million (restated)
<b>Turnover</b>	2	<b>13,755</b>	12,516
Direct costs and operating expenses		<b>(4,513)</b>	(4,950)
Selling and marketing expenses		<b>(476)</b>	(404)
Administrative and corporate expenses		<b>(601)</b>	(491)
Operating profit before depreciation, amortisation, interest and tax		<b>8,165</b>	6,671
Depreciation and amortisation	3	<b>(664)</b>	(651)
<b>Operating profit</b>	2 & 3	<b>7,501</b>	6,020
Increase in fair value of investment properties		<b>12,496</b>	8,030
Other net income	4	<b>304</b>	537
Finance costs	5	<b>20,301</b> <b>(878)</b>	14,587 (569)
Share of results after tax of: Associates		<b>209</b>	142
Jointly controlled entities		<b>(9)</b>	7
Profit before taxation		<b>19,623</b>	14,167
Income tax	6	<b>(1,906)</b>	(1,108)
<b>Profit for the period</b>		<b>17,717</b>	13,059
<b>Profit attributable to:</b>			
Equity shareholders		<b>10,219</b>	6,533
Non-controlling interests		<b>7,498</b>	6,526
		<b>17,717</b>	13,059
<b>Earnings per share</b>	7		
Basic		<b>HK\$5.03</b>	HK\$3.22
Diluted		<b>HK\$5.03</b>	HK\$3.22

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011 – Unaudited

	Six months ended 30 June	
	2011 HK\$ Million	2010 HK\$ Million (restated)
<b>Profit for the period</b>	<b>17,717</b>	13,059
<b>Other comprehensive income</b>		
Exchange gain on translation of foreign operations	<b>1,936</b>	353
Net revaluation reserves of available-for-sale investments:	<b>(1,057)</b>	34
(Deficit)/surplus on revaluation	<b>(900)</b>	118
Transferred to consolidated income statement on disposal	<b>(157)</b>	(84)
Share of other comprehensive income of associates/jointly controlled entities	<b>245</b>	81
Others	<b>24</b>	(23)
<b>Other comprehensive income for the period</b>	<b>1,148</b>	445
<b>Total comprehensive income for the period</b>	<b>18,865</b>	13,504
<b>Total comprehensive income attributable to:</b>		
Equity shareholders	<b>10,671</b>	6,751
Non-controlling interests	<b>8,194</b>	6,753
	<b>18,865</b>	13,504

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011 – Unaudited

	Note	30 June 2011 HK\$ Million	31 December 2010 HK\$ Million
<b>Non-current assets</b>			
Investment properties		184,114	161,953
Other property, plant and equipment		14,734	14,692
Leasehold land		3,731	3,718
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Total fixed assets		202,579	180,363
Goodwill and other intangible assets		297	297
Interest in associates		6,821	6,574
Interest in jointly controlled entities		18,974	16,485
Available-for-sale investments		8,497	10,676
Held-to-maturity investments		390	–
Long term receivables		21	27
Programming library		110	113
Employee retirement benefit assets		17	17
Deferred tax assets		515	550
Derivative financial assets		284	587
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		238,505	215,689
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<b>Current assets</b>			
Properties for sale		48,368	37,233
Inventories		119	113
Trade and other receivables	9	4,973	4,344
Derivative financial assets		209	166
Bank deposits and cash		29,584	27,540
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		83,253	69,396
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<b>Current liabilities</b>			
Trade and other payables	10	(6,665)	(7,449)
Deposits from sale of properties		(13,648)	(9,928)
Derivative financial liabilities		(215)	(244)
Taxation payable		(1,926)	(1,423)
Bank loans and other borrowings	11	(6,908)	(16,362)
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		(29,362)	(35,406)
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<b>Net current assets</b>		53,891	33,990
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<b>Total assets less current liabilities</b>		292,396	249,679
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<b>Non-current liabilities</b>			
Bank loans and other borrowings	11	(69,387)	(49,320)
Deferred tax liabilities		(5,967)	(5,413)
Other deferred liabilities		(279)	(283)
Derivative financial liabilities		(1,584)	(1,587)
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		(77,217)	(56,603)
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<b>NET ASSETS</b>		215,179	193,076
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<b>Capital and reserves</b>			
Share capital		1,016	1,016
Reserves		109,874	99,356
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<b>Shareholders' equity</b>		110,890	100,372
<b>Non-controlling interests</b>		104,289	92,704
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<b>TOTAL EQUITY</b>		215,179	193,076

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011 – Unaudited

	Shareholders' equity							
	Share capital HK\$ Million	Share premium HK\$ Million	Investments revaluation reserves HK\$ Million	Exchange and other reserves* HK\$ Million	Revenue reserves HK\$ Million	Total Shareholders' equity HK\$ Million	Non-controlling interests HK\$ Million	Total equity HK\$ Million
At 1 January 2011	1,016	1,914	2,369	2,834	92,239	100,372	92,704	193,076
Changes in equity for the period:								
Profit	-	-	-	-	10,219	10,219	7,498	17,717
Other comprehensive income	-	-	(802)	1,234	20	452	696	1,148
Total comprehensive income	-	-	(802)	1,234	10,239	10,671	8,194	18,865
Shares issued by subsidiaries	-	-	-	-	-	-	5,002	5,002
Convertible bonds issued by a subsidiary	-	-	-	50	-	50	49	99
Final dividend paid for 2010 (Note 8b)	-	-	-	-	(203)	(203)	-	(203)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(1,660)	(1,660)
<b>At 30 June 2011</b>	<b>1,016</b>	<b>1,914</b>	<b>1,567</b>	<b>4,118</b>	<b>102,275</b>	<b>110,890</b>	<b>104,289</b>	<b>215,179</b>
At 1 January 2010	1,016	1,914	1,583	1,808	70,577	76,898	81,653	158,551
Changes in equity for the period:								
Profit	-	-	-	-	6,533	6,533	6,526	13,059
Other comprehensive income	-	-	16	202	-	218	227	445
Total comprehensive income	-	-	16	202	6,533	6,751	6,753	13,504
Shares issued by subsidiaries	-	-	-	-	-	-	11	11
Final dividend paid for 2009 (Note 8b)	-	-	-	-	(203)	(203)	-	(203)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(1,241)	(1,241)
At 30 June 2010	1,016	1,914	1,599	2,010	76,907	83,446	87,176	170,622

\* Included in exchange and other reserves is capital redemption reserve of HK\$19 million (2010: HK\$19 million).

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011 – Unaudited

	Six months ended 30 June	
	2011 HK\$ Million	2010 HK\$ Million
Net cash (used in)/generated from operating activities	(1,800)	1,048
Net cash (used in)/generated from investing activities	(10,326)	2,286
Net cash generated from/(used in) financing activities	13,629	(662)
<b>Net increase in cash and cash equivalents</b>	<b>1,503</b>	<b>2,672</b>
Cash and cash equivalents at 1 January	27,514	23,474
Effect of exchange rate changes	539	79
<b>Cash and cash equivalents at 30 June</b>	<b>29,556</b>	<b>26,225</b>
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank deposits and cash in the consolidated statement of financial position	29,584	26,307
Less: Pledged bank deposits	(28)	(82)
Cash and cash equivalents in the condensed consolidated statement of cash flows	29,556	26,225

# NOTES TO THE FINANCIAL STATEMENTS

## 1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

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

The preparation of the interim financial statements in conformity with HKAS 34 requires management to make 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.

During the year ended 31 December 2010, the Group early adopted the amendments to HKAS 12 “Income taxes” (“HKAS 12”), in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40 “Investment property”. The Group applied HKAS 12 retrospectively and the comparative amounts were restated, where appropriate. As a result of this change, the Group’s income tax for the six months ended 30 June 2010 decreased by HK\$1,109 million, while the profit attributable to equity shareholders and non-controlling interests for the six months ended 30 June 2010 increased by HK\$564 million and HK\$545 million respectively.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2010 except the changes mentioned below.

With effect from 1 January 2011, the Group has adopted the below revised and amendment to Hong Kong Financial Reporting Standards (“HKFRSs”), which are relevant to the Group’s financial statements:

Revised HKAS 24 Improvements to HKFRSs 2010	Related party disclosures
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The improvements to HKFRSs 2010 consists of amendments to existing standards, including an amendment to HKAS 34. HKAS 34 (amendment) provides for further disclosures in interim financial report. It has had no financial impact on the Group’s interim financial report.

The other developments related primarily to clarification of certain disclosure requirements applicable to the Group’s financial statements. These developments have had no material impact on the contents of this interim financial report.

## 2. SEGMENT INFORMATION

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

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

Logistics segment mainly includes the container terminal operations of 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 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.

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

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

## (a) Analysis of segment revenue and results

Six months ended	Turnover HK\$ Million	Operating profit/ (loss) HK\$ Million	Increase in fair value of investment properties HK\$ Million	Other net income HK\$ Million	Finance costs HK\$ Million	Associates HK\$ Million	Jointly controlled entities HK\$ Million	Profit before taxation HK\$ Million
30 June 2011								
Property investment	5,050	3,927	12,496	-	(298)	-	-	16,125
Hong Kong	3,996	3,444	11,567	-	(206)	-	-	14,805
Mainland China	317	193	929	-	(88)	-	-	1,034
Singapore	144	103	-	-	-	-	-	103
Hotels	593	187	-	-	(4)	-	-	183
Property development	4,893	2,765	-	36	(42)	20	(30)	2,749
Hong Kong	3,402	2,118	-	-	(7)	22	-	2,133
Mainland China	1,343	568	-	36	(35)	(2)	(30)	537
Singapore	148	79	-	-	-	-	-	79
Logistics	1,673	682	-	97	(124)	189	21	865
Terminals	1,620	675	-	108	(124)	97	21	777
Others	53	7	-	(11)	-	92	-	88
CME	1,930	50	-	2	-	-	-	52
i-CABLE	1,051	(53)	-	2	-	-	-	(51)
Telecommunications	879	103	-	-	-	-	-	103
Others	-	-	-	-	-	-	-	-
Inter-segment revenue	(207)	-	-	-	-	-	-	-
Segment total	13,339	7,424	12,496	135	(464)	209	(9)	19,791
Investment and others	416	333	-	169	(414)	-	-	88
Corporate expenses	-	(256)	-	-	-	-	-	(256)
Group total	13,755	7,501	12,496	304	(878)	209	(9)	19,623



Six months ended	Turnover HK\$ Million	Operating profit/ (loss) HK\$ Million	Increase in fair value of investment properties HK\$ Million	Other net income HK\$ Million	Finance costs HK\$ Million	Associates HK\$ Million	Jointly controlled entities HK\$ Million	Profit before taxation HK\$ Million
30 June 2010								
Property investment	4,483	3,467	8,030	-	(185)	-	-	11,312
Hong Kong	3,583	3,079	6,572	-	(147)	-	-	9,504
Mainland China	236	139	1,458	-	(35)	-	-	1,562
Singapore	131	105	-	-	-	-	-	105
Hotels	533	144	-	-	(3)	-	-	141
Property development	4,548	1,813	-	20	(43)	51	(10)	1,831
Hong Kong	130	56	-	-	-	8	-	64
Mainland China	1,024	560	-	20	(43)	43	(10)	570
Singapore	3,394	1,197	-	-	-	-	-	1,197
Logistics	1,596	811	-	438	(139)	130	17	1,257
Terminals	1,533	793	-	1	(139)	111	17	783
Others	63	18	-	437	-	19	-	474
CME	1,795	(15)	-	-	-	(39)	-	(54)
i-CABLE	962	(107)	-	-	-	(39)	-	(146)
Telecommunications	833	95	-	-	-	-	-	95
Others	-	(3)	-	-	-	-	-	(3)
Inter-segment revenue	(211)	-	-	-	-	-	-	-
Segment total	12,211	6,076	8,030	458	(367)	142	7	14,346
Investment and others	305	169	-	79	(202)	-	-	46
Corporate expenses	-	(225)	-	-	-	-	-	(225)
Group total	12,516	6,020	8,030	537	(569)	142	7	14,167

## (b) Analysis of inter-segment revenue

Six months ended 30 June	2011			2010		
	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	5,050	(80)	4,970	4,483	(81)	4,402
Property development	4,893	-	4,893	4,548	-	4,548
Logistics	1,673	-	1,673	1,596	-	1,596
CME	1,930	(95)	1,835	1,795	(76)	1,719
Investment and others	416	(32)	384	305	(54)	251
	13,962	(207)	13,755	12,727	(211)	12,516

### (c) Geographical information

Six months ended 30 June	Revenue		Operating Profit	
	2011 HK\$ Million	2010 HK\$ Million	2011 HK\$ Million	2010 HK\$ Million
Hong Kong	<b>11,320</b>	7,382	<b>6,612</b>	4,145
Mainland China	<b>2,024</b>	1,540	<b>612</b>	530
Singapore	<b>411</b>	3,594	<b>277</b>	1,345
Group total	<b>13,755</b>	12,516	<b>7,501</b>	6,020

## 3. OPERATING PROFIT

	Six months ended 30 June	
	2011 HK\$ Million	2010 HK\$ Million
Operating profit is arrived at after charging/(crediting):		
Depreciation and amortisation on		
– assets held for use under operating leases	<b>65</b>	57
– other fixed assets	<b>514</b>	505
– leasehold land	<b>46</b>	46
– programming library	<b>39</b>	43
Total depreciation and amortisation	<b>664</b>	651
Staff costs (Note a)	<b>1,477</b>	1,402
Cost of trading properties sold	<b>1,955</b>	2,680
Rental income less direct outgoings (Note b)	<b>(3,751)</b>	(3,387)
Interest income	<b>(136)</b>	(92)
Dividend income from listed investments	<b>(162)</b>	(72)
Dividend income from unlisted investments	<b>(3)</b>	(16)
Loss/(profit) on disposal of fixed assets	<b>3</b>	(7)

Notes:

- (a) Staff costs included retirement scheme costs of HK\$71 million (2010: HK\$57 million).
- (b) Rental income included contingent rentals of HK\$778 million (2010: HK\$550 million).

## 4. OTHER NET INCOME

Other net income for the six months ended 30 June 2011 amounted to HK\$304 million (2010: HK\$537 million), mainly including:

- (a) Net profit on disposal of available-for-sale investments of HK\$189 million (2010: HK\$160 million).
- (b) Net foreign exchange gain of HK\$126 million (2010: loss of HK\$60 million) which included the impact of forward foreign exchange contracts.
- (c) A one-off surplus of HK\$437 million on revaluation of the interests in Hactl in 2010 on its becoming an associate of The Wharf (Holdings) Limited ("Wharf").

## 5. FINANCE COSTS

	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>HK\$ Million</b>	HK\$ Million
Interest charged on:		
Bank loans and overdrafts		
– repayable within five years	<b>374</b>	209
– repayable after five years	<b>153</b>	64
Other borrowings		
– repayable within five years	<b>7</b>	–
– repayable after five years	<b>70</b>	30
Total interest charge	<b>604</b>	303
Other finance costs	<b>90</b>	102
Less: Amount capitalised	<b>(185)</b>	(154)
	<b>509</b>	251
Fair value (gain)/cost:		
Cross currency interest rate swaps	<b>(41)</b>	29
Interest rate swaps	<b>410</b>	289
	<b>878</b>	569

- (a) The Group's average effective borrowing rate for the period was approximately 1.8% (2010: 1.8%) per annum.
- (b) The above interest charge has taken into account the interest paid/received in respect of interest rate swaps and cross currency interest rate swaps.

## 6. INCOME TAX

Taxation charged to the consolidated income statement represents:

	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>HK\$ Million</b>	HK\$ Million (restated)
<b>Current income tax</b>		
Hong Kong		
– provision for the period	<b>990</b>	614
– overprovision in respect of prior years (Note 6e)	<b>(6)</b>	(809)
Outside Hong Kong		
– provision for the period	<b>224</b>	266
– underprovision in respect of prior years	<b>–</b>	21
	<b>1,208</b>	92
<b>Land appreciation tax (“LAT”) (Note 6c)</b>	<b>175</b>	167
<b>Deferred tax</b>		
Change in fair value of investment properties	<b>518</b>	692
Origination and reversal of temporary differences	<b>5</b>	157
	<b>523</b>	849
	<b>1,906</b>	1,108

- (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% (2010: 16.5%).
- (b) Income tax on profits assessable outside Hong Kong is mainly China corporate income tax calculated at a rate of 25%, China withholding income tax at a rate of up to 10% and Singapore income tax at a rate of 17%.
- (c) Under the Provisional Regulations on LAT, all gains arising from transfer of real estate property in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights, borrowings costs and all property development expenditures.
- (d) Tax attributable to associates and jointly controlled entities for the six months ended 30 June 2011 of HK\$46 million (2010: HK\$55 million) is included in the share of results after tax of associates and jointly controlled entities.
- (e) During the six months ended 30 June 2010, Wharf reached a settlement with the Inland Revenue Department of HKSAR on various tax disagreement in respect of the deductibility of interest expenses and the concerned overprovisions made in previous years totalling HK\$809 million was written back.

## 7. EARNINGS PER SHARE

The calculation of earnings per share is based on profit attributable to equity shareholders for the period of HK\$10,219 million (2010: HK\$6,533 million) and 2,032 million ordinary shares in issue throughout the six months ended 30 June 2011 and 2010.

There were no potential diluted ordinary shares in existence during the six months ended 30 June 2011 and 2010.

## 8. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

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

	Six months ended 30 June	
	2011	2010
	HK\$ Million	HK\$ Million
Interim dividend of 4.0 cents (2010: 2.5 cents) per share proposed after the end of the reporting date	81	51

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

	Six months ended 30 June	
	2011	2010
	HK\$ Million	HK\$ Million
2010 Final dividend paid of 10.0 cents per share	203	–
2009 Final dividend paid of 10.0 cents per share	–	203
	203	203

## 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 dates as at 30 June 2011 as follows:

	<b>30 June 2011</b>	31 December 2010
	<b>HK\$ Million</b>	HK\$ Million
Trade receivables		
0 – 30 days	<b>722</b>	592
31 – 60 days	<b>79</b>	113
61 – 90 days	<b>84</b>	52
Over 90 days	<b>85</b>	61
	<b>970</b>	818
Accrued sales receivables	<b>275</b>	655
Other receivables	<b>3,728</b>	2,871
	<b>4,973</b>	4,344

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

The Group has established credit policies for each of its core businesses. The general credit terms allowed range from 0 to 60 days, except for sale of properties the proceeds from which are receivable pursuant to the terms of the agreements. All the receivables are expected to be virtually recoverable within one year.

## 10. TRADE AND OTHER PAYABLES

Included in this item are trade payables with an ageing analysis as at 30 June 2011 as follows:

	<b>30 June 2011</b>	31 December 2010
	<b>HK\$ Million</b>	HK\$ Million
Amounts payable in the next:		
0 – 30 days	<b>248</b>	260
31 – 60 days	<b>179</b>	139
61 – 90 days	<b>38</b>	45
Over 90 days	<b>92</b>	147
	<b>557</b>	591
Rental and customer deposits	<b>2,105</b>	1,943
Construction costs payable	<b>1,505</b>	2,197
Other payables	<b>2,498</b>	2,718
	<b>6,665</b>	7,449

## 11. BANK LOANS AND OTHER BORROWINGS

	30 June 2011 HK\$ Million	31 December 2010 HK\$ Million
Bonds and notes (unsecured)	6,063	6,170
Convertible bonds (unsecured)	6,159	–
Bank loans (secured)	25,475	24,265
Bank loans (unsecured)	38,598	35,247
<b>Total bank loans and other borrowings</b>	<b>76,295</b>	<b>65,682</b>
<b>Analysis of maturities of the above borrowings:</b>		
<b>Current borrowings</b>		
Due within 1 year	6,908	16,362
<b>Non-current borrowings</b>		
Due after 1 year but within 5 years	59,616	39,097
Due after 5 years	9,771	10,223
	<b>69,387</b>	<b>49,320</b>
<b>Total bank loans and other borrowings</b>	<b>76,295</b>	<b>65,682</b>

The guaranteed convertible bonds issued by Wharf at an initial conversion price of HK\$90 per share are due on 7 June 2014.

## 12. MATERIAL RELATED PARTY TRANSACTIONS

The Group has not been a party to any material related party transactions during the period ended 30 June 2011 except for the rental income totalling HK\$288 million (2010: HK\$254 million) earned from various tenants, which are companies whose controlling shareholder is 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.

## 13. CONTINGENT LIABILITIES

- (a) As at 30 June 2011, there were contingent liabilities in respect of guarantees given by the Group on behalf of certain jointly controlled entities of HK\$9,038 million (2010: HK\$8,100 million), of which HK\$6,258 million (2010: HK\$5,607 million) had been drawn.
- (b) Wheelock Properties Limited (“WPL”), a wholly-owned subsidiary, and New World Development Company Limited as guarantors (on a several basis) have provided a guarantee in favour of MTR Corporation Limited to guarantee the performance and fulfilment of all obligations of Fast New Limited, a 50%-owned jointly controlled entity, under or arising out of or in connection with an agreement dated 23 March 2010 for the development of Site C and Site D of the Austin Station Property Development project.

## 14. COMMITMENTS

The Group's outstanding commitments on expenditures as at 30 June 2011 included below:

	30 June 2011				31 December 2010			
	Hong Kong HK\$ Million	Mainland China HK\$ Million	Singapore HK\$ Million	Total HK\$ Million	Hong Kong HK\$ Million	Mainland China HK\$ Million	Singapore HK\$ Million	Total HK\$ Million
<b>(a) Capital expenditure</b> (including investment properties)								
Authorised and contracted for	1,207	10,100	18	11,325	939	5,853	51	6,843
Authorised but not contracted for	667	24,210	-	24,877	739	16,242	-	16,981
	<b>1,874</b>	<b>34,310</b>	<b>18</b>	<b>36,202</b>	<b>1,678</b>	<b>22,095</b>	<b>51</b>	<b>23,824</b>
<b>(b) Programming and others</b>								
Authorised and contracted for	1,448	-	-	1,448	1,761	-	-	1,761
Authorised but not contracted for	109	-	-	109	142	-	-	142
	<b>1,557</b>	<b>-</b>	<b>-</b>	<b>1,557</b>	<b>1,903</b>	<b>-</b>	<b>-</b>	<b>1,903</b>
<b>(c) Properties under development</b> (other than investment properties)								
Authorised and contracted for	283	9,101	639	10,023	337	10,976	221	11,534
Authorised but not contracted for	419	43,012	-	43,431	706	37,396	-	38,102
	<b>702</b>	<b>52,113</b>	<b>639</b>	<b>53,454</b>	<b>1,043</b>	<b>48,372</b>	<b>221</b>	<b>49,636</b>
<b>(d) Properties under development undertaken by jointly controlled entities and associates</b>								
Authorised and contracted for	318	3,540	-	3,858	92	5,271	-	5,363
Authorised but not contracted for	2,571	16,997	-	19,568	2,813	17,966	-	20,779
	<b>2,889</b>	<b>20,537</b>	<b>-</b>	<b>23,426</b>	<b>2,905</b>	<b>23,237</b>	<b>-</b>	<b>26,142</b>
<b>(e) Expenditure for operating leases</b>								
Within one year	22	-	-	22	24	-	-	24
After one year but within five years	43	-	-	43	33	-	-	33
Over five years	57	-	-	57	59	-	-	59
	<b>122</b>	<b>-</b>	<b>-</b>	<b>122</b>	<b>116</b>	<b>-</b>	<b>-</b>	<b>116</b>



- (i) Commitments for properties under development by the Group's subsidiaries or through jointly controlled entities included outstanding land cost attributable to the Group of HK\$9.4 billion. Other commitments under the categories are mainly construction cost for the forthcoming years.
- (ii) Commitments for capital expenditure in Mainland China are mainly related to land and construction cost for investment property under development and Modern Terminal's port expenditure for the Dachan Bay project.
- (iii) 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.
- (iv) The above commitments, apart from HK\$6.9 billion mainly related to properties under development undertaken by Wheelock and its other subsidiaries or through its associates and WPSL group, are substantially attributable to Wharf group.

## 15. EVENTS AFTER THE REPORTING DATE

In July 2011, WPL succeeded in a government tender for a commercial site at the junction of Wai Yip Street, Shun Yip Street and Hoi Bun Road along the Kwun Tong waterfront at a consideration of HK\$3,528 million. The site will be developed into two Grade A office buildings.

In August 2011, WPL succeeded in another government tender for a commercial site at the junction of Hung Luen Road and Kin Wan Street within the core commercial hub of Hung Hom at a consideration of HK\$4,028 million. The site will be developed into two Grade A office buildings.

## 16. COMPARATIVE FIGURES

As a result of the adoption of the amendments to HKAS 12, "Income taxes", during the financial year ended 31 December 2010, certain comparative figures have been adjusted to reflect the decrease in accrual of deferred tax liabilities related to investment properties carried at fair value. Further details are disclosed in note 1.

## 17. REVIEW OF UNAUDITED INTERIM FINANCIAL STATEMENTS

The unaudited interim financial statements for the six months ended 30 June 2011 have been reviewed with no disagreement by the Audit Committee of the Company.