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WHEELOCK AND COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)
Stock Code: 20

Interim Results Announcement
for the half-year period ended 30 June 2011

Wheelock Properties contributed to a record first half

HIGHLIGHTS

- With its completion of the highly successful One Island South in Hong Kong, Wheelock Properties became the largest contributor to a record first half for the Group.
- Wheelock Properties' interest in China property development in Foshan, Guangdong, was sold to Wharf in June at a consideration of HK\$3.4 billion to increase Wharf's China landbank to 12.4 million square metres. A total profit of about HK\$1.3 billion will be recognized upon the staged completion and sales of the respective properties.
- Attributable non-recurrent items accounted for HK\$601 million of net profit in 2010. Excluding non-recurrent items, underlying profit increased by 72% to HK\$3.8 billion. Attributable profit increased by 56% to HK\$10.2 billion.
- Interim dividend increases by 60% to HK\$0.04 per share.
- Net debt (excluding debts of non-wholly owned subsidiaries) decreased by HK\$2.6 billion in the first half to HK\$7.4 billion, after subscribing HK\$5.0 billion to Wharf's rights issue in March.
- In separate government tenders subsequent to the period end, Wheelock Properties acquired two prime sites in Kowloon East for commercial development, with a total GFA of 1.5 million square feet, at a total cost of HK\$7.6 billion. This increased its attributable landbank to 2.7 million square feet.

GROUP RESULTS

Unaudited Group profit attributable to equity shareholders for the six months ended 30 June 2011 increased by 56% to HK\$10,219 million (2010: HK\$6,533 million). Earnings per share were HK\$5.03 (2010: HK\$3.22).

Excluding the net investment property revaluation surplus and Wharf's one-off exceptional gains recorded in 2010, the Group's underlying recurrent profit increased by 72% to HK\$3,825 million (2010: HK\$2,225 million).

INTERIM DIVIDEND

An interim dividend of HK\$0.04 (2010: HK\$0.025) per share will be paid on 30 September 2011 to Shareholders on record as at 22 September 2011, absorbing a total amount of HK\$81 million (2010: HK\$51 million).

BUSINESS REVIEW

Wheelock Properties Limited ("WPL", a 100%-owned subsidiary)

Hong Kong

WPL's development landbank was partly depleted by the completion of the highly successful One Island South but rebuilt to 2.7 million square feet (attributable) following the recent acquisition of two commercial sites in Kowloon East.

One Island South in Aberdeen is a Grade A commercial building with a GFA of 812,800 square feet. The project was completed in June 2011, with all the office floors, with a total GFA of 722,300 square feet, presold for total proceeds of HK\$3.3 billion to generate a profit for the Group of HK\$2.1 billion. The retail podium of 90,500 square feet will be held for investment pending the completion of the MTR South Island Line, which will include a station opposite One Island South (target opening 2015).

The MTR Austin Station project is a prime residential development in Kowloon West being developed with New World Development on a 50:50 basis, with an attributable GFA of 641,000 square feet. It is located on top of the MTR station, next to the future terminus for High Speed Rail to the Mainland (target opening 2015) and borders the West Kowloon Cultural District. The master layout plan and general building plan have been approved. Foundation work is underway.

Superstructure work for the residential development at 211-215C Prince Edward Road West, Homantin, is underway. The development offers a total GFA of 91,700 square feet. Premium for the lease modification was paid in March 2011. The project is target for presale in late 2011 subject to the presale consent application process.

Foundation work for the residential development at 46 Belcher's Street, Western District, is underway. The development offers a total GFA of 89,000 square feet. The project is target for presale in late 2011.

In July, WPL won a tender for a 76,200 square feet commercial site at the junction of Wai Yip Street, Shun Yip Street and Hoi Bun Road along the Kwun Tong waterfront for HK\$3.53 billion or HK\$3,856 per square foot. The development, with a GFA of 914,900 square feet, will comprise two Grade A office buildings overlooking the Victoria Harbour and the future Kai Tak Cruise Terminal, with easy access to the Ngau Tau Kok MTR station.

In August, WPL won another tender for a 147,500 square feet commercial site at the junction of Hung Luen Road and Kin Wan Street, within the core commercial hub of Hung Hom, for HK\$4.03 billion or HK\$6,827 per square foot. The development, with a total GFA of 590,000 square feet, will comprise two Grade A office buildings overlooking the Victoria Harbour, with easy access to MTR East and West Rail, through-train services to Guangzhou, and the future Sha Tin to Central cross-harbour train service (target opening 2020).

South China

In June, WPL sold its 50% stakes in the joint ventures of four residential projects in Foshan, Guangdong, to Wharf at a consideration of HK\$3,388 million based on a property valuation of HK\$5,138 million.

In accordance with the prevailing accounting standard, the estimated profit of HK\$1.3 billion from this sale will be recognized between the second half of 2011 and 2015 upon the staged completion and sales of the respective properties.

Wheelock Properties (Singapore) Limited (“WPSL”, a 75.8%-owned listed subsidiary)

In accordance with Hong Kong Financial Reporting Standards, WPSL’s profit contribution to the Group for the period was HK\$181 million (2010: HK\$1,106 million).

Wheelock Place, the prime commercial development in Orchard Road, continued to generate steady recurrent income, with full occupancy at the end of June.

Orchard View, a luxury residential development, was completed in 2010. It comprises 30 four-bedroom apartments with private lift lobbies, with 40% of the units sold by June at an average price of over S\$3,200 per square foot.

79% of the apartments at Scotts Square, a prime residential development atop a retail complex located in the Orchard Road shopping belt, have been presold at an average price of close to S\$4,000 per square foot. Pre-leasing of the retail podium is underway. Main construction is in progress, with full completion scheduled in the second half of 2011.

Construction work for Ardmore Three, a 36-storey luxury development along Ardmore Park, has commenced, with full completion expected in 2014. A show flat will be completed on site in late 2011.

In February, WPSL acquired five sites for a high-end residential development, to be named 雍景山, in Fuyang District, 22 kilometres from the city centre of Hangzhou, China. The project offers a developable GFA of 358,000 square metres with the residence enjoying a nice mountain view. The development is scheduled for full completion in 2018.

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

Wharf’s profit attributable to shareholders for the period rose by 31% to HK\$14,302 million. Earnings per share were HK\$4.84. Excluding the investment property revaluation surplus and one-off exceptional gains recorded in 2010, underlying recurrent profit increased by 11% to HK\$3,283 million.

Hong Kong

Retail sales conducted in Harbour City and Times Square during the period accounted for an unmatched 8.3% share of Hong Kong’s total retail sales, up from 7.9% a year earlier.

Harbour City

Turnover (excluding hotels) increased by 13% to HK\$2,655 million and operating profit by 13% to HK\$2,313 million.

Harbour City’s retail sales performance continued to outpace the market with a 33% year-on-year growth, 9 percentage points higher than the marketplace. Turnover from Harbour City’s retail sector increased by 20% to HK\$1,723 million.

Turnover from the office sector increased by 2% to HK\$787 million. Office rental rates for new commitments trended up strongly during the period, with 95% occupancy at the end of June and lease renewal retention rate held up solidly at 73%.

Turnover from the serviced apartments sector increased by 10% to HK\$145 million, with a 94% occupancy and favourable rental growth.

Times Square

Times Square turned over HK\$815 million for an increase of 10%. Operating profit grew by 11% to HK\$727 million.

Times Square remains the most successful vertical shopping mall in Hong Kong. Retail revenue grew by 15% to HK\$587 million, with full occupancy during the period.

Turnover from the office sector increased marginally to HK\$228 million, with occupancy climbing to 96% at the end of June and strong growth in spot rents.

Other Hong Kong Properties

Leasing of the Peak Portfolio remained active with average occupancy maintained at over 90% and strong rental growth.

Plaza Hollywood posted a 7% growth in turnover to HK\$186 million with favourable rental growth. Average occupancy stood at 99%.

The master layout plan and general building plan of the exclusive Mount Nicholson residential development have been submitted for approval. One Midtown (*formerly identified as Cable TV Tower South Project*) in Tsuen Wan is scheduled for completion in the second half of 2012.

China

Wharf is on course with its strategy to increase Mainland assets to 50% of Wharf’s business assets, with 39% of business assets in China at the end of June.

Property Development

Turnover for China property development increased by 31% to HK\$1,343 million and operating profit reached HK\$568 million.

Sales

During the period, four new projects were launched for sales. Together with further sales from projects previously launched, a total of 437,000 square metres of properties were sold to generate attributable sales proceeds of RMB6.3 billion, 271% higher than last year. Net order book increased to RMB14.9 billion at the end of June.

Suzhou Times City (*formerly identified as Suzhou Industrial Park Project*) was launched in May to realize proceeds of RMB410 million. The U World in Chongqing (*formerly identified as Chongqing Jiangbei City Zone B Project*) was launched in April to realize attributable proceeds of RMB715 million.

In Tianjin, Peaceland Cove was launched in February, and Magnificent (*formerly identified as Tianjin Jin Jiang Lu project*) was launched in May. They generated a combined attributable proceeds of RMB896 million during the period.

In July, Wharf launched another new project, Wuxi Xiyuan (*formerly identified as Wuxi Old Canal No. 71 Project*), which generated sales proceeds of RMB113 million.

For projects previously launched, including Shanghai Xiyuan and No. 1 Xin Hua Road, Ambassador Villa in Suzhou and Times Palace in Changzhou, more units were released for sales during the period and were met with good demand.

Acquisitions and Development Progress

During the first half, Wharf acquired various sites in the cities of Changsha, Hangzhou, Suzhou and Foshan with an attributable GFA of 2.0 million square metres for RMB13 billion. Wharf's landbank increased by 17% to 12.4 million square metres at the end of June, spanning across 13 cities, and is on track to the next milestone of 15 million square metres.

In January and March, Wharf acquired two sites in Wu Zhong District in Suzhou, a site in Changsha for the development of Changsha IFC, and two sites in Hangzhou, in Fuyang District and Yuhang District.

In June, Wharf acquired from WPL the 50% shares in the joint ventures of four residential projects in Foshan, Guangdong at a consideration of HK\$3,388 million.

The projects acquired included Evian Town, Evian Uptown, 依雲曦城 (*formerly identified as Foshan Nanhai Shishan County Project*), and 依雲天匯 (*formerly identified as Foshan Nanhai Guicheng Project*), with total attributable uncompleted GFA of 564,200 square metres. All projects are undertaken through 50:50 joint ventures with China Merchants Property.

All other projects under development are progressing in accordance with plan.

Property Investment

Turnover and operating profit increased as a result of contribution from Wheelock Square in Shanghai completed in 2010. The completed investment properties were valued at HK\$13 billion at the end of June.

Over 70% of the office area of Wheelock Square has been committed with the latest monthly rental rates at over RMB400 per square metre. This premier-grade development continues to attract multinationals and major corporations.

Dalian Times Square produced a 38% growth in unit retail sales at full occupancy. Chongqing Times Square completed its premises transformation into a modern and stylish shopping mall, with a soft re-opening in July. Shanghai Times Square continued to perform satisfactorily.

In January, Wharf acquired a prime site in the city centre of Changsha for the development of Changsha IFC. The development will provide upscale retail, Grade A offices, a five-star hotel and luxury apartments, with a total GFA of 700,000 square metres. Construction will start in late 2011 for full completion in 2016.

Construction of phase one of Chengdu IFC, which includes the retail complex and an office tower, is scheduled for completion in 2013. Development of Chongqing IFC, Wuxi IFC and Suzhou IFC is progressing as planned.

Marco Polo Hotels

Total revenue from the Marco Polo hotels and club grew by 11% to HK\$593 million. Consolidated occupancy of the three Marco Polo hotels in Hong Kong was 81%, with a 21% increase in average room rates. Other Marco Polo hotels performed robustly in their respective locations.

Modern Terminals

Modern Terminals' consolidated revenue increased by 6% to HK\$1,620 million during the period. However, operating profit decreased by 15% to HK\$675 million, as a result of rising operating costs and one-off items.

Throughput in Hong Kong grew modestly to 2.7 million TEUs. In China, throughput at Taicang International Gateway in Suzhou grew by 9% to 685,000 TEUs, while Da Chan Bay Terminal One in Shenzhen handled 343,000 TEUs, 19% higher than last year.

Other Businesses

i-CABLE

Turnover increased by 9% to HK\$1,051 million while net loss of HK\$55 million for the period represented a 62% improvement. The financial position remains solid with net cash of HK\$369 million.

Wharf T&T

The ICT industry benefited from the rally of IT and telecom spending to cope with business demand during the period. Wharf T&T's revenue rose by 6% to HK\$879 million and net profit by 8% to HK\$103 million, with stable net cash inflow.

FINANCIAL REVIEW

(I) Review of 2011 Interim Results

Wholly-owned WPL helped the Group to a record first half with the completion of the very successful One Island South. Profit attributable to shareholders increased by 56% to HK\$10,219 million (2010: HK\$6,533 million). Exclusive of the net investment property revaluation surplus and Wharf's exceptional gains in 2010 comprising a one-off tax write back and a surplus from revaluation of the interest in an associate, underlying profit increased by 72% to HK\$3,825 million (2010: HK\$2,225 million).

Turnover and Operating Profit

Group turnover increased by 10% to HK\$13,755 million (2010: HK\$12,516 million). All business segments reported an increase.

Group operating profit increased by 25% to HK\$7,501 million (2010: HK\$6,020 million), with HK\$4,980 million (2010: HK\$4,516 million) contributed by Wharf, HK\$216 million (2010: HK\$1,301 million) by WPSL, and HK\$2,305 million (2010: HK\$203 million) by Wheelock and its other subsidiaries, primarily WPL.

Property Investment

Revenue and operating profit both increased by 13% to HK\$5,050 million (2010: HK\$4,483 million) and HK\$3,927 million (2010: HK\$3,467 million) respectively. This reflects the outstanding underlying retail sales achieved by the retail tenants and recovery of office rents. Revenue from the Mainland increased by 34% to HK\$317 million as benefited from the newly completed Shanghai Wheelock Square and favourable rental reversion for other properties. Hotels also recorded favourable results with average room rate much improved.

Property Development

Revenue and operating profit increased by 8% and 53% to HK\$4,893 million (2010: HK\$4,548 million) and HK\$2,765 million (2010: HK\$1,813 million) respectively.

In Hong Kong, One Island South was completed with all the office units sold enabling the recognition of revenue of HK\$3,335 million and operating profit of HK\$2,084 million.

Revenue and operating profit from the Mainland increased by 31% and 1% to HK\$1,343 million and HK\$568 million respectively, with phased completions at Chengdu Crystal Park and Chengdu Tian Fu Times Square.

Inclusive of joint ventures on an attributable basis, new sales and presales of HK\$11,860 million (2010: HK\$2,670 million) were contracted in the period to increase cumulative presales pending recognition as at 30 June 2011 to HK\$23,840 million, whereof about 75% in the Mainland and the balance in Singapore.

Logistics

Revenue increased by 5% to HK\$1,673 million (2010: HK\$1,596 million), reflecting higher throughput handled by Modern Terminals. Operating profit however decreased by 16% to HK\$682 million (2010: HK\$811 million) mainly due to higher operating expenses that exceeded the increased revenue of Modern Terminals.

Communications, Media and Entertainment (“CME”)

Revenue increased by 8% to HK\$1,930 million (2010: HK\$1,795 million) and CME returned to profitability with an operating profit of HK\$50 million (2010: loss of HK\$15 million). Wharf T&T’s operating profit increased by 8% to HK\$103 million, while i-CABLE’s operating loss reduced by half to HK\$53 million.

Investment and Others

Investment and other operating profit increased to HK\$333 million (2010: HK\$169 million), mainly due to an increase in dividend and interest income.

Increase in Fair Value of Investment Properties

The book value of the Group’s investment property portfolio as at 30 June 2011 totalled HK\$184.1 billion, with HK\$169.8 billion thereof stated at fair value based on an independent valuation as at that date. That resulted in a revaluation surplus of HK\$12,496 million (2010: HK\$8,030 million), reflecting the continuous strong performance of the Group’s investment properties. The attributable net revaluation surplus of HK\$6,394 million (2010: HK\$3,707 million), after deducting related deferred tax and non-controlling interests in total of HK\$6,102 million (2010: HK\$4,323 million), was credited to the consolidated income statement.

Investment properties in the amount of HK\$14.3 billion, which had not been revalued were all under development and will not be carried at fair value until the earlier of their fair values first becoming reliably measurable or the dates of their respective completion.

Other Net Income

Other net income decreased by 43% to HK\$304 million (2010: HK\$537 million) in the absence of one-off surplus from revaluation of the interests in Hong Kong Air Cargo Terminals Limited (“Hactl”) in 2010 when it became an associate of Wharf.

Finance Costs

Finance costs charged to the consolidated income statement were HK\$878 million (2010: HK\$569 million), which included an unrealised mark-to-market loss of HK\$369 million (2010: HK\$318 million) on the cross currency/interest rate swaps as measured in compliance with the prevailing accounting standard.

Excluding the said unrealised mark-to-market loss, finance cost after capitalisation of HK\$185 million (2010: HK\$154 million) was HK\$509 million (2010: HK\$251 million), representing an increase of HK\$258 million mainly as a result of the increase in gross borrowings.

Share of Results after Tax of Associates and Jointly Controlled Entities

Share of profits of associates increased by 47% to HK\$209 million (2010: HK\$142 million), mainly due to contribution from Hactl. Share of results of jointly controlled entities (“JCEs”) reported a net loss of HK\$9 million (2010: profit of HK\$7 million) in the absence of major property completion in the Mainland.

Income Tax

Taxation charge was HK\$1,906 million (2010: HK\$1,108 million), which included deferred taxation of HK\$518 million (2010: HK\$692 million) provided for the revaluation surplus of investment properties located in the Mainland.

Excluding the above deferred tax, the tax charge increased to HK\$1,388 million (2010: HK\$416 million) in the absence of a tax write back of HK\$809 million by Wharf in 2010 upon reaching a settlement with the Inland Revenue Department on various tax disagreements.

Non-controlling Interests

Profit attributable to non-controlling interests was HK\$7,498 million (2010: HK\$6,526 million), which was mainly attributable to profit of Wharf and WPSL.

Profit Attributable to Equity Shareholders

Group profit attributable to equity shareholders increased by 56% to HK\$10,219 million (2010: HK\$6,533 million). Earnings per share were HK\$5.03 (2010: HK\$3.22).

Excluding the net investment property revaluation surplus after the associated deferred tax of HK\$6,394 million (2010: HK\$3,707 million), the Group's profit attributable to shareholders for the period was HK\$3,825 million (2010: HK\$2,826 million), representing an increase of 35% over 2010.

Further stripping out the exceptional attributable tax write back and surplus from revaluation of an associate in 2010, the Group's profit attributable to equity shareholders would rise by 72% over 2010.

Set out below is an analysis of the Group's profit before exceptionals and investment property surplus attributable to the equity shareholders as contributed by each of Wharf, WPSL and the Company together with its other subsidiaries.

	Six months ended 30 June	
	2011	2010
Profit attributable to	HK\$ Million	HK\$ Million
Wharf group	1,642	1,426
WPSL group	137	623
Wheelock and other subsidiaries	2,046	176
Profit before exceptionals and investment property surplus	3,825	2,225
Attributable tax write back	—	390
Attributable surplus on revaluation of an associate	—	211
Profit before investment property surplus	3,825	2,826
Investment property surplus (after deferred tax)	6,394	3,707
Profit attributable to equity shareholders	10,219	6,533

Wharf's profit for the first half of 2011 increased year-on-year by 31% to HK\$14,302 million (2010: HK\$10,892 million). Excluding the net investment property surplus and exceptionals, Wharf's net profit was HK\$3,283 million (2010: HK\$2,958 million), representing an increase of 11% over 2010.

WPSL's reported profit for the first half of 2011 was S\$89.4 million (2010: S\$133.9 million), based on the accounting standards accepted in Singapore. In accordance with Hong Kong Financial Reporting Standards, WPSL's contributed profit to the Group was HK\$181 million (2010: HK\$1,106 million) in the absence of major property completion.

(II) Liquidity, Financial Resources and Capital Commitments

Shareholders' and Total Equity

The Group's shareholders' equity increased by HK\$10.5 billion or 10% to HK\$110.9 billion (2010: HK\$100.4 billion), or HK\$54.58 per share (2010: HK\$49.40 per share) as at 30 June 2011.

Including the non-controlling interests, the Group's total equity increased by 11% to HK\$215.2 billion (2010: HK\$193.1 billion).

Total Assets

The Group's total assets increased by 13% to HK\$321.8 billion (2010: HK\$285.1 billion). Total business assets, excluding bank deposits and cash, financial investments, deferred tax assets and other derivative financial assets, increased by 14% to HK\$280.5 billion (2010: HK\$245.0 billion).

The Group's Investment Property portfolio was HK\$184.1 billion, representing 66% of total business assets. Together, Harbour City (excluding the three hotels) and Times Square in Hong Kong were valued at HK\$119.1 billion, representing 65% of the value of the portfolio.

Other major business assets included other properties and fixed assets of HK\$18.5 billion, interest in JCEs and associates (mainly for the Mainland property development and port projects) of HK\$25.8 billion and properties under development and held for sale of HK\$48.4 billion.

Geographically, the Group's business assets in the Mainland, mainly properties and terminals, increased to HK\$100.1 billion (2010: HK\$76.6 billion), representing 36% of the Group's total business assets.

Debts and Gearing

The Group's net debt increased by HK\$8.6 billion to HK\$46.7 billion (2010: HK\$38.1 billion) as at 30 June 2011, which was made up of HK\$76.3 billion in debts and HK\$29.6 billion in bank deposits and cash. Excluding Wharf's net debt of HK\$42.5 billion, which is non-recourse to the Company and its other subsidiaries, and WPSL's net cash of HK\$3.2 billion, Wheelock's net debt was HK\$7.4 billion (2010: HK\$10.0 billion). Analysis of the net debt by group is as below:

	2011	2010
Net debt/(cash)	HK\$ Million	HK\$ Million
Wharf (excludes below subsidiaries)	33,503	23,376
Modern Terminals	11,054	9,932
Harbour Centre Development Ltd.	(1,694)	(172)
i-CABLE	(369)	(447)
Wharf group	42,494	32,689
WPSL group	(3,215)	(4,571)
Wheelock and other subsidiaries	7,432	10,024
Group	46,711	38,142

The ratio of net debt to total equity was 21.7% (2010: 19.8%) as at 30 June 2011.

Finance and Availability of Facilities

The Group's available loan facilities and debt securities amounting to HK\$102.1 billion (2010: HK\$87.0 billion), of which HK\$76.3 billion were drawn, as at 30 June 2011 are analysed as below:

	Available Facility HK\$ Billion	Total Debts HK\$ Billion	Undrawn Facility HK\$ Billion
Wharf (excludes below subsidiaries)	66.0	47.8	18.2
Modern Terminals	14.4	11.6	2.8
Harbour Centre Development Ltd.	4.6	3.0	1.6
i-CABLE	0.3	—	0.3
Wharf group	<u>85.3</u>	<u>62.4</u>	<u>22.9</u>
WPSL group	1.6	0.6	1.0
Wheelock and other subsidiaries	<u>15.2</u>	<u>13.3</u>	<u>1.9</u>
Group	<u><u>102.1</u></u>	<u><u>76.3</u></u>	<u><u>25.8</u></u>

In March 2011, Wharf completed a rights issue and received net proceeds of HK\$10.0 billion, of which HK\$5.0 billion was paid by Wheelock for its subscription.

In June 2011, Wharf issued guaranteed convertible bonds with a term of 3 years for an aggregate principal amount of HK\$6.2 billion. Assuming full conversion of the bonds, the Group's interest in Wharf would fall from 50.02% to 48.91%.

Of the above debts, HK\$25.5 billion (2010: HK\$24.3 billion) was secured by mortgage over certain properties under development, fixed assets and investments with total carrying value of HK\$76.5 billion (2010: HK\$80.7 billion).

The Group's debts were primarily denominated in Hong Kong dollars ("HKD"), United States dollars ("USD"), Renminbi ("RMB") and Singapore dollars ("SGD"). RMB and SGD borrowings were used to fund the Group's property development and port investments in the Mainland, and the properties in Singapore respectively.

The use of derivative financial instruments was strictly monitored and controlled. The majority of the derivative financial instruments entered into by the Group were primarily used for management of the Group's interest rate and currency exposures.

The Group maintained a strong financial position with ample surplus cash denominated principally in HKD, RMB and SGD and undrawn committed facilities to facilitate the Group's expanding business and investment activities. The Group also maintained a portfolio of financial investments, primarily in blue-chip securities, with an aggregate market value as at 30 June 2011 of HK\$8.9 billion (2010: HK\$10.7 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's operating cash inflow before changes in working capital increased to HK\$7.8 billion (2010: HK\$6.5 billion). The changes in working capital resulted in net cash outflow from operating activities to HK\$1.8 billion (2010: inflow of HK\$1.0 billion), primarily due to payment for land and construction cost for trading properties under development which was partly compensated by the increase in deposits received from sale of properties in the Mainland. For investing activities, the Group reported a net cash outflow of HK\$10.3 billion (2010: inflow of HK\$2.3 billion), mainly for additions to investment properties and investments in JCEs involved in property development projects in the Mainland.

Major Expenditure and Commitments

The major expenditure, substantially incurred by Wharf's core businesses, during the period and related commitments as at 30 June 2011 are analysed as follows:

Business Unit/Company	Expenditure for 1-6/2011 HK\$ Million	Commitments as at 30 June 2011	
		Authorised and Contracted for HK\$ Million	Authorised but not Contracted for HK\$ Million
(a) Capital expenditure			
Wharf group	9,324	11,300	24,877
Property Investments	8,918	10,444	23,415
Wharf T&T	226	222	158
i-CABLE	88	36	132
Modern Terminals	92	598	1,172
WPSL group	62	18	—
Wheelock and other subsidiaries	12	7	—
	9,398	11,325	24,877
(b) Trading properties under development			
Wharf group	12,920	11,693	58,273
Subsidiaries	10,518	8,122	40,428
JCEs and associates	2,402	3,571	17,845
WPSL group			
Subsidiaries	1,196	1,507	2,389
Wheelock and other subsidiaries	622	681	2,337
Subsidiaries	560	394	614
JCEs and associates	62	287	1,723
	14,738	13,881	62,999
(c) Programming and others	35	1,448	109

The capital expenditure incurred for Wharf's Property Investment segment was mainly for land cost of Changsha IFC and construction cost of Chengdu IFC. For i-CABLE and Wharf T&T, the capital expenditures were incurred substantially for procurement of production and broadcasting equipment, network rollout and internet service equipment while those for Modern Terminals were mainly for construction of the Dachan Bay project in the Mainland and addition of other fixed assets.

In addition to the capital expenditure, the Group also incurred HK\$14.7 billion of expenditures for the development of its trading properties in the Mainland, Hong Kong and Singapore, mainly including Wharf's expenditure of HK\$12.9 billion that has excluded the intra-group acquisition by Wharf of the four Foshan joint venture projects from Wheelock.

As at 30 June 2011, the Group's authorised and contracted commitments were mainly for development properties for investment of HK\$11.3 billion and for trading of HK\$13.9 billion, respectively, among these including attributable land costs of HK\$9.4 billion payable by installment from 2011 to 2013. Apart from that, the Group intends to invest HK\$24.9 billion for investment properties and HK\$63.0 billion for trading properties mainly on construction cost to complete the Group's development projects in the Mainland, Hong Kong and Singapore, which will be carried out by stages in the forthcoming years.

The above commitments will be funded by the respective groups' own internal financial resources including surplus cash, cash flow from operation 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 financial investments.

(III) Transfer of Foshan Property Projects to Wharf

Wheelock completed the transfer of its 50% interests in four Foshan property joint ventures to Wharf for a total consideration of HK\$3,388 million in June 2011. The major assets that the four joint ventures hold are the four residential property development projects in Xincheng, Chancheng, Shishan and Guicheng, Foshan in the Mainland. Being a disposal to its subsidiary, Wheelock has deferred the recognition of the relevant profit of about HK\$1,300 million resulting from the transaction until the completion and sale of the property units to parties not under Wheelock's control by the Foshan joint ventures.

(IV) Human Resources

The Group had approximately 14,000 employees as at 30 June 2011, including about 2,200 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 2011 - Unaudited

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2011 - Unaudited

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011 - Unaudited

	Note	30 June 2011 HK\$ Million	31 December 2010 HK\$ Million
Non-current assets			
Investment properties		184,114	161,953
Other property, plant and equipment		14,734	14,692
Leasehold land		3,731	3,718
Total fixed assets		<u>202,579</u>	<u>180,363</u>
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
		<u>238,505</u>	<u>215,689</u>
Current assets			
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
		<u>83,253</u>	<u>69,396</u>
Current liabilities			
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		(6,908)	(16,362)
		<u>(29,362)</u>	<u>(35,406)</u>
Net current assets		<u>53,891</u>	<u>33,990</u>
Total assets less current liabilities		<u>292,396</u>	<u>249,679</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011 - Unaudited

	30 June 2011 HK\$ Million	31 December 2010 HK\$ Million
Non-current liabilities		
Bank loans and other borrowings	(69,387)	(49,320)
Deferred tax liabilities	(5,967)	(5,413)
Other deferred liabilities	(279)	(283)
Derivative financial liabilities	(1,584)	(1,587)
	<u>(77,217)</u>	<u>(56,603)</u>
NET ASSETS	<u>215,179</u>	<u>193,076</u>
Capital and reserves		
Share capital	1,016	1,016
Reserves	109,874	99,356
Shareholders' equity	<u>110,890</u>	<u>100,372</u>
Non-controlling interests	<u>104,289</u>	<u>92,704</u>
TOTAL EQUITY	<u>215,179</u>	<u>193,076</u>

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	Related party disclosures
Improvements to HKFRSs 2010	

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
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

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

3. OPERATING PROFIT

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

Note: 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

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

The Group’s average effective borrowing rate for the period was approximately 1.8% (2010 : 1.8%) per annum.

6. INCOME TAX

Taxation charged to the consolidated income statement represents:

	Six months ended 30 June	
	2011	2010
	HK\$ Million	HK\$ Million (restated)
Current income tax		
Hong Kong		
– provision for the period	990	614
– overprovision in respect of prior years (Note 6e)	(6)	(809)
Outside Hong Kong		
– provision for the period	224	266
– underprovision in respect of prior years	–	21
	1,208	92

	Six months ended 30 June	
	2011	2010
	HK\$ Million	HK\$ Million (restated)
Land appreciation tax (“LAT”) (Note 6c)	175	167
Deferred tax		
Change in fair value of investment properties	518	692
Origination and reversal of temporary differences	5	157
	523	849
	1,906	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:

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

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

11. EVENTS AFTER THE REPORTING DATE

In July 2011, Wheelock Properties Limited (“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.

12. 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.

13. 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.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the financial period under review, all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited were met by the Company, except in respect of one code provision providing for the roles of chairman and chief executive officer to be performed by different individuals. The deviation is deemed appropriate as it is considered to be more efficient to have one single person to be the Chairman of the Company as well as to discharge the executive functions of a chief executive officer. 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, a substantial proportion thereof being Independent Non-executive Directors.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

BOOK CLOSURE

The Register of Members will be closed from Tuesday, 20 September 2011 to Thursday, 22 September 2011, both days inclusive, during which period no share transfers 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 Monday, 19 September 2011.

By Order of the Board
Wilson W S Chan
Company Secretary

Hong Kong, 25 August 2011

As at the date of this announcement, the Board of Directors of the Company comprises Mr Peter K C Woo, Mr Stephen T H Ng, Mr Paul Y C Tsui and Mr Ricky K Y Wong, together with five Independent Non-executive Directors, namely, Mr Alexander S K Au, Mr B M Chang, Mr Herald L F Lau, Mr Kenneth W S Ting and Mr Glenn S Yee.