WHEELOCK AND COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 20

2012 Final Results Announcement

Shareholders Rewarded for Another Solid Year

HIGHLIGHTS

- **Attributable profit** increased by 18% to HK$26.9 billion.
- **Wharf** reported a record profit (increasing by 55%) and is paying a record dividend (increasing by 56%).
- Concentration of development completion in Singapore and Hong Kong was much higher in 2011 than in 2012.
- In **Singapore**, WPSL reported operating profit declining by HK$3.1 billion or 81%. Scotts Square contributed HK$3.6 billion in 2011.
- Property sales increased by 14% to HK$845 million in a soft market.
- Current development land bank 0.9 million sq. ft. after recent acquisition of residential site for S$550 million.
- Ardmore Three (145,000 sq. ft. GFA) is due for completion in 2014; presales is under planning.
- In **Hong Kong**, operating profit from development declined by HK$0.5 billion or 25%.
- One Island South contributed HK$2.1 billion in 2011; One Midtown contributed HK$1.3 billion in 2012.
- Property sales increased by 99% to HK$6.9 billion.

- Current land bank 7.1 million sq. ft. after acquisitions in the past 15 months for HK$6.1 billion.

- Lexington Hill (89,000 sq. ft. GFA) is 99% presold; completion expected in 2014.

- Kadoorie Hill (92,000 sq. ft. GFA) is 85% presold; completion expected in 2013.

- Austin Station (1,282,000 sq. ft. GFA) is due for completion in 2015; presales to start in 2013.

- One Bay East (915,000 sq. ft. GFA) is due for completion in 2015; presales to start in 2013.

- **Profit before investment property revaluation surplus** increased by 4% to HK$8.7 billion. **Core profit** declined by 20% to HK$7.3 billion.

- Full year **dividend** increased to HK$1.10 per share, increasing by 120% over 2011. Payout ratio based on core profit increased from 11% to 31%.

GROUP RESULTS

Group profit attributable to equity shareholders for the financial year ended 31 December 2012 increased by 18% to HK$26,935 million (2011: HK$22,866 million). Earnings per share were HK$13.26 (2011: HK$11.25).

Excluding investment property revaluation surplus and exceptional items, core profit attributable to equity shareholders for the financial year decreased by 20% to HK$7,267 million (2011: HK$9,038 million).

DIVIDENDS

A first interim dividend of 25 cents per share was paid on 28 September 2012. In lieu of a final dividend, a second interim dividend of 60 cents per share will be paid. In addition, the Board has decided to pay a special interim dividend of 25 cents per share. Both dividends will be paid on 7 June 2013 to Shareholders on record as at 31 May 2013. Total distribution for the year 2012 will amount to HK$1.10 (2011: HK$0.50) per share.

BUSINESS REVIEW

Wheelock Properties Limited ("WPL", 100% owned)
Lexington Hill in Western District was launched for presales in February 2012 and met with good demand. Total 103 out of 104 residential units were promptly sold at an average price of HK$12,000 per square foot. A retail shop and 22 carparking spaces were subsequently sold, with total sales proceeds amounting to HK$1.28 billion. Superstructure work is underway, with completion scheduled for 2014.

The presales of Kadoorie Hill's 66 residential units were launched in October 2012. This development is located in Homantin's Prince Edward Road West with a GFA of 92,000 square feet. A total of 57 out of 66 units at an average price of HK$18,000 per square foot and 51 carparking spaces were sold for total proceeds of HK$1.77 billion. Completion is scheduled for 2013.

WPL sold the 37,000-square-foot Bellagio retail mall and 155 carparking spaces in Sham Tseng in 2012 for HK$296 million.

The Austin MTR station, a prime residential development by a 50:50 joint venture with New World Development, is targeted for presales in 2013, subject to the presale consent application process. This development, with an attributable GFA of 641,000 square feet, is located on top of the Austin MTR station in Kowloon West and next to the future terminus for the Express Rail Link to the Mainland (target opening in 2015). It also guards the main entrance to the West Kowloon Cultural District which is under development. Superstructure work is underway. Full completion is scheduled for 2015.

One Bay East, a commercial development in Kwun Tong's Hoi Bun Road overlooking the Victoria Harbour and the Kai Tak Cruise Terminal, is targeted for presales in 2013, subject to the presale consent application process. This development is located at the heart of the new CBD2 as part of the Energizing Kowloon East initiative by the government. It comprises two Grade A office buildings with a GFA of 915,000 square feet and easy access to the Ngau Tau Kok MTR station. The general building plan was approved in August 2012. Foundation work is underway. Full completion is scheduled for 2015.

The Hung Luen Road commercial development is progressing as planned. It comprises two Grade A office buildings and two low-rise retail buildings with a GFA of 590,000 square feet. It is located at the harbour side with a panoramic view of Victoria Harbour and has good accessibility to the future MTR Whampoa Station (Kwun Tong Line Extension target opening in 2015). The general building plan has been submitted for approval.

WPL replenished 1.04 million square feet of land bank in Hong Kong during 2012.

In January 2012, WPL acquired an 88,800-square-foot residential site in Tseung Kwan O for HK$1.86 billion. This development, with a GFA of 488,200 square feet, is in close proximity to the Tseung Kwan O MTR station to provide convenient connectivity. The general building plan was approved in November 2012. Foundation work is underway. Full completion is scheduled for 2016.

In October 2012, WPL successfully acquired ownership of the residential building in 92-98 High Street of Western District for HK$349 million. The redevelopment, with a GFA of 69,200 square feet, comprises 75 residential units. Vacant possession was delivered in December 2012. Demolition work is in progress.

In November 2012, WPL acquired a 6,300-square-foot residential and commercial redevelopment site in 171 Shau Kei Wan Road of Hong Kong Island East for HK$561 million. The new development, with a GFA of 57,800 square feet, is now being planned. Vacant possession is scheduled for 2014.

In December 2012, WPL won a tender for a 171,900-square-foot residential site in Tseung Kwan O for HK$1.97 billion. This development, with a GFA of 429,700 square feet, is located at Tseung Kwan O Bay waterfront with a panoramic view of Victoria Harbour and in close proximity to the residential site acquired in January 2012. Design planning is underway.

Wheelock Properties (Singapore) Limited ("WPSL", 75.8% owned)
In accordance with Hong Kong Financial Reporting Standards, WPSL's profit contribution to the Group for 2012 was HK$396 million (2011: HK$3,855 million) due to lower properties completion.

Scotts Square, a prime residential development atop a retail complex, is located in the heart of the Orchard Road shopping belt. At the end of 2012, 93% of the retail space was leased (2011: 43%) with internationally celebrated brands including Hermès, Michael Kors, On Pedder and Anne Fontaine. The average monthly retail rental achieved was S$22 per square foot. Scotts Square apartment was 85% sold with an average price of S$4,000 per square foot at the end of 2012.

Wheelock Place, a prime commercial development on the Orchard Road, achieved an average occupancy of 99% for retail and office at the end of 2012. Lease renewal retention held up well at 78%. Marks & Spencer opened its flagship store in the second quarter of 2012.

Orchard View, a luxury residential development comprising 30 four-bedroom apartments with private lift lobbies, was 100% sold at the year end at an average price of S$2,845 per square foot.

Construction of Ardmore Three, a 36-storey freehold luxury residential development with 84 three-bedroom units at 1,800 square feet each along Ardmore Park, is underway.

In China, a high-end residential development in Hangzhou's Fuyang District with a GFA of 303,530 square metres is being developed. The project is 22 kilometres from the city centre, with residences commanding a nice mountain view. Full completion is scheduled for 2018.

The Wharf (Holdings) Limited ("Wharf", 51.4% owned)
Excluding investment property valuation surplus and exceptional items, Wharf's profit attributable to its shareholders for the year of 2012 increased by 37% to HK$11,040 million. Core earnings per share were HK$3.64 (2011: HK$2.70).

Including investment property valuation surplus and exceptional items, Wharf's profit attributable to shareholders amounted to HK$47,263 million (2011: HK$30,568 million). Basic earnings per share were HK$15.60 (2011: HK$10.22).

Harbour City
Turnover (excluding hotels) increased by 14% to HK$6,243 million and operating profit by 13% to HK$5,367 million. Excluding the three hotels, Harbour City was valued at HK$125 billion at the end of 2012, representing 36% of Wharf's business assets.

Harbour City achieved a record year with retail sales growing by 13% to reach a record of HK$31 billion or HK$2,600 per square foot per month. Market share increased further to an unmatched 6.9% of total Hong Kong retail sales, demonstrating its continued leadership in the marketplace. Turnover from Harbour City's retail sector increased by 18% to HK$4,223 million in 2012. Occupancy was maintained at virtually 100% at the end of 2012.

Office occupancy at Harbour City climbed to 97% at year end. Turnover increased by 6% to HK$1,710 million on the back of positive rental reversion. Turnover from the serviced apartments increased by 3% to HK$310 million with occupancy at 85% at the year end.

Times Square
Turnover increased by 10% to HK$1,908 million and operating profit by 10% to HK$1,678 million. Times Square was valued at HK$44 billion at the end of 2012, representing 13% of Wharf's business assets.

Times Square remains the most successful vertical shopping mall in Hong Kong. Retail sales grew by 1.5% during 2012 despite 17% of total retail space being withdrawn from the market for refurbishment. Retail revenue increased by 7% to HK$1,352 million with occupancy maintained at virtually 100% at the end of 2012. The cinema relocation refurbishment is progressing as planned. The new retail shops at the ground and lower floors, as well as the new cinema on 12th and 13th floors are scheduled to open in the second half of 2013.

Turnover from the office sector grew by 17% to HK$556 million, with occupancy increased to 98% by the year end.

Plaza Hollywood

Turnover increased by 11% to HK$420 million and operating profit by 10% to HK$307 million. Retail sales grew by 15% during 2012, riding on the success in brand repositioning and tenant-mix refinement. Plaza Hollywood was valued at HK$8 billion at the end of 2012.

China Property Investment

Turnover increased by 26% to HK$1,005 million and operating profit by 29% to HK$634 million, on account of considerably higher contribution from Shanghai Wheelock Square and Chongqing Times Square. The investment properties in China were valued at HK$16 billion at the end of 2012.

92% of the office space at Shanghai Wheelock Square was committed by year end. Average spot rent achieved in 2012 was RMB430 per square metre per month, with the highest headline rent at RMB476 per square metre per month, among the highest office rental rates in Shanghai.

Dalian Times Square retail mall's occupancy stood at 100% at the year end. The tenant mix was further refined with the introduction of Chanel, Bottega Veneta, Tod's, Versace and Sportmax. The gross rental yield on cost soared to 59% in 2012, with only 4 years of operation.

Chongqing Times Square retail mall's occupancy stood high at 94% at the year end, after the re-opening in July 2011. More young fashion and accessories brands were recruited to enrich the overall product offerings. The gross rental yield on cost was maintained at 22% in 2012.

Wharf is developing a series of International Finance Squares in the cities of Chengdu, Wuxi, Chongqing, Suzhou and Changsha. Upon their completion between 2013 and 2016, Wharf's commercial properties and retail area in Hong Kong and China will multiply.

The first phase of the Chengdu IFS, including a 200,000 square metres mega-sized retail mall and a Grade A office tower, is scheduled for completion in the second half of 2013. Retail pre-leasing has been encouraging, with 80% of the retail space leased at the year end. Rental rates contracted were above budget. The retail mall is scheduled to open by the first quarter of 2014. Full completion is scheduled for the second half of 2014.

China Property Development

Property completion accelerated in 2012 with 758,000 square metres completed and recognised. Completion from subsidiary projects generated a turnover of HK$9,573 million, 51% higher than 2011. Operating profit grew by 57% to HK$3,562 million. Profit recognised during the year included significant contributions from Shanghai Xiyuan, Chengdu Tian Fu Times Square, Suzhou Ambassador Villa and Wuxi Times City.

Seven new projects were launched for presales during 2012. Together with projects previously launched, Wharf has 30 projects on sale across 12 cities in China.

A total of 1.3 million square metres of properties were sold during the year to generate attributable sales proceeds of RMB15 billion, 18% higher than 2011. The net order book (net of business tax) increased to RMB15.7 billion for 1,448,000 square metres at the end of 2012.

The Eastern China region posted a 21% growth in contracted sales over 2011. The largest contributors were Suzhou Times City with RMB2.2 billion sales proceeds generated, followed by Wuxi Times City and Changzhou Times Palace. Palazzo Pitti and Junting in Hangzhou were launched in December 2012 for proceeds of RMB340 million.

The Western China region reported a 21% growth in contracted sales over 2011. The largest contributors were Chengdu Tian Fu Times Square and Chengdu Crystal Park with RMB1.5 billion and RMB1.1 billion sales proceeds generated. International Community in Chongqing sold further units for attributed proceeds of RMB662 million. The Sirius of Chengdu International Commerce Centre and Times Town of Shuangliu Development Area were launched for presales in April and December 2012.

The Southern China region registered a 41% growth in contracted sales over 2011. The first phase of Evian Riviera and Evian Buena Vista in Foshan and Donghui City in Guangzhou were launched for presales during 2012, generated attributed proceeds of RMB847 million. Evian Town and Evian Uptown sold further units for sales procceds of RMB1.2 billion on an attributable basis.

In Tianjin, Peaceland Cove presold further units for attributed proceeds of RMB1.1 billion. The Magnificent has met with a favourable response.

In 2012, Wharf acquired 6 property development sites in the cities of Beijing, Shanghai, Chengdu, Dalian and Changzhou with an attributable GFA of 0.84 million square metres for RMB4.8 billion.

In March 2013, a residential project in Shanghai Pudong District with a GFA of 97,900 square metres was added at RMB1.3 billion. The development is surrounded by three rivers and in close proximity to MTR line 16 station to be completed in 2014.

Total land bank in China was maintained at 12.3 million square metres at the end of 2012, spanning across 15 cities.

All projects under development are progressing in accordance with plan.

Hong Kong Property Development
One Midtown in Tsuen Wan was completed in June 2012. This enabled HK$2.6 billion of turnover and HK$1.3 billion of operating profit recognised during the year.

Wharf sold Delta House in 2012, the 349,000-square foot commercial development in Shatin, for HK$1.3 billion.

The master layout plan for the Mount Nicholson has been approved. This 50:50 joint venture development with Nan Fung Group offers an attributable GFA of 162,000 square feet on the Peak and panoramic view of Victoria Harbour. Construction work is underway.

Redevelopment of the Peak portfolio including No. 1 & No. 11 Plantation Road and 77 Peak Road is progressing as planned.

The redevelopment plan of Kowloon Godown in Kowloon Bay into a residential and commercial development with a GFA of 829,000 square feet has been approved. Lease modification is underway.

Yau Tong Godown's redevelopment plan into a residential and commercial development with a GFA of 256,000 square feet has been approved. Foundation work is underway.

The master layout plan for the Yau Tong Bay joint venture project, in which Wharf has approximately a 15% interest, was approved by the Town Planning Board in February 2013.

The redevelopment plan of Wharf T&T Square into a high-rise Grade A commercial building with a GFA of 596,200 square feet has been approved. The premium for the lease modification has been settled.

Marco Polo Hotels
Marco Polo operates 13 owned or managed hotels in the Asia Pacific region. The Marco Polo Lingnan Tiandi in Foshan and Marco Polo Suzhou were added in 2012. A pipeline of 10 new hotels is being rolled out in the Mainland, the Philippines and Thailand in the next 5 years to significantly expand Marco Polo's network.

Revenue from the Marco Polo hotels and club grew by 9% to HK$1,391 million in 2012. Operating profit increased by 5% to HK$391 million.

All Marco Polo hotels performed strongly during 2012. Consolidated occupancy of the three Marco Polo hotels in Hong Kong reached 85%, with an increase of 8% in average room rates.

Modern Terminals (a 68%-owned subsidiary of Wharf)
Modern Terminals' consolidated revenue decreased by 13% to HK$2,969 million mainly due to a one-off income recovery in 2011. Excluding this one-off impact, consolidated revenue decreased by 6.3%. Consolidated operating profit decreased by 26% to HK$1,142 million. Throughput in Hong Kong dropped 9% to 4.8 million TEUs. In the Mainland, throughput at Taicang International Gateway in Suzhou grew by 1% to 1.5 million TEUs, while Da Chan Bay Terminal One in Shenzhen handled 572,000 TEUs during the year.

i-CABLE (a 74%-owned subsidiary of Wharf)
Turnover increased by 1% to HK$2,127 million with a net loss at HK$278 million (2011: loss of HK$179 million). A healthy financial position was maintained with net cash of HK$188 million. Competitive pressure remained high during the year while higher programming costs were incurred due to the London Olympics and European football leagues.

Wharf T&T
Revenue rose by 4% to HK$1,826 million and operating profit by 9% to HK$250 million, another record turnover and profit for the second year in a row. Net cash inflow position started to recover as the investment on +EN rollout for the business market passed its peak.

FINANCIAL REVIEW

(I) Review of 2012 results

The Group continued to deliver solid financial results with its profit attributable to equity shareholders increased by 18% to HK$26,935 million and profit before property revaluation surplus increased by 4% to HK$8,734 million. The favourable results were mainly attributable to the remarkable performance of Wharf's property development segment and its persistent rental revenue growth, added by a one-off profit recognised from the acquisition of an associate, Greentown China Holdings Limited ("Greentown China"), and the increase in property revaluation surplus. However, in the absence of the better property sale recognised on completion of One Island South and Scotts Square in 2011, core profit decreased year-on-year by 20% to HK$7,267 million.

Revenue and Operating Profit

Group revenue decreased by 4% to HK$33,124 million (2011: HK$34,558 million) due to lower property sales recognised, which was partly mitigated by the strong recurrent rental growth.

Group operating profit decreased by 12% to HK$15,570 million (2011: HK$17,730 million), of which HK$14,170 million (2011: HK$11,388 million) was contributed by Wharf, HK$734 million (2011: HK$3,880 million) by WPSL, and HK$666 million (2011: HK$2,462 million) by Wheelock and its other subsidiaries.

Property Investment

Revenue and operating profit both increased by 13% to HK$12,004 million (2011: HK$10,670 million) and HK$9,122 million (2011: HK$8,108 million) respectively, attributable to higher retail rental income through better sales performance achieved by retail tenants and the continuous positive rental reversions for office areas. Revenue from the Mainland increased by 26% to HK$1,005 million (2011: HK$796 million), mainly due to the escalating revenue generated by Shanghai Wheelock Square and the renovated Chongqing Times Square. Hotels recorded increase in revenue through improved room rates with occupancy remained at high level despite rooms renovation interruption for the Gateway Hotel.

Property Development

Revenue and operating profit decreased by 17% and 32% to HK$13,370 million (2011: HK$16,021 million) and HK$5,458 million (2011: HK$8,058 million) respectively, due to lower sales recognised on completion as compared to 2011. In 2011, One Island South and Scotts Square were completed, enabling the recognition of revenue and operating profit of HK$9.4 billion and HK$5.7 billion respectively.

In Hong Kong, recognised property sales and operating profit amounted to HK$3,019 million (2011: HK$3,403 million) and HK$1,536 million (2011: HK$2,101 million) respectively, mainly generated from One Midtown and Bellagio Mall. During the year, One Midtown was completed and contributed revenue of HK$2,634 million and operating profit of HK$1,307 million.

In Singapore, recognised property sales and operating profit amounted to HK$778 million (2011: HK$6,275 million) and HK$360 million (2011: HK$3,683 million) respectively, mainly generated from sales of the remaining Scotts Square and Orchard View units.

In the Mainland, recognised property sales and operating profit amounted to HK$9,573 million (2011: HK$6,343 million) and HK$3,562 million (2011: HK$2,274 million) respectively, mainly derived from Chengdu Tian Fu Times Square, Shanghai Xiyuan and Wuxi Times City.

During the year, inclusive of joint ventures and associates (other than Greentown China) on an attributable basis, the Group's contracted property sales increased to HK$26.2 billion (2011: HK$19.9 billion), increasing its net order book to HK$22.5 billion by year end 2012 (December 2011: HK$17.2 billion), of which about 86% is in the Mainland and the balance is in Hong Kong pending recognition on completion.

Logistics
Revenue and operating profit decreased by 13% and 26% to HK$3,070 million (2011: HK$3,520 million) and HK$1,161 million (2011: HK$1,563 million) respectively, mainly due to the slowdown in global trade growth.

Communications, Media and Entertainment ("CME")
Revenue increased by 2% to HK$3,953 million (2011: HK$3,863 million) but an operating loss of HK$22 million (2011: profit of HK$45 million) was reported. Wharf T&T's operating profit increased by 9% to HK$250 million (2011: HK$230 million) while i-CABLE's operating loss widened to HK$271 million (2011: loss of HK$186 million).

Investment and Others
Investment and other operating profit amounted to HK$456 million (2011: HK$525 million), comprising largely dividend and interest income.

Increase in Fair Value of Investment Properties
The book value of the Group's investment property portfolio as at 31 December 2012 increased to HK$250.7 billion (2011: HK$200.5 billion), with HK$228.4 billion thereof stated at fair value based on an independent valuation as at that date. That resulted in a revaluation surplus of HK$35,924 million (2011: HK$27,651 million). The attributable net revaluation surplus of HK$18,201 million (2011: HK$14,507 million), after deducting related deferred tax and non-controlling interests in total of HK$17,723 million (2011: HK$13,144 million), was credited to the consolidated income statement.

Investment properties in the amount of HK$22.3 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 amounted to HK$3,116 million (2011: HK$629 million), mainly including the book accounting gain of HK$2,233 million arising from Wharf's acquisition of a 24.6% equity interest in Greentown China as detailed in note 4(a) to the financial statements, profit on disposal of available-for-sale investments of HK$492 million (2011: HK$184 million) and net exchange gain of HK$274 million (2011: HK$417 million).

Finance Costs
Finance costs charged to the consolidated income statement were HK$1,162 million (2011: HK$2,747 million), which included an unrealised mark-to-market gain of HK$573 million (2011: loss of HK$1,387 million) on cross currency/interest rate swaps as measured in compliance with the prevailing accounting standards. Net of non-controlling interests, the attributable gain is HK$301 million (2011: attributable loss of HK$679 million).

Excluding the unrealised mark-to-market gain, finance costs were HK$2,757 million (2011: HK$1,870 million) before capitalisation of HK$1,022 million (2011: HK$510 million), and HK$1,735 million (2011: HK$1,360 million) after capitalisation. The increase in finance costs was mainly due to increase in gross borrowings and rise in effective borrowing rates. The Group's effective borrowing rate for the year was 2.8% (2011: 2.1%) per annum.

Share of Results after tax of Associates and Jointly Controlled Entities
Share of profits of associates increased by 96% to HK$1,621 million (2011: HK$825 million), mainly due to increase in profit contributions from property development projects in the

Mainland, including an attributable profit of HK$893 million from the 24.6% equity interest in Greentown China acquired during the year.

Share of profits of jointly controlled entities ("JCEs") increased by HK$600 million to HK$634 million (2011: HK$34 million), reflecting the increased profit contributions from property development projects in the Mainland which began to bear fruit.

Income Tax

Taxation charge was HK$4,347 million (2011: HK$4,338 million), which included deferred taxation of HK$1,087 million (2011: HK$901 million) provided for the revaluation surplus of investment properties located in the Mainland.

Excluding the above deferred tax, the tax charge was HK$3,260 million (2011: HK$3,437 million), mainly due to a decrease in profit recognised by Property Development segment.

Non-controlling Interests

Profit attributable to non-controlling interests increased by HK$7,503 million to HK$24,421 million (2011: HK$16,918 million), which was mainly attributable to profit of Wharf and WPSL.

Profit Attributable to Equity Shareholders

Group profit attributable to equity shareholders increased by 18% to HK$26,935 million (2011: HK$22,866 million). Earnings per share were HK$13.26 (2011: HK$11.25).

Excluding the net investment property surplus of HK$18,201 million (2011: HK$14,507 million), Group profit attributable to equity shareholders increased by 4% to HK$8,734 million (2011: HK$8,359 million).

Further stripping out the exceptional attributable book accounting gain arising from acquisition of equity interests in Greentown China of HK$1,133 million (2011: HK$ Nil) and the attributable mark-to-market gains totaling HK$334 million (2011: losses of HK$679 million) on swaps and other financial assets, core profit decreased by 20% to HK$7,267 million (2011: HK$9,038 million). Core earnings per share were HK$3.58 (2011: HK$4.45).

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

Profit attributable to	**2012** **HK$ Million**	2011 HK$ Million
Wharf group	**5,617**	4,053
WPSL group	**528**	2,457
Wheelock and other subsidiaries	**1,122**	2,528
Core profit	**7,267**	9,038
Attributable book accounting gain arising from acquisition of equity interests in Greentown China	**1,133**	–
Attributable mark-to-market gains/(losses) on swaps and other financial assets	**334**	(679)
Profit before investment property surplus	**8,734**	8,359
Investment property surplus (after deferred tax)	**18,201**	14,507
Profit attributable to equity shareholders	**26,935**	22,866

Wharf's profit for the year ended 31 December 2012 increased by 55% to HK$47,263 million (2011: HK$30,568 million). Excluding the net investment property surplus, Wharf's profit was HK$13,927 million (2011: HK$6,727 million). Before the investment property surplus and the abovementioned exceptionals, Wharf's core profit increased by 37% to HK$11,040 million (2011: HK$8,083 million).

WPSL's reported profit for the year ended 31 December 2012 was S$63.3 million (2011: S$291.2 million) according to the accounting standards adopted in Singapore. In accordance with Hong Kong Financial Reporting Standards, WPSL's contributed profit to the Group was HK$396 million (2011: HK$3,855 million).

(II) Liquidity, Financial Resources and Capital Commitments

Shareholders' and Total Equity

The Group's Shareholders' equity increased by 24% to HK$152.0 billion (2011: HK$122.6 billion), or HK$74.83 per share (2011: HK$60.32 per share) as at 31 December 2012.

Including the non-controlling interests, the Group's total equity increased by 22% to HK$285.9 billion (2011: HK$235.2 billion).

Total Assets

The Group's total assets increased by 18% to HK$429.8 billion (2011: HK$364.1 billion). Total business assets, excluding bank deposits and cash, certain financial investments, deferred tax assets and other derivative financial assets, increased by 22% to HK$381.9 billion (2011: HK$312.3 billion).

The Group's Investment Property portfolio was HK$250.7 billion, representing 66% of total business assets. Together, Harbour City (excluding the three hotels) and Times Square in Hong Kong were valued at HK$169.0 billion, representing 67% of the value of the portfolio.

Other major business assets included fixed assets of HK$19.9 billion, interest in JCEs and associates (mainly for the Mainland property development and port projects) of HK$37.3 billion and properties under development and held for sale of HK$65.0 billion.

Geographically, the Group's business assets in the Mainland, mainly properties and terminals, increased to HK$134.6 billion (2011: HK$111.0 billion), representing 35% of the Group's total business assets.

Debts and Gearing

The Group's net debt increased by HK$20.2 billion to HK$73.2 billion (2011: HK$53.0 billion) as at 31 December 2012, which was made up of HK$103.2 billion in debts and HK$30.0 billion in bank deposits and cash. Excluding Wharf's net debt of HK$55.6 billion, which is non-recourse to the Company and its other subsidiaries, and WPSL's net cash of HK$2.8 billion, Wheelock's net debt was HK$20.4 billion (2011: HK$15.0 billion). Analysis of the net debt by group is as below:

Net debt/(cash)	**2012 HK$ Million**	2011 HK$ Million
Wharf (excludes the subsidiaries below)	**49,201**	35,348
Modern Terminals	**11,193**	11,155
Harbour Centre Development Ltd.	**(4,581)**	(2,700)
i-CABLE	**(188)**	(338)
Wharf group	**55,625**	43,465
WPSL group	**(2,801)**	(5,510)
Wheelock and other subsidiaries	**20,417**	15,059
Group	**73,241**	53,014

The ratio of net debt to total equity was 25.6% (2011: 22.5%) as at 31 December 2012.

Finance and Availability of Facilities

The Group's available loan facilities and debt securities amounting to HK$127.9 billion (2011: HK$115.0 billion), of which HK$103.2 billion were drawn, as at 31 December 2012 are analysed as below:

	Available Facilities HK$ Billion	**Total Debts HK$ Billion**	**Undrawn Facilities HK$ Billion**
Wharf (excludes the subsidiaries below)	71.9	58.8	13.1
Modern Terminals	13.7	12.3	1.4
Harbour Centre Development Ltd.	6.1	3.2	2.9
i-CABLE	0.5	0.1	0.4
Wharf group	92.2	74.4	17.8
WPSL group	2.4	1.7	0.7
Wheelock and other subsidiaries	33.3	27.1	6.2
Group	127.9	103.2	24.7

Of the above debts, HK$19.4 billion (2011: HK$26.8 billion) was secured by mortgages over certain properties under development and fixed assets with total carrying value of HK$31.7 billion (2011: HK$64.5 billion).

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

The use of derivative financial instruments is 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 foreign currency exposures.

The Group continued to maintain 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

31 December 2012 of HK$14.8 billion (2011: HK$7.1 billion), which is immediately available for liquidation for the Group's use.

Cash Flows for the Group's Operating and Investing Activities

For the year under review, the Group's operating cash inflow before changes in working capital was HK$16.2 billion (2011: HK$18.6 billion). The changes in working capital resulted in a net cash outflow of HK$0.2 billion (2011: HK$18.9 billion). For investing activities, the Group reported a net cash outflow of HK$28.3 billion (2011: HK$15.3 billion), mainly for additions to investment properties of HK$15.0 billion, including the premium payment for the lease renewal of Ocean Terminal of HK$7.9 billion and land and construction costs for Chengdu IFS, investments in associates and JCEs involved in property development projects mainly in the Mainland of HK$5.9 billion (including the acquisition of a 24.6% equity interest in Greentown China of HK$2.7 billion) and net purchase of financial investments and other financial assets of HK$6.3 billion (including the subscription for perpetual subordinated convertible securities of Greentown China of HK$2.6 billion).

Major Capital and Development Expenditure and Commitments

The Group's major capital and development expenditure incurred in 2012 and related commitments to planned expenditure as at 31 December 2012 is analysed as follows:

A. Major capital and development expenditure

	Hong Kong / Singapore HK$ Million	Mainland China HK$ Million	Total HK$ Million
Property investment			
Wharf group	8,884	5,860	14,744
WPSL group	69	—	69
Wheelock and other subsidiaries	232	—	232
	9,185	5,860	15,045
Development properties			
Wharf group	787	13,321	14,108
WPSL group	205	972	1,177
Wheelock and other subsidiaries	2,696	43	2,739
	3,688	14,336	18,024
Properties total	12,873	20,196	33,069
Non-properties			
Wharf group			
Modern Terminals	175	436	611
Wharf T&T	504	2	506
i-CABLE	207	2	209
Others	5	—	5
	891	440	1,331
Group total	13,764	20,636	34,400

i. Property investment expenditure incurred during the year mainly included Wharf's lease renewal premium of HK$7.9 billion paid for Ocean Terminal and land and construction cost for Chengdu IFS.

ii. The Group also incurred HK$18.0 billion for investment in development properties mainly related to Mainland projects, including HK$4.6 billion cash contribution to JCEs and associates and HK$2.7 billion for the acquisition of a 24.6% equity interest in Greentown China by Wharf.

iii. For Modern Terminals, the capital expenditure was mainly for additions to other fixed assets and the construction of the Dachan Bay port project in the Mainland while those for Wharf T&T and i-CABLE were incurred substantially for procurement of production and broadcasting equipment, network rollout and internet service equipment.

B. Commitments to capital and development expenditure

As at 31 December 2012, the Group's major commitments to capital and development expenditure that is expected to be incurred in the forthcoming years was estimated at HK$102.3 billion, of which HK$30.1 billion was authorised and contracted for. By segment, the commitments are analysed as below:

	As at 31 December 2012		
	Authorised and contracted for HK$ Million	Authorised but not contracted for HK$ Million	Total HK$ Million
Property investment			
Hong Kong / Singapore			
Wharf group	1,132	824	1,956
WPSL group	11	—	11
Wheelock and other subsidiaries	2	—	2
	1,145	824	1,969
Mainland China			
Wharf group	7,197	20,031	27,228
	8,342	20,855	29,197
Development properties			
Hong Kong / Singapore			
Wharf group	164	638	802
WPSL group	396	—	396
Wheelock and other subsidiaries	5,476	5,916	11,392
	6,036	6,554	12,590
Mainland China			
Wharf group	15,383	41,133	56,516
WPSL group	22	2,543	2,565
Wheelock and other subsidiaries	107	289	396
	15,512	43,965	59,477
	21,548	50,519	72,067
Non-properties			
Wharf group			
Modern Terminals	30	420	450
Wharf T&T	119	289	408
i-CABLE	23	128	151
	172	837	1,009
Group total	30,062	72,211	102,273

Properties commitments are mainly for land and construction costs, inclusive of attributable commitments to joint ventures, to be incurred in stages in the forthcoming years. The attributable committed land costs are HK$8.5 billion payable in 2013.

The above commitments and planned expenditure will be funded by the respective groups' own internal financial resources including surplus cash, cash flows from operations as well as bank and other financings with the construction costs self-financed mainly by pre-sale proceeds and project loans. Other available resources include financial investments.

(III) Human Resources

The Group had approximately 15,900 employees as at 31 December 2012, including about 2,800 employed by managed operations. Employees are remunerated according to their job responsibilities and the market pay trends 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 year ended 31 December 2012

	Note	**2012 HK$ Million**	2011 HK$ Million
Revenue	2	**33,124**	34,558
Direct costs and operating expenses		**(13,298)**	(13,093)
Selling and marketing expenses		**(1,243)**	(987)
Administrative and corporate expenses		**(1,577)**	(1,350)
Operating profit before depreciation, amortisation, interest and tax		**17,006**	19,128
Depreciation and amortisation	3	**(1,436)**	(1,398)
Operating profit	2 & 3	**15,570**	17,730
Increase in fair value of investment properties		**35,924**	27,651
Other net income	4	**3,116**	629
		54,610	46,010
Finance costs	5	**(1,162)**	(2,747)
Share of results after tax of:			
Associates		**1,621**	825
Jointly controlled entities		**634**	34
Profit before taxation		**55,703**	44,122
Income tax	6	**(4,347)**	(4,338)
Profit for the year		**51,356**	39,784
Profit attributable to:			
Equity shareholders		**26,935**	22,866
Non-controlling interests		**24,421**	16,918
		51,356	39,784
Earnings per share (Basic and diluted)	7	**HK$13.26**	HK$11.25

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2012

	2012 HK$ Million	2011 HK$ Million
Profit for the year	**51,356**	39,784
Other comprehensive income		
Exchange gain on translation of foreign operations	**956**	2,846
Net revaluation of available-for-sale investments:	**3,477**	(3,117)
Surplus/(deficit) on revaluation	**3,737**	(2,970)
Transferred to consolidated income statement on disposal	**(260)**	(147)
Share of other comprehensive income of associates/ jointly controlled entities	**62**	555
Others	**(1)**	10
Other comprehensive income for the year	**4,494**	294
Total comprehensive income for the year	**55,850**	40,078
Total comprehensive income attributable to:		
Equity shareholders	**29,981**	22,124
Non-controlling interests	**25,869**	17,954
	55,850	40,078

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2012

	Note	2012 HK$ Million	2011 HK$ Million
Non-current assets			
Investment properties		**250,729**	200,497
Fixed assets		**19,888**	19,002
Interest in associates		**16,046**	9,331
Interest in jointly controlled entities		**21,219**	18,297
Financial investments		**14,843**	7,065
Perpetual subordinated convertible securities		**2,709**	–
Goodwill and other intangible assets		**297**	297
Programming library		**109**	107
Deferred tax assets		**798**	694
Derivative financial assets		**487**	182
Other non-current assets		**391**	28
		327,516	255,500
Current assets			
Properties for sale		**65,007**	60,909
Inventories		**45**	130
Trade and other receivables	9	**6,693**	4,680
Derivative financial assets		**489**	225
Bank deposits and cash		**30,016**	42,668
		102,250	108,612
Current liabilities			
Trade and other payables	10	**(16,086)**	(11,368)
Deposits from sale of properties		**(11,968)**	(9,704)
Derivative financial liabilities		**(215)**	(233)
Taxation payable		**(2,093)**	(2,458)
Bank loans and other borrowings		**(6,930)**	(8,903)
		(37,292)	(32,666)
Net current assets		**64,958**	75,946
Total assets less current liabilities		**392,474**	331,446

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2012

	2012 HK$ Million	2011 HK$ Million
Non-current liabilities		
Derivative financial liabilities	**(1,913)**	(2,470)
Deferred tax liabilities	**(8,071)**	(6,728)
Other deferred liabilities	**(283)**	(275)
Bank loans and other borrowings	**(96,327)**	(86,779)
	(106,594)	(96,252)
NET ASSETS	**285,880**	235,194
Capital and reserves		
Share capital	**1,016**	1,016
Reserves	**151,025**	121,546
Shareholders' equity	**152,041**	122,562
Non-controlling interests	**133,839**	112,632
TOTAL EQUITY	**285,880**	235,194

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPLE ACCOUNTING POLICIES

The annual results set out in the announcement are extracted from the Group's financial statements for the year ended 31 December 2012.

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation used in the preparation of the financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2011 except for the changes mentioned below.

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, amendments to HKFRS 7, Financial instruments: Disclosures – Transfer of financial assets is relevant to the Group's financial statements.

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

Amendments to HKFRS 7, Financial instruments: Disclosures – Transfer of financial assets

The amendments to HKFRS 7 require certain disclosures to be included in the financial statements in respect of transferred financial assets that are not derecognised in their entirety and for any continuing involvement in transferred assets that are derecognised in their entirety, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

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 mainly consists of retail, office, serviced 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 in Hong Kong and Mainland China undertaken by Modern Terminals Limited, Hong Kong Air Cargo Terminals Limited and other public transport operations.

CME segment comprises pay television, internet and multimedia and other businesses operated by i-CABLE Communications Limited ("i-CABLE") and the telecommunication businesses operated by Wharf T&T Limited.

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

Segment business assets principally comprise all tangible assets, intangible assets and current assets directly attributable to each segment with the exception of bank deposits and cash, 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

	Revenue HK$ Million	Operating profit 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
For the year ended 2012								
Property investment	**12,004**	**9,122**	**35,924**	**73**	**(1,176)**	**–**	**–**	**43,943**
Hong Kong	**9,206**	**7,812**	**34,548**	**73**	**(1,032)**	**–**	**–**	**41,401**
Mainland China	**1,005**	**634**	**1,677**	**–**	**(136)**	**–**	**–**	**2,175**
Singapore	**402**	**285**	**(301)**	**–**	**–**	**–**	**–**	**(16)**
Hotels	**1,391**	**391**	**–**	**–**	**(8)**	**–**	**–**	**383**
Property development	**13,370**	**5,458**	**–**	**2,273**	**(110)**	**1,229**	**578**	**9,428**
Hong Kong	**3,019**	**1,536**	**–**	**22**	**–**	**2**	**(7)**	**1,553**
Mainland China	**9,573**	**3,562**	**–**	**2,251**	**(110)**	**1,227**	**585**	**7,515**
Singapore	**778**	**360**	**–**	**–**	**–**	**–**	**–**	**360**
Logistics	**3,070**	**1,161**	**–**	**(39)**	**(255)**	**392**	**56**	**1,315**
Terminals	**2,969**	**1,142**	**–**	**2**	**(255)**	**205**	**56**	**1,150**
Others	**101**	**19**	**–**	**(41)**	**–**	**187**	**–**	**165**
CME	**3,953**	**(22)**	**–**	**2**	**(41)**	**–**	**–**	**(61)**
i-CABLE	**2,127**	**(271)**	**–**	**2**	**(4)**	**–**	**–**	**(273)**
Telecommunications	**1,826**	**250**	**–**	**–**	**(37)**	**–**	**–**	**213**
Others	**–**	**(1)**	**–**	**–**	**–**	**–**	**–**	**(1)**
Inter-segment revenue	**(452)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Segment total	**31,945**	**15,719**	**35,924**	**2,309**	**(1,582)**	**1,621**	**634**	**54,625**
Investment and others	**1,179**	**456**	**–**	**807**	**420**	**–**	**–**	**1,683**
Corporate expenses	**–**	**(605)**	**–**	**–**	**–**	**–**	**–**	**(605)**
Group total	**33,124**	**15,570**	**35,924**	**3,116**	**(1,162)**	**1,621**	**634**	**55,703**
For the year ended 2011								
Property investment	10,670	8,108	27,651	127	(732)	–	–	35,154
Hong Kong	8,307	7,045	25,409	–	(529)	–	–	31,925
Mainland China	796	493	1,626	127	(196)	–	–	2,050
Singapore	290	196	616	–	–	–	–	812
Hotels	1,277	374	–	–	(7)	–	–	367
Property development	16,021	8,058	–	191	(102)	415	(37)	8,525
Hong Kong	3,403	2,101	–	41	–	23	–	2,165
Mainland China	6,343	2,274	–	150	(102)	392	(37)	2,677
Singapore	6,275	3,683	–	–	–	–	–	3,683
Logistics	3,520	1,563	–	210	(266)	410	71	1,988
Terminals	3,416	1,546	–	231	(266)	201	71	1,783
Others	104	17	–	(21)	–	209	–	205
CME	3,863	45	–	3	–	–	–	48
i-CABLE	2,110	(186)	–	3	–	–	–	(183)
Telecommunications	1,753	230	–	–	–	–	–	230
Others	–	1	–	–	–	–	–	1
Inter-segment revenue	(399)	–	–	–	–	–	–	–
Segment total	33,675	17,774	27,651	531	(1,100)	825	34	45,715
Investment and others	883	525	–	98	(1,647)	–	–	(1,024)
Corporate expenses	–	(569)	–	–	–	–	–	(569)
Group total	34,558	17,730	27,651	629	(2,747)	825	34	44,122

(b) Analysis of inter-segment revenue

	2012 Total Revenue HK$ Million	2012 Inter-segment revenue HK$ Million	2012 Group Revenue HK$ Million	2011 Total Revenue HK$ Million	2011 Inter-segment revenue HK$ Million	2011 Group Revenue HK$ Million
Property investment	**12,004**	**(167)**	**11,837**	10,670	(162)	10,508
Property development	**13,370**	**–**	**13,370**	16,021	–	16,021
Logistics	**3,070**	**–**	**3,070**	3,520	–	3,520
CME	**3,953**	**(104)**	**3,849**	3,863	(151)	3,712
Investment and others	**1,179**	**(181)**	**998**	883	(86)	797
	33,576	**(452)**	**33,124**	34,957	(399)	34,558

(c) Analysis of segment business assets

	2012 HK$ Million	2011 HK$ Million
Property investment	**253,736**	202,528
Hong Kong	**205,927**	162,932
Mainland China	**38,108**	31,028
Singapore	**7,748**	7,535
Hotels	**1,953**	1,033
Property development	**103,769**	85,416
Hong Kong	**18,558**	16,177
Mainland China	**82,122**	66,023
Singapore	**3,089**	3,216
Logistics	**20,223**	20,155
Terminals	**19,045**	18,966
Others	**1,178**	1,189
CME	**4,151**	4,178
i-CABLE	**1,336**	1,482
Telecommunications	**2,815**	2,696
Total segment business assets	**381,879**	312,277
Unallocated corporate assets	**47,887**	51,835
Total assets	**429,766**	364,112

Unallocated corporate assets mainly comprise certain financial investments, deferred tax assets, bank deposits and cash and other derivative financial assets.

Segment assets held through jointly controlled entities and associates included in above are:

	2012 HK$ Million	2011 HK$ Million
Property development	**31,914**	22,283
Logistics	**5,351**	5,345
Group total	**37,265**	27,628

(d) Other information

	Capital expenditure		**Increase in interests in associates and jointly controlled entities**		**Depreciation and amortisation**	
	2012 HK$ Million	2011 HK$ Million	**2012 HK$ Million**	2011 HK$ Million	**2012 HK$ Million**	2011 HK$ Million
Property investment	**15,045**	11,080	**–**	–	**196**	171
Hong Kong	**8,754**	800	**–**	–	**24**	19
Mainland China	**5,520**	10,040	**–**	–	**41**	40
Singapore	**69**	120	**–**	–	**2**	2
Hotels	**702**	120	**–**	–	**129**	110
Property development	**–**	–	**7,238**	3,302	**–**	–
Hong Kong	**–**	–	**400**	282	**–**	–
Mainland China	**–**	–	**6,838**	3,020	**–**	–
Logistics	**616**	350	**33**	68	**492**	481
Terminals	**611**	350	**33**	68	**488**	476
Others	**5**	–	**–**	–	**4**	5
CME	**715**	654	**–**	–	**748**	746
i-CABLE	**209**	187	**–**	–	**350**	346
Telecommunications	**506**	467	**–**	–	**398**	400
Group total	**16,376**	12,084	**7,271**	3,370	**1,436**	1,398

In addition, the CME segment incurred HK$100 million (2011: HK$80 million) for its programming library. The Group has no significant non-cash expenses other than depreciation and amortisation.

(d) Geographical information

	Revenue		Operating Profit	
	2012	2011	**2012**	2011
	HK$ Million	HK$ Million	**HK$ Million**	HK$ Million
Hong Kong	**20,382**	19,821	**10,817**	11,231
Mainland China	**11,434**	8,000	**4,019**	2,512
Singapore	**1,308**	6,737	**734**	3,987
Group total	**33,124**	34,558	**15,570**	17,730

	Specified non-current assets		Total business assets	
	2012	2011	**2012**	2011
	HK$ Million	HK$ Million	**HK$ Million**	HK$ Million
Hong Kong	**221,001**	177,049	**236,485**	190,572
Mainland China	**82,615**	62,955	**134,557**	110,954
Singapore	**7,757**	7,543	**10,837**	10,751
Group total	**311,373**	247,547	**381,879**	312,277

Specified non-current assets excluded deferred tax assets, financial investments, derivative financial assets and certain non-current assets.

The geographical location of revenue and operating profit is analysed based on the location at which services are provided and in case of equity instruments, where they are listed. The geographical location of specified non-current assets and total business assets is based on the physical location of operations.

3. OPERATING PROFIT

	2012	2011
	HK$ Million	HK$ Million
Operating profit is arrived at after charging/(crediting):		
Depreciation and amortisation on		
– assets held for use under operating leases	**141**	132
– other fixed assets	**1,102**	1,085
– leasehold land	**95**	94
– programming library	**98**	87
Total depreciation and amortisation	**1,436**	1,398
Staff costs (Note a)	**3,286**	3,153
Auditors’ remuneration		
– audit services	**26**	23
– other services	**5**	4
Cost of trading properties for recognised sales	**7,400**	7,599
Rental charges under operating leases in respect of telecommunications equipment and services	**53**	81
Impairment of trade receivables	**11**	22
Rental income less direct outgoings (Note b)	**(8,760)**	(7,742)
Rental income under operating leases in respect of owned plant and machinery	**(13)**	(15)
Interest income (Note c)	**(586)**	(365)
Dividend income from listed investments	**(308)**	(255)
(Profit)/loss on disposal of fixed assets	**(4)**	5

Notes:

(a) Staff costs included contributions to defined contribution pension schemes of HK$199 million (2011: HK$139 million) which included MPF schemes (after a forfeiture of HK$3 million (2011: HK$3 million)), and equity-settled share-based payment expenses of HK$60 million (2011: HK$75 million).

(b) Rental income included contingent rentals of HK$1,953 million (2011: HK$1,703 million).

(c) Included in interest income are amounts totalling HK$490 million (2011: HK$365 million) in respect of financial assets (mainly bank deposits) that are stated at amortised cost.

4. OTHER NET INCOME

Other net income amounted to HK$3,116 million (2011: HK$629 million), and principally comprised:

(a) A book accounting gain representing the negative goodwill of HK$2,233 million (2011: HK$ Nil) recognised in respect of Wharf's acquisition of a 24.6% equity interest in Greentown China Holdings Limited ("Greentown China"), an associate, in June 2012. This amount was calculated based on Wharf's internal assessment of net fair value of Greentown China's identifiable assets and liabilities as at the date of acquisition.

(b) Net profit on disposal of available-for-sale investments of HK$492 million (2011: HK$184 million) which included a revaluation surplus, before deduction of non-controlling interests, of HK$260 million (2011: HK$147 million) transferred from the investments revaluation reserves.

(c) Net foreign exchange gain of HK$274 million (2011: HK$417 million) which included the impact of forward foreign exchange contracts.

(d) Profit on disposal of an investment property of HK$73 million (2011: HK$ Nil).

(e) A write-back of provision for properties of HK$22 million (2011: HK$49 million).

5. FINANCE COSTS

	2012 HK$ Million	2011 HK$ Million
Interest charged on:		
Bank loans and overdrafts		
– repayable within five years	**956**	874
– repayable after five years	**141**	222
Other borrowings		
– repayable within five years	**945**	102
– repayable after five years	**441**	272
Total interest charge	**2,483**	1,470
Other finance costs	**274**	400
Less: Amount capitalised	**(1,022)**	(510)
	1,735	1,360
Fair value (gain)/loss:		
Cross currency interest rate swaps	**(875)**	382
Interest rate swaps	**302**	1,005
	(573)	1,387
Total	**1,162**	2,747

6. INCOME TAX

Taxation charged to the consolidated income statement represents:

	2012 HK$ Million	2011 HK$ Million
Current income tax		
Hong Kong		
– provision for the year	**1,597**	1,669
– overprovision in respect of prior years	**(39)**	(28)
Outside Hong Kong		
– provision for the year	**998**	1,189
– overprovision in respect of prior years	**(8)**	(6)
	2,548	2,824
Land appreciation tax ("LAT") (Note c)	**584**	509
Deferred tax		
Change in fair value of investment properties	**1,087**	901
Origination and reversal of temporary differences	**212**	159
Benefit of previously unrecognised tax losses now recognised	**(84)**	(55)
	1,215	1,005
Total	**4,347**	4,338

(a) The provision for Hong Kong profits tax is based on the profit for the year as adjusted for tax purposes at the rate of 16.5% (2011: 16.5%).

(b) Income tax on profits assessable outside Hong Kong is mainly China corporate income tax calculated at a rate of 25% (2011: 25%) and Singapore income tax at a rate of 17% (2011: 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 expenditure including cost of land use rights, borrowing costs and all property development expenditure.

(d) Tax attributable to associates and jointly controlled entities for the year ended 31 December 2012 of HK$1,481 million (2011: HK$438 million) is included in the share of results after tax of associates and jointly controlled entities.

7. EARNINGS PER SHARE

The calculation of earnings per share is based on profit attributable to equity shareholders for the year of HK$26,935 million (2011: HK$22,866 million) and 2,032 million ordinary shares in issue throughout the years ended 31 December 2012 and 2011.

There were no potential diluted ordinary shares in existence during the years ended 31 December 2012 and 2011.

8. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

	2012 HK$ Million	2011 HK$ Million
First interim dividend declared and paid of 25.0 cents (2011: 4.0 cents) per share	**508**	81
Dividends proposed after the end of the reporting period		
Second interim dividend of 60.0 cents (2011: 21.0 cents) per share	**1,219**	427
Special dividend of 25.0 cents (2011: 25.0 cents) per share	**508**	508
	1,727	935
	2,235	1,016

(a) The second interim dividend and special dividend proposed after the end of the reporting period have not been recognised as liabilities at the end of the reporting period.

(b) The second interim dividend and special dividend of HK$427 million and HK$508 million respectively for 2011 were approved and paid in 2012.

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 31 December 2012 as follows:

	2012 HK$ Million	2011 HK$ Million
Trade receivables		
0 - 30 days	**678**	740
31 - 60 days	**116**	127
61 - 90 days	**57**	73
Over 90 days	**78**	63
	929	1,003
Accrued sales receivables	**1,139**	901
Other receivables and prepayments	**4,625**	2,776
	6,693	4,680

Accrued sales receivables mainly represent consideration for property sales to be billed or received after the end of the reporting period. In accordance with the Group's accounting policy, upon receipt of the Temporary Occupation Permit or architect's completion certificate, the balance of the 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 recoverable within one year.

10. TRADE AND OTHER PAYABLES

Included in this item are trade payables with an ageing analysis as at 31 December 2012 as follows:

	2012 HK$ Million	2011 HK$ Million
Trade payables		
0 - 30 days	**535**	346
31 - 60 days	**192**	175
61 - 90 days	**50**	54
Over 90 days	**138**	90
	915	665
Rental and customer deposits	**2,751**	2,312
Construction costs payable	**4,949**	3,207
Amounts due to associates	**2,694**	2,124
Amounts due to jointly controlled entities	**549**	210
Other payables	**4,228**	2,850
	16,086	11,368

11. REVIEW OF FINANCIAL STATEMENTS

The financial results for the year ended 31 December 2012 have been reviewed with no disagreement by the Audit Committee of the Company. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2012 have been agreed with the Company's Auditors to the amounts set out in the Group's consolidated financial statements for the year.

CORPORATE GOVERNANCE PRACTICES

During the first three-month period in the financial year under review, all the applicable code provisions in the Code on Corporate Governance Practices (which were effective during that three-month period), as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") then in force, were met by the Company, except in respect of one code provision (viz. Code Provision A.2.1) providing for the roles of the chairman and chief executive to be performed by different individuals (the "First Deviation"). 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. The Board of Directors believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high calibre individuals, with half of them being Independent Non-executive Directors ("INEDs").

During the remaining nine-month period in the financial year under review (i.e. from 1 April to 31 December 2012), all the code provisions in the Corporate Governance Code (which is set out in the current version of Appendix 14 of the Listing Rules) were met by the Company, with the exception of three deviations, namely, (i) the First Deviation (as explained above); (ii) Code Provision F.1.3 (the "Second Deviation") providing for the company secretary to report to the board chairman or the chief executive; and (iii) Code Provision A.6.7 (the "Third Deviation") providing for INEDs and other Non-executive Directors of the Company to, *inter alia*, attend general meetings. Regarding the Second Deviation, the Company Secretary of the Company has for some years directly reported to, and continues to report to, the Deputy Chairman of the Company, which is considered appropriate and reasonable given the size of the Group. In the view of the Directors, this reporting arrangement would in no way adversely affect the efficient discharge by the Company Secretary of his job duties. As regards the Third Deviation, a few INEDs were absent from the last Annual General Meeting of the Company held in May 2012 due to their being absent from Hong Kong on the date of the meeting.

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 year under review.

BOOK CLOSURE

The Register of Members of the Company will be closed from Friday, 31 May 2013 to Friday, 7 June 2013, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to qualify for the abovementioned second interim dividend and special interim dividend and to ascertain Shareholders' rights for the purpose of attending and voting at the forthcoming Annual General Meeting to be held on 7 June 2013, 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 Thursday, 30 May 2013.

By Order of the Board
Wilson W. S. Chan
Company Secretary

Hong Kong, 27 March 2013

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. Stewart C. K. Leung and Mr. Paul Y. C. Tsui together with two Non-executive Directors, namely, Mrs. Mignonne Cheng and Mr. Ricky K. Y. Wong and six Independent Non-executive Directors, namely, Mr. Tak Hay Chau, Mr. Herald L. F. Lau, Mr. Alan H. Smith, Mr. Richard Y. S. Tang, Mr. Kenneth W. S. Ting and Mr. Glenn S. Yee.