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 2014

Full Year Sales Target Completed in First Half

Hong Kong Development Properties ("DP") Highlights

- Contracted sales at HK$10.1 billion, successfully meeting full year sales target in the first half.

- Net order book increased to HK$19.5 billion, locking in steady future revenue stream (December 2013: HK$11.1 billion).

- One Bay East – East Tower was presold to Citigroup for HK$5.4 billion in June 2014, the largest transacted office project in Hong Kong. The West Tower was presold to Manulife for HK$4.5 billion in March 2013, thus completing the HK$10 billion project which dovetailed precisely with the Government's CBD2 concept in that region.

- Grand Austin (Phase II) presold 685 units or 99% of total units up to July 2014, generating sales proceeds of HK$15.1 billion. In addition to the adjacent The Austin (Phase I) which was presold at HK$10.0 billion in November 2013, thus satisfactorily completing the HK$25 billion MTRC joint development project.

- Kai Tak residential site was acquired by public tender at HK$2.5 billion with 413,000 square feet GFA in May 2014.

- Four sites in Tseung Kwan O South region totaling 2.3 million square feet are all proceeding in accordance with plan.

- Land bank under management stood at 7.4 million square feet. 95% located in city center and 64% on Victoria Harbour. Average land cost was at around HK$4,500 per square foot.

Wheelock Group Consolidated Highlights

- Wheelock now holds 54.8% of Wharf, an increase of 2.66% from 52.1% since the last results announcement. The average acquisition cost was HK$54 per share.

- Group revenue and operating profit increased by 6% to HK$18.5 billion and 13% to HK$8.2 billion respectively. Group underlying profit was HK$3.5 billion.

- Wharf contributed HK$2.6 billion underlying profit to the Group.

  - Investment Properties' profit increased by 18% and accounted for 91% of its total profit including net revaluation gain.

  - Crawford House sold to Wharf for HK$5.8 billion in August 2014, further adding to Wharf's IP portfolio.

  - Chengdu IFS, with development area of 8.2 million square feet, size of another Harbour City, is a mega mixed used complex located in the core city centre. The retail mall was opened in January 2014, presently 99% of area leased and nearly 90% commenced operations.

- Wheelock Singapore contributed HK$120 million underlying profit to the Group.

  - Through a 40%-owned associated company, an indirect interest of 22.6% of the issued share capital of Hotel Properties Limited ("HPL") was acquired, resulting from a take over bid during the period under review. Our previous direct holding was 20.2%. HPL is a Singapore listed company focusing on hotel and substantial quality investment properties assets.

GROUP RESULTS (unaudited)

Excluding investment property revaluation gain and exceptional items, underlying profit was HK$3,547 million (2013: HK$4,761 million).

Including exceptional items but excluding investment property revaluation gain, Group profit was HK$3,979 million (2013: HK$5,155 million).

Group profit attributable to equity shareholders was HK$7,675 million (2013: HK$10,845 million). Earnings per share were HK$3.78 (2013: HK$5.34).

INTERIM DIVIDEND

An interim dividend of 38.5 cents (2013: 35.0 cents) per share will be paid on 30 September 2014 to Shareholders on record as at 24 September 2014, absorbing a total amount of HK$782 million (2013: HK$711 million).

BUSINESS REVIEW

Development Properties ("DP")

Hong Kong Property Sales

Contracted property sales totaling HK$10.1 billion was achieved as at 30 June 2014, successfully meeting HK$10.0 billion full year sales target in the first half. Net order book accumulated to HK$19.5 billion, locking in steady future revenue stream.

The property sales mainly generated from One Bay East – East Tower of HK$5.4 billion and Grand Austin's attributable sales of HK$4.1 billion, demonstrated successful sales diversification from office and residential development.

Austin Station Property Development is a prime residential project held by a 50%-owned joint venture with New World Development on top of Austin MTR station. In October 2013, all 576 residential units of The Austin (Phase I) had been sold, generating sales proceeds of HK$10.0 billion. Following this successful sale, Grand Austin (Phase II) was launched in June 2014. Up to July 2014, 685 units or 99% of total units were presold, generating sales proceeds of HK$15.1 billion. In addition to the adjacent The Austin which was presold at HK$10.0 billion in November 2013, thus satisfactorily completing the HK$25 billion MTRC joint development project. This large-scale residential development is situated on Canton Road at the entrance of West Kowloon Cultural District, creating synergies with Harbour City. It is uniquely linked to three rail stations and four rail lines: Austin MTR Station underneath, Airport Express Line and Tung Chung MTR Line at Kowloon Station and Hong Kong's only Express Rail Link terminus (targeted construction completion in 2017). This prime city centre and harbour facing site with complete transportation convenience demonstrates an unrivalled living destination in Hong Kong. Superstructure works for both phases are in progress. Full completion is scheduled for 2015.

One Bay East is a 21-storey grade A twin office tower development situated at the waterfront of Kowloon East, overlooking Victoria Harbour, Hoi Bun Road Park, and the Kai Tak Cruise Terminal. In March 2013, the West Tower was presold to Manulife for use as its Hong Kong headquarters. In June 2014, the East Tower was presold to Citigroup in a landmark deal for HK$5.4 billion, thus completing the HK$10 billion project which dovetailed precisely with the Government's CBD2 concept in that region. The development also ranks as the Hong Kong's largest transacted office project. Superstructure works are now underway. Full completion is scheduled for 2015.

Office development has been a steady component in the Group since 2010 with one office tower launched each year, including One Island South in 2010 and before, One Midtown in 2011, Delta House in 2012, One Bay East – West Tower in 2013 and One Bay East – East Tower in 2014. These successful office sales have strengthened the Company's position as the market leader in this business segment. One HarbourGate, a grade A twin office tower and retail development located along the Hunghom waterfront is planned for presales in 2015. The redevelopment of Wharf T&T Square will also commence in 2015.

Lexington Hill was completed and contributed HK$1.4 billion revenue in the first half of 2014. All 104 residential units were presold in 2012. It is a residential development in Hong Kong Island's Western District with the prestigious school network and is only a block away from the future Kennedy Town MTR station (targeted construction completion in 2014). Preparation of handover to buyers is planned in the third quarter of 2014.

Kensington Hill is a residential redevelopment in High Street of Hong Kong Island's Western District with a GFA of 69,186 square feet, comprising 75 residential units. It is situated in a traditional luxury residential area surrounded by prestigious school network and adjacent to The University of Hong Kong. In addition, it is in close proximity to the future Sai Ying Pun MTR station (targeted construction completion in 2014). Foundation works are in progress. Pre-sales is scheduled for the second half of 2014.

Landbank

The Company continues to selectively capture land banking opportunities in Hong Kong.

Kai Tak site with a GFA of 413,015 square feet was acquired by public tender in May 2014 for HK$2.5 billion. It is a residential development in the heart of Kai Tak development area in Kowloon South which is adjacent to the future Kai Tak MTR Station (targeted construction completion in 2018) and the Kai Tak cruise terminal.

Hong Kong DP land bank under management amounted to 7.4 million square feet as at 30 June 2014. This land bank is competitive in quality. First, it is city centre focused, with 95% located in urban area. Second, it is concentrated in Hong Kong's most sought-after locations, with 64% along Victoria Harbour. Besides, this portfolio is diversified with residential premises representing about 80% of the land bank while commercial premises for sales account for about 20%. Average land bank cost is at around HK$4,500 per square foot, if excluding The Peak Portfolio. This land bank size is adequate to fill development needs in coming several years.

In terms of locational diversity, the land bank focuses in four city centre submarkets, namely, Tseung Kwan O South Portfolio, Kowloon East Waterfront, Kowloon South Portfolio and The Peak Portfolio.

"**The Tseung Kwan O South Portfolio**", the Company is one of the two major landholders in Tseung Kwan O South, each with one-third of the market. The four residential sites, of which three are waterfront sites, totaling 2.3 million square feet provides over 2,500 residential units at average land cost of HK$4,200 per square foot. They are served by 2.2 million square feet of green area and over 10 kilometres of waterfront promenade and cycling paths, while the waterfront sites enjoy the panoramic views of Victoria Harbour. The sites are well connected to the Tseung Kwan O MTR Station which is only three stops from Quarry Bay and a 20-minute commute from Central. All four sites are all proceeding in accordance with plan. Pre-sales of TKOTL119, the first site acquired in the region and closest to MTR station, is tentatively scheduled for 2015.

"The Kowloon East Waterfront Portfolio" comprises of two key clusters along Victoria Harbour: the Bay East Waterfront Cluster and the Yau Tong Harbourfront Cluster. The Bay East Waterfront Cluster in CBD2 amounts to 1.4 million square feet and includes Wharf T&T Square and Kowloon Godown redevelopments. The Yau Tong Harbourfront Cluster with attributed GFA of 860,000 square feet consists of two redevelopments, namely, Yau Tong Bay and Yau Tong Godown.

"The Kowloon South Portfolio" consists of four developments with a total of 1.7 million square feet, namely, Grand Austin, Ho Man Tin, Kai Tak site and One HarbourGate. These developments are located in Kowloon's prime city centres and are proximity to MTR stations. The residential site in Ho Man Tin is located in the traditional luxury residential neighborhood of Kowloon and is adjacent to the future Ho Man Tin MTR Station (targeted construction completion in 2016). The Kai Tak site is a residential development located in the heart of Kai Tak development area and adjacent to the future Kai Tak MTR Station. One HarbourGate is in proximity to MTR East and West Rails, the future Shatin-to-Central MTR Line (targeted construction completion in four years' time) and the future Whampoa MTR Station (targeted construction completion in 2016).

"The Peak Portfolio", held by Wharf, includes Mount Nicholson and existing properties redevelopment, providing 0.5 million square feet GFA of rare luxury residential land parcels in Hong Kong's most valuable residential location. The limited land supply in the Peak and less cashflow pressure given three out of four are historical land bank, firmly enhance the value of the Peak Portfolio. Mount Nicholson is a 50%-owned joint venture development with Nan Fung group which will be developed into a total GFA of 324,000 square feet of deluxe villas and apartments.

Investment Properties ("IP")

The Company has two IPs in Hong Kong with combined market value of over HK$10 billion, generating stable recurring rental income.

Wheelock House is an office development located in the historical heart of Hong Kong's core commercial district at the intersection of Pedder Street and Des Voeux Road Central, above the Central MTR Station. As at 30 June 2014, Wheelock House had an office occupancy rate of 99%. Together with Wheelock Square in Shanghai (which is owned by Wharf) and Wheelock Place in Singapore (which is owned by WPSL), the three Wheelock branded landmarks anchor the Group's brand presence in Asia's key financial centres.

Crawford House is a commercial development at No. 70 Queen's Road Central comprising 18 office floors and a seven-storey retail area of 83,000 square feet with a 120-foot high street frontage and a layby along Queen's Road Central. As at 30 June 2014, office occupancy rate stood at 98% while retail area was 97% occupied. Zara's new flagship store with 55,268 square feet of retail area has opened for business in June 2014.

Corporate Social Responsibility

Our CSR approach of doing well by doing good is based on the idea of business in community, where businesses interact and also contribute to our communities. In March 2014, Wheelock Properties Limited ("WPL") was awarded the Social Responsibility Award of the Year 2014 by Royal Institution of Chartered Surveyors, demonstrating its outstanding contribution to the community.

Project *WeCan* is a youth development programme launched in 2011 aiming to support under privilege students in secondary schools lacking resources through annual funding, staff volunteering and new opportunities. This programme is an open platform that welcomes business sponsors and has been well supported by expertise from the Quality School Improvement Project of The Chinese University of Hong Kong. Specifically, Wheelock has been working closely with two partner schools, Fung Kai No. 1 Secondary School and Ng Yuk Secondary School. Active volunteers' participation is vital, activities such as company visits and mentorship programme were carried out during the first half to empower students with opportunities that will engage them, nurture their confidence and inspire them. Project *WeCan* 2 was also launched last year aiming to support up to 150 or one-third of Hong Kong secondary schools with a high percentage of under privilege students. There will be 30 more secondary schools participating in Project *WeCan* 2 in September 2014, bringing the total to 44.

Sustainable development continues to be an important issue for the Group. In 1994, the Woo Wheelock Green Fund ("WWGF") was established in collaboration with the government's Environment and Conservation Fund to support environmental protection through supporting environmental research and technology projects. In the past six years, WWGF funded 14 projects. Further, WPL strives to increase its energy reduction efforts, carbon emission intensity for construction sites has decreased by 62% over last two year; recycling rate was 42% last year given the strengthen of materials recovery initiatives during construction stages. In headquarters, energy intensity has decreased by 3.7% with the recycling rate increased from 11.4% to 33.9% in two years. So far, its effort is well recognized by the Gold Label Award in the WWF Hong Kong's Low-carbon Office Operation Programme for two consecutive years. WPL has set a target to reduce its office carbon emission per employee by 15% by 2017. Also, three upcoming developments were provisionally rated BEAM Plus Gold in 2013, demonstrating our commitment to green buildings standard. Finally, WPL is committed to CSR reporting for three consecutive years. This year we will report in accordance with the internationally recognized Global Reporting Initiative (GRI) G4 sustainability reporting guidelines.

Community involvement further to Project *WeCan* is actively supported by the Company. During the first half of 2014, the Company supported numerous organizations and participated in community activities, which included Hong Chi Association, "Run for Paralympians" in 2014, Hike for Hospice 2014 and Peak Photo Competition with a donation to Maltida International Hospital. To support art and culture, the Company has also participated in an art workshop at Jockey Club Hong Chi School. WPL was awarded Caring Company 2013/14 by the Hong Kong Council of Social Services.

Delivering quality products and services is a continual process and we are much encouraged by industrial recognition. Our recent residential products have ranked in the top percentile in an industrially recognized quality index by CABLE TV (a subsidiary of Wheelock Group). WPL was awarded BCI Asia Top 10 Developers Awards – Hong Kong for three consecutive years and also the best property management for two consecutive years which underlies our focus on quality.

54.8% Equity Investment in The Wharf (Holdings) Limited ("Wharf")

Wheelock now holds 54.8% of Wharf, an increase of 2.66% from 52.1% since the last results announcement. The average acquisition cost was HK$54 per share. Wharf is a property developer with strategic focus on IP. IP's profit increased by 18% and accounted for 91% of its total profit including net revaluation surplus in the first half of 2014. The company's IP portfolio has a book value of HK$270 billion, which is among the top three publicly-held in the world. Excluded from this book value are hotels in operation (combined value of HK$9 billion) or under development (carried at a combined cost of HK$5 billion).

Investment Properties

Harbour City is among the world's leading shopping destinations (for total retail sales) supported by two million square feet of contiguous mall space, premier location, expertly-managed trade mix and powerful retail marketing. Its 530-meter-retail shop street frontage along Canton Road has become a finite resource for top brands. Presence at Harbour City is a must-have for celebrated international retailers and a showcase for any retailer who wants to do business in the Mainland. In a bid to enhance its retail attractiveness, Harbour City continuously upgrades the layout, refines the tenant mix and enhances premises and shopping experience. These rejuvenation works, including the renovation and extension of Ocean Terminal, is poised to add further growth impetus. This explains why Harbour City is able to outperform the local retail market in the past decade. Retail revenue increased by 14% and occupancy stood firm at virtually 100%. Demand for office space at Harbour City continued to be fuelled by small-medium-sized business expansion, corporate upgrade and decentralization.

Times Square is among the most successful vertical malls in the world and remains a must-visit shopping landmark in Hong Kong, thanks to its unique 17-level retail mall design, diverse trade-mix, extensive entertainment and culinary choices, and direct thoroughfare to the MTR. With enhanced tenant-mix and shoppers' traffic distribution, the renewed Times Square caters to an even wider range of shoppers. The offer of a new era of "shoppertainment" and lifestyle experience effectively pushes the bar of Times Square to new heights. Retail revenue increased by 34% and occupancy maintained at virtually 100%. On the back of positive rental reversion, the office occupancy was strong with a steady increase in revenue from office sector.

Plaza Hollywood is a leading shopping mall in Kowloon East. Product and brand repositioning and enhanced tenant mix continued to drive its performance. It is well-positioned to attract high volumes of foot traffic given it is prominently located atop the Diamond Hill MTR Station, which will be the future interchange hub for the new Shatin-Central Link in four years' time with the existing MTR network. It is also located at the entrance to Tate's Cairn Tunnel, a vehicular artery linking Kowloon East with the New Territories and beyond to Shenzhen, and directly linked to the Diamond Hill bus terminus. Revenue increased by 10% and occupancy was virtually 100%.

China's investment properties continued to deliver solid performance. Shanghai Wheelock Square continued to be the preferred office location for multinational firms and major corporations for its prestigious location, distinctive design and premium-quality management services. Shanghai Times Square has completed its substantial renovation and has successfully transformed itself into a high-end retail destination. Dalian Times Square, a premier luxury shopping landmark and jewel in the heart of the city, houses a spate of luxury brands. Chongqing Times Square is a renewed shopping mall with world class facilities and services. Chengdu Times Outlets is still one of the most-visited outlet destinations in Chengdu.

International Finance Square ("IFS") is a new series of IP projects being developed in the Mainland, with a scale comparable to or surpassing that of Harbour City and Times Square in Hong Kong. Upon completion of these five IFSs by 2017, the recurrent income base in China will be significantly strengthened.

Chengdu IFS with development area of 8.2 million square feet, size of another Harbour City, is a mega mixed used complex located in the core city centre. It comprises a flagship shopping center, grade-A office buildings, an international Niccolo-brand five-star hotel and high-end hotel serviced residence. The mall officially opened in January 2014 and attracted wide attention from the public, as well as local and international media. Presently, 99% of 210,000 square-metre of retail space, comparable in size to Harbour City, was committed at well above-budget rental rates. On the other hand, nearly 90% of the retail tenants have commenced operations. Full completion is scheduled for 2015. Office leasing is also in progress with newly leading and reputable financial institutions and professional firms already secured.

Chongqing IFS comprises a landmark tower and four other towers offering retail with diverse trade-mix, grade A offices and a five-star Niccolo-brand sky hotel. Retail pre-leasing activities have commenced. Full completion of the complex is scheduled for 2016.

Development of other IFSs in Wuxi, Suzhou and Changsha are in progress.

China Development Properties

Amidst various challenges in the market, contracted sales, powered by Wharf's reputation for quality residences in prime locations, were well on track to meet the full year target. On an attributable basis, a total of 641,000 square meters were sold to generate proceeds of RMB8.9 billion, representing 39% of the full year target. Inclusive of China IP, the current land bank maintains at 11.1 million square metres spanning 15 cities.

Wharf holds approximately 24.3% of the equity interest in Greentown China Holdings Limited, a leading high-end real estate developer in China with strong brand recognition. The investment in Greentown complements the Group's business strategy for China DP.

Other Investments / Businesses

Marco Polo Hotels currently operates 13 hotels in the Asia Pacific region, four of which are owned by Wharf. A solid portfolio of 11 owned hotels in the pipeline will serve as a core platform of an expanding hotel network in five years' time. At least three of the new owned hotels are luxury hotels to be operated under a new brand Niccolo by Marco Polo. These hotels, destined to offer superior levels of design and impeccable quality of services, will take the hotel group to the next level of hospitality.

Murray Building is a prominent landmark building in Central with nearly 50 years of history. It guards the intersection of traffic arteries in Central that run east-west and north-south, commands open green view over Hong Kong Park and is well connected to MTR. Murray Building will be converted into a unique, fashionable lifestyle hotel. Opening is targeted for 2017.

Modern Terminals' gain in market share boosted consolidated revenue which was driven by solid throughput growth. Global trade flows staged a muted recovery in 2014 amid signs of stabilizing US and European economies.

i-CABLE's revenue compression continued. The TV industry will continue to come under considerable structural difficulties. Its affiliate Fantastic Television was granted in-principle approval to start a free TV service. The new free TV business will open up new horizons for i-CABLE and creative synergies with its existing businesses.

Wharf T&T reported a record-setting half year financial performance, capitalizing on its extensive coverage of network infrastructure and service engine.

75.8% Equity Investment in Wheelock Properties (Singapore) Limited ("WPSL")

In accordance with Hong Kong Financial Reporting Standard, WPSL's profit contribution to Wheelock for the six months ended 30 June 2014 was HK$828 million (2013: HK$732 million).

Investment Properties

Wheelock Place, a prime commercial development on Orchard Road comprising of retail podium and an office tower, was 100% leased at an average monthly rent of above S$13 per square foot as at 30 June 2014. The retail basements are linked to the Orchard MRT and adjacent retail site at the corner of Paterson Road and renowned Orchard Road shopping belt.

Scotts Square Retail is a prime residential development atop a retail complex located in the heart of the Orchard Road shopping belt. The occupancy rate stood at 93% at an average monthly rent of above S$22 per square foot as at 30 June 2014. The re-tenanting exercise to revitalize the mall with stronger international luxury labels and F&B concepts is in progress.

Development Properties

The Panorama is located in Singapore's traditional residential district of Ang Mo Kio and within walking distance to the future Mayflower MRT Station of Thomson Line linking to Orchard Road and Marina Bays (targeted construction completion in 2021), and adjacent to St. Nicholas Girls' School. As at 30 June 2014, 203 units or 83% of the 246 units launched was sold at an average price of S$1,287 per square foot.

Ardmore Three is a luxury residential development located along Ardmore Park with mere minutes away from Orchard MRT Station and Orchard Road shopping belt. Pre-sales is underway while the construction is in progress and completion is targeted for end of 2014.

Scotts Square, a 43-storey luxury residential development located on the Orchard Road, was 79% sold at an average price of S$4,004 per square foot. 32 units were leased out with average monthly rental achieved close to S$5,300 per month.

雍景山 is a high-end residential development in Fuyang district, Zhenjiang Province in China. It is located 22km from the city centre of Hangzhou with nice mountain view. Construction of Phase 1 of the Fuyang residential project is currently in process.

Investment in Hotel Properties Limited ("HPL")

Through a 40%-owned associated company, an indirect interest of 22.6% of the issued share capital of HPL was acquired, resulting from a take over bid during the period under review. WPSL's previous direct holding was 20.2%. HPL is a Singapore listed company focusing on hotel and substantial quality investment properties assets.

FINANCIAL REVIEW

(I) Review of 2014 Interim Results

Wheelock & Company (before consolidation of listed subsidiaries WPSL and Wharf)
Wheelock's own net profit decreased by 38% to HK$873 million (2013: HK$1,408 million). Excluding the IP revaluation gain of HK$60 million (2013: HK$129 million) and the mark-to-market gain of HK$34 million (2013: HK$ Nil) on swaps, underlying profit decreased by 39% to HK$779 million (2013: HK$1,279 million) with operating profit HK$669 million recognised from Lexington Hill. The decrease in profit was mainly due to the absence of profit from sale of available-for-sale investments and lower profit contribution from associates as compared to 2013.

Wheelock Group
The Group continued to deliver solid operating results with revenue and operating profit increased in the first half of 2014. This was mainly attributable to continuous rental revenue growth. However, Group's underlying profit decreased by 25% to HK$3,547 million (2013: HK$4,761 million), mainly due to lower profit contribution from associates and absence of the exceptionally large investment disposal profit in 2013.

Group profit attributable to equity shareholders decreased by 29% to HK$7,675 million (2013: HK$10,845 million), due to a lower IP revaluation gain.

Revenue and Operating Profit
Group revenue increased by 6% to HK$18,474 million (2013: HK$17,398 million) attributable to the double-digit rental revenue increase.

Group operating profit increased by 13% to HK$8,241 million (2013: HK$7,292 million), of which HK$938 million (2013: HK$955 million) was contributed by Wheelock, HK$179 million (2013: HK$257 million) by WPSL and HK$7,124 million (2013: HK$6,080 million) by Wharf.

Investment Property ("IP")
Revenue and operating profit increased by 19% and 16% to HK$6,840 million (2013: HK$5,758 million) and HK$5,667 million (2013: HK$4,868 million) respectively, attributable to higher retail rental income through better sales performance achieved by retail tenants and the stable positive rental reversions for office areas. Revenue from the Mainland increased by 57% to HK$839 million (2013: HK$536 million), mainly due to the escalating revenue generated by the renovated Shanghai Times Square and the newly-opened Chengdu IFS.

Development Property ("DP")
Revenue and operating profit decreased by 1% and 3% to HK$6,883 million (2013: HK$6,926 million) and HK$1,613 million (2013: HK$1,658 million) respectively.

In Hong Kong, recognised property sales decreased by 15% to HK$1,668 million (2013: HK$1,960 million) with lower recognition from Lexington Hill as compared to Kadoorie Hill in 2013. Operating profit increased to HK$818 million (2013: HK$800 million) with higher operating profit margins.

In the Mainland, recognised property sales increased by 5% to HK$5,215 million (2013: HK$4,966 million) with higher recognition from projects, mainly derived from Chengdu Tian Fu Times Square, Chengdu Times Town, Wuxi Times City and Suzhou Times City. However, operating profit decreased by 3% to HK$839 million (2013: HK$864 million) with tighter operating profit margins.

Inclusive of associates and joint ventures (other than Greentown) on an attributable basis, the Group's contracted property sales increased to HK$23.1 billion (2013: HK$18.7 billion), increasing its net order book to HK$48.7 billion as at 30 June 2014 (December 2013: HK$37.4 billion), of which 57% is in the Mainland and the balance is mainly in Hong Kong pending recognition on completion.

Hotels
Revenue and operating profit increased by 8% and 3% to HK$760 million (2013: HK$703 million) and HK$189 million (2013: HK$183 million) respectively, benefitting from Gateway Hotel which completed renovation in 2013.

Logistics
Revenue and operating profit increased by 7% and 9% to HK$1,673 million (2013: HK$1,560 million) and HK$517 million (2013: HK$476 million) respectively, mainly due to increase in throughput handled by Modern Terminals.

Communications, Media and Entertainment ("CME")
Revenue decreased by 7% to HK$1,790 million (2013: HK$1,929 million) but operating profit increased to HK$143 million (2013: HK$7 million). Wharf T&T's operating profit increased by 15% to HK$165 million (2013: HK$143 million) while i-CABLE's operating loss reduced by 84% to HK$19 million (2013: HK$116 million).

Investment and Others
Operating profit remained at HK$524 million (2013: HK$524 million), comprising largely dividend and interest income.

Fair Value Gain of IP

The book value of the Group's IP portfolio as at 30 June 2014 increased to HK$290.7 billion (2013: HK$282.0 billion), with HK$268.5 billion thereof stated at fair value based on independent valuation as at that date. That resulted in a revaluation gain of HK$7,441 million (2013: HK$11,393 million). The attributable net revaluation gain of HK$3,696 million (2013: HK$5,690 million), after deducting related deferred tax and non-controlling interests in total of HK$3,745 million (2013: HK$5,703 million), was credited to the consolidated income statement.

IP under development of HK$22.2 billion is carried at cost and will not be carried at fair value until the earlier of the fair values first become reliably measurable or the dates of their respective completion.

Other Net (Charge) / Income

Other net charge amounted to HK$150 million (2013: income of HK$1,662 million), comprising mainly exchange loss. Included in the first half of 2013 was profit on disposal of available-for-sale investments of HK$1,052 million and exchange gain of HK$312 million.

Finance Costs

Finance costs charged to the consolidated income statement were HK$1,149 million (2013: HK$238 million), which included an unrealised mark-to-market loss of HK$155 million (2013: gain of HK$840 million) on the cross currency/interest rate swaps. Net of non-controlling interests, the attributable loss is HK$77 million (2013: gain of HK$394 million).

Excluding the unrealised mark-to-market change, finance costs were HK$1,899 million (2013: HK$1,752 million) before capitalisation of HK$905 million (2013: HK$674 million), and HK$994 million (2013: HK$1,078 million) after capitalisation. The increase in finance costs was mainly due to increase in borrowings. The Group's effective borrowing rate for the period reduced to 3.1% (2013: 3.2%) per annum.

Share of Results of Associates and Joint Ventures

Share of profits of associates was HK$1,145 million (2013: HK$1,401 million), mainly including the share of negative goodwill on Hotel Properties Limited ("HPL") of HK$671 million (attributable to Wheelock Group is HK$509 million), which became an associate of WPSL in May 2014, as detailed in note 6 to the financial statements. Excluding the negative goodwill, the share of profits of associates decreased by 66% to HK$474 million, mainly due to lower profit contribution from DP projects in the Mainland.

Share of profits of joint ventures decreased by 38% to HK$150 million (2013: HK$243 million) as impacted by the decrease in profit contribution from DP projects in the Mainland.

Income Tax

The taxation charge was HK$2,068 million (2013: HK$1,822 million), which included deferred taxation of HK$481 million (2013: HK$408 million) provided for the fair value gain of IP located in the Mainland.

Excluding deferred tax, the tax charge increased to HK$1,587 million (2013: HK$1,414 million), mainly due to higher profit from IP segment.

Non-controlling Interests
Profit attributable to non-controlling interests decreased by 35% to HK$5,935 million (2013: HK$9,086 million), which was mainly attributable to the reduction in profits of WPSL and Wharf.

Profit Attributable to Equity Shareholders
Group profit attributable to equity shareholders decreased by 29% to HK$7,675 million (2013: HK$10,845 million). Earnings per share were HK$3.78 (2013: HK$5.34).

Excluding the net IP revaluation gain of HK$3,696 million (2013: HK$5,690 million), Group profit attributable to equity shareholders decreased by 23% to HK$3,979 million (2013: HK$5,155 million).

Further stripping out the one-off attributable negative goodwill on HPL of HK$509 million (2013: HK$ Nil) and the attributable mark-to-market loss on swaps/others of HK$77 million (2013: gain of HK$394 million), underlying profit decreased by 25% to HK$3,547 million (2013: HK$4,761 million). Underlying earnings per share were HK$1.75 (2013: HK$2.34).

Set out below is an analysis of the Group profit attributable to the equity shareholders as contributed by each of Wheelock, WPSL and Wharf.

Profit attributable to	**2014** **HK$ Million**	2013 HK$ Million
Wheelock	**779**	1,279
WPSL group	**120**	555
Wharf group	**2,648**	2,927
Underlying profit	**3,547**	4,761
Attributable negative goodwill on HPL	**509**	—
Attributable mark-to-market (loss) / gain on swaps / others	**(77)**	394
Profit before IP revaluation gain	**3,979**	5,155
IP revaluation gain (after deferred tax)	**3,696**	5,690
Profit attributable to equity shareholders	**7,675**	10,845

WPSL's profit for the first half of 2014 was S$135.3 million (2013: S$119.5 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$828 million (2013: HK$732 million).

Wharf's profit for the first half of 2014 decreased by 32% to HK$11,701 million (2013: HK$17,240 million). Excluding the net IP revaluation gain, Wharf's net profit decreased by 25% to HK$4,809 million (2013: HK$6,447 million). Before IP revaluation gain and the exceptional mark-to-market change on swaps/others, Wharf's underlying profit decreased by 12% to HK$5,019 million (2013: HK$5,683 million).

(II) Liquidity, Financial Resources and Capital Commitments

Shareholders' and Total Equity

The Group's shareholders' equity increased by 6% to HK$176.2 billion (2013: HK$166.6 billion), or HK$86.71 per share (2013: HK$81.99 per share) as at 30 June 2014.

Including the non-controlling interests, the Group's total equity increased by 2% to HK$317.0 billion (2013: HK$311.6 billion).

Total Assets

The Group's total assets increased by 1% to HK$492.6 billion (2013: HK$486.8 billion). Total business assets, i.e. excluding bank deposits and cash, certain available-for-sale investments, deferred tax assets and other derivative financial assets, increased by 3% to HK$457.9 billion (2013: HK$444.8 billion).

The Group's IP portfolio was HK$290.7 billion, representing 63% of total business assets. Together, Harbour City (excluding the three hotels) and Times Square in Hong Kong were valued at HK$190.6 billion, representing 66% of the value of the portfolio. Wharf's IP in the Mainland amounted to HK$52.2 billion, including those under development of HK$19.5 billion.

Other major business assets included properties under development and held for sale of HK$87.4 billion, interests in associates and joint ventures (mainly for the Mainland DP and port projects) of HK$45.7 billion and other fixed assets of HK$24.1 billion.

Geographically, the Group's business assets in the Mainland, mainly properties and terminals, amounted to HK$155.3 billion (2013: HK$158.0 billion), representing 34% (2013: 36%) of the Group's total business assets.

Debt and Gearing

The Group's net debt increased by HK$8.7 billion to HK$103.0 billion (2013: HK$94.3 billion) as at 30 June 2014, comprising debt of HK$126.7 billion less bank deposits and cash of HK$23.7 billion. Excluding WPSL's net debt of HK$1.4 billion and Wharf's HK$59.8 billion, which are non-recourse to the Company and its other subsidiaries, Wheelock's own net debt was HK$41.7 billion (2013: HK$35.1 billion). An analysis of the net debt by group is as below:

Net debt	**2014** **HK$ Million**	2013 HK$ Million
Wheelock	**41,735**	35,153
WPSL group	**1,440**	1,070
Wharf group	**59,786**	58,072
Group	**102,961**	94,295

As at 30 June 2014, the ratio of net debt to total equity (on a consolidated basis) was 32.5% (2013: 30.3%). Excluding the net debt of WPSL and Wharf, Wheelock's own net debt to shareholders' equity (on an attributable net asset value basis) was 23.7% (2013: 21.1%).

Finance and Availability of Facilities
The Group's available loan facilities and issued debt securities amounting to HK$163.2 billion (2013: HK$157.4 billion), of which HK$126.7 billion were drawn, as at 30 June 2014 are analysed as below:

	Available Facilities HK$ Billion	Total Debts HK$ Billion	Undrawn Facilities HK$ Billion
Wheelock	55.5	42.6	12.9
WPSL group	6.6	4.0	2.6
Wharf group	101.1	80.1	21.0
Group	163.2	126.7	36.5

Of the above debts, HK$19.2 billion (2013: HK$24.3 billion) was secured by mortgage over certain DP, IP and fixed assets with total carrying value of HK$61.7 billion (2013: HK$57.9 billion).

The Group's debts were primarily denominated in United States dollars ("USD"), Hong Kong dollars ("HKD"), Renminbi ("RMB") and Singapore dollars ("SGD"). The borrowings were mainly used to fund the Group's IP, DP and port investments in the Mainland, and DP 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 RMB, HKD, USD and SGD and undrawn committed facilities to facilitate the Group's expanding business and investment activities. The Group also maintained a portfolio of available-for-sale investments, primarily in blue-chip securities, with an aggregate market value of HK$11.0 billion (2013: HK$13.2 billion) as at 30 June 2014, 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 was HK$8.5 billion (2013: HK$7.5 billion). The changes in working capital and others of HK$6.7 billion (2013: HK$8.1 billion) reduced the net cash inflow from operating activities to HK$1.8 billion (2013: outflow of HK$0.6 billion). For investing activities, the Group recorded a net cash outflow of HK$6.3 billion (2013: HK$4.0 billion), mainly for additions to IP, investment in associates and joint ventures and increase in interest in Wharf which was partly offset by the redemption proceeds of the convertible securities issued by Greentown of HK$2.7 billion (2013: HK$ Nil).

Major Capital and Development Expenditure and Commitments

The Group's major capital and development expenditure incurred in the first half of 2014 is analysed as follows:

A. Major capital and development expenditure

	Hong Kong / Singapore HK$ Million	Mainland China HK$ Million	Total HK$ Million
Wheelock			
IP	182	–	182
DP	3,281	49	3,330
	3,463	49	3,512
WPSL group			
IP	2	–	2
DP	156	25	181
	158	25	183
Wharf group			
IP	570	1,081	1,651
DP	87	7,150	7,237
Hotels / Others	508	158	666
	1,165	8,389	9,554
Analysis by segment:			
IP	754	1,081	1,835
DP	3,524	7,224	10,748
Hotels / Others	508	158	666
Group total	4,786	8,463	13,249

i. Wheelock's own expenditure for IP and DP amounted to HK$3.5 billion, mainly attributable to land cost payment for the Kai Tak project and construction cost payments for its Hong Kong DP projects.

ii. WPSL's expenditure of HK$0.2 billion is mainly for construction cost payments for its Singapore DP projects.

iii. Wharf's expenditure totalled HK$9.6 billion, comprising expenditure of HK$1.7 billion for IP (mainly renovation of Harbour City and construction costs for the IFS projects), HK$7.2 billion for DP (mainly related to Mainland projects) and HK$0.7 billion for Hotels, Modern Terminals, Wharf T&T and i-CABLE.

B. Commitments to capital and development expenditure

As at 30 June 2014, the Group's major commitments to capital and development expenditure that are expected to be incurred in the forthcoming years was estimated at HK$93.4 billion, of which HK$36.3 billion was authorised and contracted for. By segment, the commitments are analysed as below:

	As at 30 June 2014		
	Authorised and contracted for HK$ Million	**Authorised but not contracted for HK$ Million**	**Total HK$ Million**
Wheelock			
IP	41	–	41
DP	7,201	9,710	16,911
	7,242	9,710	16,952
WPSL group			
IP	5	–	5
DP	1,605	2,139	3,744
	1,610	2,139	3,749
Wharf group			
IP	8,879	12,498	21,377
DP	17,802	30,026	47,828
Hotels / Others	814	2,669	3,483
	27,495	45,193	72,688
Analysis by segment:			
IP	8,925	12,498	21,423
DP	26,608	41,875	68,483
Hotels / Others	814	2,669	3,483
Group total	36,347	57,042	93,389
Analysis by geographical location:			
Hong Kong	9,633	9,891	19,524
Mainland China	24,576	44,239	68,815
Singapore	1,324	243	1,567
Properties total	35,533	54,373	89,906
Hotels / Others	814	2,669	3,483
	36,347	57,042	93,389

i. Wheelock's own commitments of HK$17.0 billion are mainly related to construction costs for DP in Hong Kong.

ii. WPSL's commitments of HK$3.7 billion are mainly related to construction costs of HK$1.6 billion for DP in Singapore and of HK$2.1 billion in the Mainland.

iii. Wharf's commitments of HK$72.7 billion mainly comprised expenditure of HK$21.4 billion for IP, HK$47.8 billion for DP mainly land and construction costs (which included attributable land costs of HK$1.5 billion payable in 2014) and HK$3.5 billion for Hotels, Modern Terminals, Wharf T&T and i-CABLE.

iv. The above commitments and planned expenditure will be funded by the respective groups' own internal financial resources including surplus cash, cash flow 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 16,500 employees as at 30 June 2014, including about 2,700 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 six months ended 30 June 2014 – Unaudited

	Note	Six months ended 30 June **2014** **HK$ Million**	2013 HK$ Million
Revenue	2	**18,474**	17,398
Direct costs and operating expenses		**(8,021)**	(7,962)
Selling and marketing expenses		**(656)**	(603)
Administrative and corporate expenses		**(815)**	(828)
Operating profit before depreciation, amortisation, interest and tax		**8,982**	8,005
Depreciation and amortisation	3	**(741)**	(713)
Operating profit	2 & 3	**8,241**	7,292
Increase in fair value of investment properties		**7,441**	11,393
Other net (charge) / income	4	**(150)**	1,662
		15,532	20,347
Finance costs	5	**(1,149)**	(238)
Share of results after tax of :			
Associates	6	**1,145**	1,401
Joint ventures		**150**	243
Profit before taxation		**15,678**	21,753
Income tax	7	**(2,068)**	(1,822)
Profit for the period		**13,610**	19,931
Profit attributable to:			
Equity shareholders		**7,675**	10,845
Non-controlling interests		**5,935**	9,086
		13,610	19,931
Earnings per share	8		
Basic		**HK$3.78**	HK$5.34
Diluted		**HK$3.78**	HK$5.34

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2014 – Unaudited

	Six months ended 30 June	
	2014	2013
	HK$ Million	HK$ Million
Profit for the period	**13,610**	19,931
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange (loss) / gain on translation of foreign operations	**(787)**	903
Net revaluation of available-for-sale investments:	**677**	(2,615)
Surplus / (deficit) on revaluation	**664**	(1,619)
Transferred to consolidated income statement on disposal	**13**	(996)
Share of other comprehensive income of associates/joint ventures	**(366)**	323
Others	**3**	9
Other comprehensive income for the period	**(473)**	(1,380)
Total comprehensive income for the period	**13,137**	18,551
Total comprehensive income attributable to:		
Equity shareholders	**7,792**	9,362
Non-controlling interests	**5,345**	9,189
	13,137	18,551

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2014 - Unaudited

	Note	**30 June 2014** **HK$ Million**	31 December 2013 HK$ Million
Non-current assets			
Investment properties		**290,695**	282,015
Fixed assets		**24,094**	24,180
Interest in associates		**23,945**	19,003
Interest in joint ventures		**21,711**	21,603
Available-for-sale investments		**10,980**	13,246
Convertible securities		–	2,824
Goodwill and other intangible assets		**305**	297
Programming library		**168**	137
Deferred tax assets		**738**	730
Derivative financial assets		**277**	176
Other non-current assets		**41**	42
		372,954	364,253
Current assets			
Properties for sale		**87,420**	87,178
Inventories		**52**	47
Trade and other receivables	10	**8,076**	5,645
Derivative financial assets		**349**	346
Bank deposits and cash		**23,757**	29,345
		119,654	122,561
Current liabilities			
Trade and other payables	11	**(16,730)**	(21,721)
Deposits from sale of properties		**(18,141)**	(16,379)
Derivative financial liabilities		**(246)**	(283)
Taxation payable		**(1,970)**	(1,898)
Bank loans and other borrowings		**(6,465)**	(11,964)
		(43,552)	(52,245)
Net current assets		**76,102**	70,316
Total assets less current liabilities		**449,056**	434,569

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2014 - Unaudited

	Note	**30 June 2014**	31 December 2013
		HK$ Million	HK$ Million
Non-current liabilities			
Derivative financial liabilities		**(1,206)**	(1,292)
Deferred tax liabilities		**(10,251)**	(9,726)
Other deferred liabilities		**(304)**	(303)
Bank loans and other borrowings		**(120,253)**	(111,676)
		(132,014)	(122,997)
NET ASSETS		**317,042**	311,572
Capital and reserves			
Share capital: Nominal value		**–**	1,016
Other statutory capital reserves		**–**	1,933
Share capital and other statutory capital reserves	12	**2,949**	2,949
Other reserves		**173,232**	163,633
Shareholders' equity		**176,181**	166,582
Non-controlling interests		**140,861**	144,990
TOTAL EQUITY		**317,042**	311,572

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 disclosure 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.

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 2013 except for the changes mentioned below.

With effect from 1 January 2014, the Group has adopted the below amendments to HKAS, which are relevant to the Group's financial statements:

Amendments to HKAS 32	Financial instruments: Presentation – Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amounts disclosure for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting

Amendments to HKAS 32 clarified some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendments do not have a significant impact on the Group's financial statements.

Amendments to HKAS 36 modified certain disclosure requirement for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash generating units whose recoverable amount is based on fair value less costs of disposal. The amendments do not have a significant impact on the Group's financial statements.

Amendments to HKAS 39 provided relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have a significant impact on the Group's financial statements.

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

2. SEGMENT INFORMATION

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

Investment property segment primarily includes property leasing operations. Currently, the Group's properties portfolio, which mainly consists of retail, office and serviced apartments, is primarily located in Hong Kong, Mainland China and Singapore.

Development property 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.

Hotels segment includes hotel operations in the Asia Pacific region. Currently, The Wharf (Holdings) Limited ("Wharf") owns or manages 13 Marco Polo Hotels.

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 joint ventures 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, available-for-sale investments, deferred tax assets and 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 (charge)/ income HK$ Million	Finance costs HK$ Million	Associates HK$ Million	Joint ventures HK$ Million	Profit before taxation HK$ Million
For the six months ended 30 June 2014								
Investment property	**6,840**	**5,667**	**7,441**	**18**	**(691)**	**–**	**–**	**12,435**
Hong Kong	**5,782**	**5,085**	**6,398**	**18**	**(663)**	**–**	**–**	**10,838**
Mainland China	**839**	**425**	**1,043**	**–**	**(28)**	**–**	**–**	**1,440**
Singapore	**219**	**157**	**–**	**–**	**–**	**–**	**–**	**157**
Development property	**6,883**	**1,613**	**–**	**(24)**	**(51)**	**322**	**121**	**1,981**
Hong Kong	**1,668**	**818**	**–**	**–**	**–**	**1**	**(25)**	**794**
Mainland China	**5,215**	**839**	**–**	**(24)**	**(51)**	**321**	**146**	**1,231**
Singapore	**–**	**(44)**	**–**	**–**	**–**	**–**	**–**	**(44)**
Hotels	**760**	**189**	**–**	**–**	**(7)**	**–**	**–**	**182**
Logistics	**1,673**	**517**	**–**	**(73)**	**(127)**	**150**	**29**	**496**
Terminals	**1,618**	**508**	**–**	**(52)**	**(127)**	**111**	**29**	**469**
Others	**55**	**9**	**–**	**(21)**	**–**	**39**	**–**	**27**
CME	**1,790**	**143**	**–**	**1**	**(19)**	–	**–**	**125**
i-CABLE	**843**	**(19)**	**–**	**1**	**–**	–	**–**	**(18)**
Telecommunications	**947**	**165**	**–**	**–**	**(19)**	**–**	**–**	**146**
Others	**–**	**(3)**	**–**	**–**	**–**	**–**	**–**	**(3)**
Inter-segment revenue	**(227)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Segment total	**17,719**	**8,129**	**7,441**	**(78)**	**(895)**	**472**	**150**	**15,219**
Investment and others	**755**	**524**	**–**	**(72)**	**(254)**	**673**	**–**	**871**
Corporate expenses	**–**	**(412)**	**–**	**–**	**–**	**–**	**–**	**(412)**
Group total	**18,474**	**8,241**	**7,441**	**(150)**	**(1,149)**	**1,145**	**150**	**15,678**
For the six months ended 30 June 2013								
Investment property	5,758	4,868	11,393	–	(638)	–	–	15,623
Hong Kong	5,002	4,354	10,770	–	(586)	–	–	14,538
Mainland China	536	353	623	–	(52)	–	–	924
Singapore	220	161	–	–	–	–	–	161
Development property	6,926	1,658	–	27	(91)	1,227	221	3,042
Hong Kong	1,960	800	–	–	(15)	1	(34)	752
Mainland China	4,966	864	–	27	(76)	1,226	255	2,296
Singapore	–	(6)	–	–	–	–	–	(6)
Hotels	703	183	–	–	(9)	–	–	174
Logistics	1,560	476	–	69	(47)	174	22	694
Terminals	1,498	456	–	89	(47)	103	22	623
Others	62	20	–	(20)	–	71	–	71
CME	1,929	7	–	–	(21)	–	–	(14)
i-CABLE	1,009	(116)	–	–	(2)	–	–	(118)
Telecommunications	920	143	–	–	(19)	–	–	124
Others	–	(20)	–	–	–	–	–	(20)
Inter-segment revenue	(216)	–	–	–	–	–	–	–
Segment total	16,660	7,192	11,393	96	(806)	1,401	243	19,519
Investment and others	738	524	–	1,566	568	–	–	2,658
Corporate expenses	–	(424)	–	–	–	–	–	(424)
Group total	17,398	7,292	11,393	1,662	(238)	1,401	243	21,753

(b) Analysis of inter-segment revenue

	2014			2013		
Six months ended 30 June	**Total revenue HK$ Million**	**Inter-segment revenue HK$ Million**	**Group revenue HK$ Million**	Total revenue HK$ Million	Inter-segment revenue HK$ Million	Group revenue HK$ Million
Investment property	**6,840**	**(90)**	**6,750**	5,758	(91)	5,667
Development property	**6,883**	**–**	**6,883**	6,926	–	6,926
Hotels	**760**	**–**	**760**	703	–	703
Logistics	**1,673**	**–**	**1,673**	1,560	–	1,560
CME	**1,790**	**(48)**	**1,742**	1,929	(64)	1,865
Investment and others	**755**	**(89)**	**666**	738	(61)	677
	18,701	**(227)**	**18,474**	17,614	(216)	17,398

(c) Geographical information

	Revenue		Operating profit	
Six months ended 30 June	**2014 HK$ Million**	2013 HK$ Million	**2014 HK$ Million**	2013 HK$ Million
Hong Kong	**11,385**	10,916	**6,831**	5,916
Mainland China	**6,837**	6,185	**1,281**	1,161
Singapore	**252**	297	**129**	215
Group total	**18,474**	17,398	**8,241**	7,292

3. OPERATING PROFIT

	Six months ended 30 June	
	2014 HK$ Million	2013 HK$ Million
Operating profit is arrived at after charging / (crediting):		
Depreciation and amortisation on		
- assets held for use under operating leases	**84**	72
- other fixed assets	**570**	552
- leasehold land	**37**	49
- programming library	**50**	40
Total depreciation and amortisation	**741**	713
Staff costs	**1,956**	1,793
Cost of trading properties for recognised sales	**5,046**	5,008
Rental income less direct outgoings (Note)	**(5,724)**	(4,921)
Interest income	**(394)**	(367)
Dividend income from listed investments	**(177)**	(217)
Loss on disposal of fixed assets	**7**	–

Note: Rental income included contingent rentals of HK$1,116 million (2013: HK$1,068 million).

4. OTHER NET (CHARGE)/INCOME

Other net charge for the period amounted to HK$150 million (2013: income of HK$1,662 million), mainly comprised net foreign exchange loss of HK$186 million (2013: gain of HK$312 million) which included the impact of forward foreign exchange contracts and net profit on disposal of available-for-sale investments of HK$9 million (2013: HK$1,052 million).

5. FINANCE COSTS

	Six months ended 30 June	
	2014	2013
	HK$ Million	HK$ Million
Interest charged on:		
Bank loans and overdrafts		
– repayable within five years	**751**	513
– repayable after five years	**68**	93
Other borrowings		
– repayable within five years	**598**	618
– repayable after five years	**258**	309
Total interest charge	**1,675**	1,533
Other finance costs	**224**	219
Less: Amount capitalised	**(905)**	(674)
	994	1,078
Fair value loss/(gain):		
Cross currency interest rate swaps	**57**	(210)
Interest rate swaps	**98**	(630)
	155	(840)
Total	**1,149**	238

The Group's average effective borrowing rate for the period was approximately 3.1% (2013: 3.2%) per annum.

6. SHARE OF RESULTS AFTER TAX OF ASSOCIATES

Wheelock Properties (Singapore) Limited ("WPSL") formed an associated company (40% held by WPSL) to undertake a mandatory general offer for all the interests in Hotel Properties Limited ("HPL"). On 30 May 2014, the offer became unconditional. The mandatory general offer was closed on 26 June 2014 and HPL became a 56.52% subsidiary of the associated company.

As a result, WPSL's shareholdings in HPL which were previously recorded as available-for-sale investments were now recorded as an interest in an associate. Accordingly, WPSL transferred HK$1,976 million of fair value reserve to revenue reserves. The amount attributable to Wheelock Group is HK$1,294 million.

In addition, WPSL's share of negative goodwill of HK$671 million arising from consolidation of HPL by the associated company has been included in the share of results after tax of associates.

The allocation of the purchase price to the identifiable assets and liabilities of HPL is currently being determined and has not been completed. Hence, the Group's share of the net assets in the associate is based on the estimated fair value of HPL.

7. INCOME TAX

Taxation charged to the consolidated income statement includes:

	Six months ended 30 June	
	2014	2013
	HK$ Million	HK$ Million
Current income tax		
Hong Kong		
- provision for the period	**908**	809
- overprovision in respect of prior years	**(40)**	(58)
Outside Hong Kong		
- provision for the period	**465**	485
- overprovision in respect of prior years	**–**	(1)
	1,333	1,235
Land appreciation tax ("LAT") in Mainland China (Note 7(c))	**149**	207
Deferred tax		
Change in fair value of investment properties	**481**	408
Origination and reversal of temporary differences	**105**	(28)
	586	380
Total	**2,068**	1,822

(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% (2013: 16.5%).

(b) Income tax on profits assessable outside Hong Kong is mainly China corporate income tax calculated at a rate of 25% (2013: 25%), China withholding income tax at a rate of up to 10% (2013: 10%) and Singapore income tax at a rate of 17% (2013: 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 joint ventures for the six months ended 30 June 2014 of HK$706 million (2013: HK$1,010 million) is included in the share of results after tax of associates and joint ventures.

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

(a) Earnings for the purpose of basic and diluted earnings per share

	Six months ended 30 June	
	2014	2013
	HK$ Million	HK$ Million
Profit attributable to equity shareholders	**7,675**	10,845

(b) Weighted average number of ordinary shares

	30 June 2014	30 June 2013
	No. of shares	No. of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,031,849,287**	2,031,849,287
Effect of dilutive potential shares - Share options	**–**	53,863
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,031,849,287**	2,031,903,150

9. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

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

	Six months ended 30 June	
	2014	2013
	HK$ Million	HK$ Million
First interim dividend of 38.5 cents (2013: 35.0 cents) per share proposed after the end of the reporting period	**782**	711

(b) Dividends recognised as distribution during the period:

	Six months ended 30 June	
	2014	2013
	HK$ Million	HK$ Million
2013 second interim dividend paid of 65.0 cents per share	**1,321**	–
2012 second interim dividend paid of 60.0 cents per share	**–**	1,219
2012 special dividend paid of 25.0 cents per share	**–**	508
	1,321	1,727

10. 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 2014 as follows:

	30 June 2014	31 December 2013
	HK$ Million	HK$ Million
Trade receivables		
0 - 30 days	**742**	872
31 - 60 days	**161**	168
61 - 90 days	**74**	141
Over 90 days	**133**	85
	1,110	1,266
Accrued sales receivables	**874**	3
Other receivables and prepayments	**6,092**	4,376
	8,076	5,645

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 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.

11. TRADE AND OTHER PAYABLES

Included in this item are trade payables with an ageing analysis as at 30 June 2014 as follows:

	30 June 2014	31 December 2013
	HK$ Million	HK$ Million
Trade payables		
0 - 30 days	**349**	366
31 - 60 days	**246**	216
61 - 90 days	**58**	51
Over 90 days	**135**	209
	788	842
Rental and customer deposits	**3,480**	3,267
Construction costs payable	**3,771**	8,483
Amounts due to associates	**2,619**	3,241
Amounts due to joint ventures	**1,509**	1,030
Other payables	**4,563**	4,858
	16,730	21,721

12. SHARE CAPITAL AND OTHER STATUTORY CAPITAL RESERVES

(a) Share capital

	30 June 2014 HK$ Million	31 December 2013 HK$ Million
2,031,849,287 (2013: 2,031,849,287) issued and fully paid ordinary shares	**1,016**	1,016
Transition to no-par value regime on 3 March 2014	**1,933**	–
	2,949	1,016

As at 31 December 2013, 2,800 million ordinary shares, with par value of HK$0.5 each, were authorised for issue. Under the new Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concepts of "authorised share capital" and "par value" no longer exist. As part of the transition to the no-par value regime, the amount of the Company's issued and fully paid capital of HK$1,016 million, and the amount of HK$1,933 million standing to the credit of the share premium account and the capital redemption reserve on 3 March 2014 have become part of the Company's share capital, under the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622). These changes do not have an impact on the number of shares in issue or the relative entitlement of any of the members.

(b) Share premium and capital redemption reserve

Prior to 3 March 2014, the application of the share premium account and the capital redemption reserve were governed by section 48B and section 49H of the predecessor Hong Kong Companies Ordinance (Cap. 32) respectively. In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014 any amount standing to the credit of the share premium account and the capital redemption reserve have become part of the Company's share capital (see note 12(a)). The use of share capital as from 3 March 2014 is governed by the new Hong Kong Companies Ordinance (Cap. 622).

13. EVENT AFTER THE REPORTING PERIOD

On 11 August 2014, Wheelock entered into an agreement with Wharf for disposing of the entire share capital of a wholly-owned subsidiary which indirectly holds Crawford House for a consideration of HK$2,754 million. The consideration is determined by reference to the net asset value of the subsidiary after taking into account of the current valuation of Crawford House at HK$5,790 million revalued by an independent valuer and a bank loan of HK$3,000 million.

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.

15. REVIEW OF UNAUDITED INTERIM FINANCIAL STATEMENTS

The unaudited interim financial statements for the six months ended 30 June 2014 have been reviewed with no disagreement by the Audit Committee of the Company.

CORPORATE GOVERNANCE CODE

During the financial period under review, all the code provisions set out in the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited were met by the Company, with the exception of two deviations, namely, (i) Code Provision A.2.1 (the "First Deviation") providing for the roles of the chairman and chief executive to be performed by different individuals; and (ii) Code Provision F.1.3 (the "Second Deviation") providing for the company secretary to report to the board chairman or the chief executive.

Regarding the First Deviation, it 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. As regards 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.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

BOOK CLOSURE

The Register of Members will be closed from Monday, 22 September 2014 to Wednesday, 24 September 2014, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to qualify for the abovementioned interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrars, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 19 September 2014.

By Order of the Board
Wilson W S Chan
Company Secretary

Hong Kong, 12 August 2014

As at the date of this Announcement, the Board of Directors of the Company comprises Mr Douglas C K Woo, 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 seven Independent Non-executive Directors, namely, Mr Tak Hay Chau, Mr Winston K W Leong, Mr Alan H Smith, Mr Richard Y S Tang, Mr Kenneth W S Ting, Ms Nancy S L Tse and Mr Glenn S Yee.