WHARF

Established 1886

THE WHARF (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)
Stock Code: 4

Interim Results Announcement for the half-year period ended 30 June 2009

Dividends from China Properties Rose

HIGHLIGHTS

- **Group profit** before investment property revaluation increased by 44%.
- A robust performance from **Property Investment** (excluding Hotels) led to a 10% increase in turnover and a 23% increase in profit before tax (and revaluation surplus). Retail significantly outperformed the market to mitigate the pressure on office and residential rental. Harbour City and Times Square account for 7% of all goods sold in Hong Kong and are expected to generate HK$4 billion of surplus cash in 2009.
- Completions in Chengdu, Chongqing and Dalian helped **Property Development** to a HK$1 billion increase in turnover and a HK$660 million increase in profit before tax. 2.2 million square feet with a combined value of RMB1.8 billion were sold or presold during the period to represent half of the full year target.
- **Communications** reported a 33% increase in profit before tax despite a 9% decline in turnover.
- **Logistics** alone under-performed as world trade contracted. Modern Terminals reported a 9% decline in profit before tax to mitigate a 17% decline in turnover. The operating environment continued to improve after the period end.

GROUP RESULTS

The unaudited Group profit attributable to Shareholders amounted to HK$3,292 million before investment property revaluation surplus, for an increase of 44% compared to last year, and HK$6,975 million after investment property revaluation surplus, for a decrease of 17% compared to last year. Earnings per share were HK$2.53 (2008: HK$3.05).

INTERIM DIVIDEND

The Board has declared an interim dividend of HK$0.36 (2008: HK$0.36) per share in respect of the half-year period ended 30 June 2009, payable on Wednesday, 30 September 2009 to Shareholders on record as at 23 September 2009, absorbing a total amount of HK$991 million (2008: HK$991 million).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

PROPERTY INVESTMENT

Property Investment posted a 23% increase in profit before tax and revaluation surplus to HK$2,749 million in spite of the soft economy and the decline in office and residential rental. The "Heart of the Group" (Harbour City and Times Square in Hong Kong) is well on track to generating HK$4 billion of surplus cash in 2009.

Notably, retail outperformed the market, not only in sales terms but also for rental reversion and occupancy. In particular, total retail sales at Harbour City rose by 7% year-on-year, which was over 11 percentage points better than the 4.5% *decline* for Hong Kong as a whole. Harbour City and Times Square consistently account for about 7% of the total value of all goods sold in the *entire* Hong Kong.

For the office portfolio, average occupancy was about 95% and rental reversion achieved a 20% rise on average.

HARBOUR CITY

Backed by its critical mass, good tenant mix and high occupancy, Harbour City (excluding Hotels) turned over HK$2,173 million, for an increase of 11% over the same period a year ago. Operating profit rose by 13% to HK$1,881 million.

The global financial woes and human swine flu pandemic took their toll on the local retail market. Nevertheless, turnover from the retail tenants grew by 12% to HK$1,197 million. Tenants continued to achieve robust sales performance, with a 7% year-on-year growth in retail sales to outperform the overall market by over 11 percentage points. Occupancy was maintained at nearly 100%, with leases renewed at the base rent increments of 25% on average.

Although the Grade A office market was hit hard by dwindling demand, turnover from office tenants rose by 11% to HK$842 million. Occupancy was maintained at 94% at the end of the period and leases were renewed with rental increment. Given the increase of new supply in the marketplace, spot rent has been coming under pressure. To stay ahead, the premises will be improved and leasing will be flexible to market changes.

Turnover from the serviced apartments dropped by 2% to HK$134 million, due to a lower occupancy. Given an increasingly competitive landscape, marketing campaigns with special promotions were launched and were well received.

TIMES SQUARE

Times Square turned over HK$686 million, for an increase of 11% over the same period in 2008. Operating profit rose by 12% to HK$596 million.

Turnover from retail tenants posted an increase of 12% to HK$455 million. Occupancy was maintained at virtually 100%, with favourable rental growth. To continuously stay ahead of the competition, a large-scale circulation improvement project is underway. The first phase of atrium express escalators was completed in July while the second phase is scheduled to be completed by October. In an effort to enrich the product offerings, tenant mix was further strengthened with the recruitment of a spate of quality and up-market brands.

Turnover from the office tenants rose by 8% to HK$231 million, underpinned by positive rental reversion. Occupancy was maintained at 96% at the end of the period. Lease renewal retention rate stood high at 71%, and renewals included *Walt Disney, JTI, Hudson Global*, etc.

CHINA

All four completed Times Squares in operation, i.e. in Beijing, Shanghai, Chongqing and Dalian, performed satisfactorily. With Dalian open since the end of 2008, total revenue rose by 11% and operating profit by 34%.

Superbly located in the Central Business District (CBD), the property in Dalian is the most luxurious shopping mall in the city and the fashion hub of the Northeast. Tenants started to achieve robust sales shortly after opening and many are already paying turnover rent. This validates the Group's ability to replicate the success stories of Harbour City and Times Square in the Mainland. Among its top-notch tenants, seven including *D&G* and *Giorgio Armani* are new to Northeast China while seven others including *Gucci* and *Prada* are new to Dalian. *Louis Vuitton's* store is its third flagship store (after Shanghai and Beijing) in the Mainland. All that is excellent demonstration of the trust and recognition placed on the Group's retail mall management capability by internationally renowned brands.

Wheelock Square at Nanjing Xi Road of Shanghai, with an attributable GFA of 1.2 million square feet of top quality Grade A offices, is scheduled for completion by April 2010.

Chengdu International Finance Centre, ideally located in Hongxing Road (紅星路) in the heart of city's vibrant business centre, is comparable in scale and significance to Harbour City in Hong Kong and the Group's next flagship development. From its top location in the city's main commercial district, this project will link to the adjacent mass transit railway station where two lines intersect. It will comprise a mega retail complex, Grade A offices, a five-star hotel and luxury residences. It aims to become the "Best of the West" as the new shopping hub for not only Chengdu but also the entire Western region. Site excavation work started in May 2009 and foundation work is scheduled to commence in the fourth quarter of 2009. Phase I comprising the mega retail complex and one office tower is targeting to complete by the first half of 2013.

PROPERTY DEVELOPMENT

Profit before tax rose by HK$660 million to HK$626 million. Phased completion enabled both revenue and profit from pre-sales commitments at Dalian Times Square in Dalian and Tian Fu Times Square in Chengdu to be booked.

The Government's economic stimulus measures spurred a turnaround in the property market in the Mainland. With its successful branding and execution capability, the Group launched various sales and pre-sales activities and received very good response. Most of the units launched were taken up within days and at prices close to the peak. In all, 2.2 million square feet of properties were sold or pre-sold, with a combined value of RMB1.8 billion, primarily in Chengdu, Dalian, Chongqing and Shanghai. This represented half of the Group's target for full year 2009.

The Group was particularly active in Chengdu. Over 95% of the first six residential towers (Times Residences 時代豪庭) at Tian Fu Times Square, three of which launched in May-June 2009, have been sold. Over 75% of the first eight residential towers at Crystal Park (時代・晶科名苑) in Gaoxin District, four of which launched in April-June 2009, have been pre-sold.

Dalian Times Square has successfully sold/pre-sold over 60% of its two residential towers (Dalian Times No.1 & 8 時代一號. 八號). The former was launched in March 2009.

Danzishi (彈子石) in Nanan District (南岸區) along the Yangtze River, superbly located in the future Headquarters hub of Chongqing and developed by the Group and China Overseas group on a 40:60 basis, has pre-sold over 75% of its first twelve residential towers and 51% of its retail units launched. The development comprises 22.6 million square feet GFA of high-end comprehensive residences, apartments/retail development and is expected to be completed in phases by 2014.

At Wellington Garden (滙寧花園) in Shanghai, 87% of the units had been sold as at the end of June 2009. The four residential towers and the office-apartment towers at Wuhan Times Square have been 98% and 35% sold, respectively.

Other Projects under development

In Shanghai, No. 1 Xin Hua Road, ideally located at the north side of Huai Hai Xi Road in Changning District (長寧區) is a low density residential development with an attributable GFA of 0.2 million square feet. Two residential blocks were launched for pre-sales in August 2009 and 44% were pre-sold within a week at a spectacular average price of over RMB67,000 per square metre. The project is scheduled for completion by March 2010. Another high-end residential project, Jingan Garden, is progressing according to plan.

In Chengdu, a site in Shuangliu Development Zone (雙流發展區地塊) will be developed into a commercial and residential complex with an attributable GFA of 9.8 million square feet. In Phase I, construction of an outlet mall is expected to be completed by August 2009. In addition, a site in Dongda Jia (東大街) of Jinjiang District (錦江區) is being developed with Sun Hung Kai Properties and Henderson Land over a period of 10 years. The Group's 30% sake translates into an attributable GFA of over 4 million square feet.

In Suzhou, a site located between Jinji Lake (金雞湖) and Dushu Lake (獨墅湖) on the eastern side of the city and next to a 27-hole golf club, will be developed into deluxe low density residences with an attributable GFA of 2.1 million square feet. Construction is scheduled to commence by the fourth quarter of 2009. Another site, located in the Suzhou Industrial Park next to Qing Jian Hu (青劍湖) and Wei Ting Sun Island Golf & Resorts (唯亭太陽島高爾夫俱樂部), is being developed with the China Merchants Property on a 50:50 basis. The residential development will have an attributable GFA of 908,000 square feet.

In Hangzhou, a site superbly located in a prime area in the Xihu District (西湖區), Zhuantang Town (轉塘鎮) and next to West Lake International Golf & Country Club (西湖國際高爾夫俱樂部) in the proximity of Songcheng (宋城), is jointly developed with Jindu on a 50:50 basis. It will offer an attributable GFA of 2.0 million square feet and is scheduled for completion in phases by 2013. Construction work for the first phase has commenced.

In Wuxi, a site located along Beijing-Hangzhou Grand Canal (京杭運河) at Renmin Plaza, in the new CBD Nanchang (南長區), comprises two parcels of land with a total attributable GFA of 11.9 million square feet. One parcel is planned for an upscale residential project (8.9 million square feet) and the other is for a high-rise commercial development (3.0 million square feet). Construction for the first phase of residential development (Wuxi Times City 無錫時代上城) is underway. Pre-sale commenced in mid-August and 76% of the units launched were briskly taken up at an excellent unit price within the first three days. The residential development is scheduled to be completed in phases by 2017. The commercial development, comprising offices (including a super high rise tower), hotel and apartments, is expected to be completed by 2016.

A second site in Wuxi comprising three land parcels is also located in Nanchang District (南長區) and alongside the 2,500-year-old ancient canal. They offer a total attributable GFA of 7.0 million square feet. Two parcels are wholly owned by the Group (GFA: 5.2 million square feet) and the third (GFA: 3.5 million square feet) is being developed with Shanghai Forte on a 50:50 basis. These commercial and residential developments are scheduled for completion in phases by 2014-2015.

Separately, listed subsidiary Harbour Centre Development Limited ("HCDL") is developing five prime sites in the cities of Changzhou, Suzhou, Chongqing and Shanghai.

The Shanghai project is located in Yangpu District (楊浦區) within the Xinjiangwancheng sub-district community (新江灣城社區), an area with abundant green & wetland. It is adjacent to a station of the Metro Line 10 which is expected to be in operation by 2010. The development comprises high end medium-rise residences and offers an attributable GFA of 1.1 million square feet. Construction is scheduled for completion by 2012.

The Chongqing project is located in Jiangbei City (江北城), facing both Yangtze River (長江) and Jialing River (嘉陵江) and is being developed with China Overseas Land on a 55:45 basis into high end residential properties. The area is to become the future CBD with good transportation links. The site area is about 1 million square feet and offers an attributable GFA of 2.5 million square feet. Design work is underway and this prestigious residential development is scheduled for completion in phases by 2014.

The two Suzhou projects are developed by an 80:20 joint venture with Genway Housing Development (蘇州工業園區建屋發展集團). Together, they command a total site area of about 5.65 million square feet and offer an attributable GFA of 13.5 million square feet. Planning and design is in progress and construction is scheduled to commence by mid-2010.

The first is located in Xinghu Jie (星湖街) in the new CBD. A 400-metre skyscraper landmark (mixed offices and apartments), tallest in the city with panoramic view over Jinji Lake (金雞湖) and the city skyline, will be built. Underground connections will provide seamless access to two nearby subway stations. The project will also benefit from well-established regional transportation networks comprising very efficient highways and rapid trains connecting to Shanghai, Hangzhou and Nanjing.

The second is located at Xiandai Da Dao (現代大道) in Suzhou Industrial Park (蘇州工業園區). It caters to the solid and steady demand for residential properties in the Park, where master town planning is of international standard. Ideally located on the axis of eastern expansion of Suzhou along the main east-west thoroughfare of Xiandai Da Dao and being next to the future subway terminal, the site is divided into four plots, each of which will be developed by phases into high-end residential developments.

The Changzhou project is located in the future CBD of Xinbei District (新北區), five kilometers away from the city centre and in the vicinity of the national AAAA scenic area China Changzhou Dinosaur Land theme park (中華恐龍園) and Xin Qu Park (新區公園), with superb air-sea-land transportation links to Changzhou Airport and Huning Express Railway. It commands a total site area of 4.4 million square feet and offers an attributable GFA of 8.7 million square feet. The development comprises mainly high-end residences including high-rise buildings, semi-detached houses and villas, a 5-star hotel and a State Guest House. The whole project is scheduled for completion in phases by 2017, with the first phase of pre-sales targeted to be launched by end 2009.

MODERN TERMINALS

Both throughput and revenue at Modern Terminals declined but cost management measures and favourable movements in the financial markets helped to mitigate the bottom line.

In spite of the drop in consolidated revenue and operating profit to HK$1,353 million (2008: HK$1,627 million) and HK$583 million (2008: HK$762 million) respectively, the effective cost control initiatives that started early helped to minimize the decline in net profit.

Throughput in Hong Kong dropped by 16% to 2.46 million TEUs amid the devastating global economic contraction. Taicang International Gateway in Suzhou expanded from four to six container berths with a capacity of 3.6 million TEUs. Da Chan Bay in Shenzhen has been building up its business steadily.

OTHER BUSINESSES

Marco Polo Hotels

The hotel industry around the world was significantly impacted by the severe global financial crisis and the human swine flu pandemic during the period. Total hotel and club revenue for the three hotels in Harbour City was HK$410 million (2008: HK$510 million). Consolidated occupancy dropped to 76% (2008: 84%) and a 20% drop in average room rates was registered during the period.

i-CABLE

i-CABLE returned to profitability after non-recurring charges had turned the second half of 2008 into a net loss.

Consumer and advertiser sentiment was badly shaken by the general state of the economy to affect the entire sector. The operating environment also remained competitive. Consolidated recurrent operating profit fell by HK$39 million year-on-year but improved by HK$122 million half-on-half to return to the black in the first half of 2009. This turnaround was stoked by cost savings, declining depreciation charges and a lack of the non-recurring items which had turned the second half of 2008 into a net loss. The company's liquidity position remained sound, with net cash increasing to HK$621 million as at 30 June 2009 (30 June 2008: HK$545 million).

Wharf T&T

Wharf T&T outperformed in spite of unfavourable market conditions

The operating landscape marginally improved in the second quarter of 2009, compared to the first quarter, as the worst was perceived to be over. Competition continued to be heated in the business voice market. Nevertheless, brand equity and network coverage helped the company to deepen its penetration of the business data market. Data centre demand from some sectors began to rebuild towards the end of the period.

Total turnover for the first six months of 2009 increased by 5% to HK$831 million (2008: HK$789 million) while operating profit grew significantly to HK$132 million (2008: HK$57 million). Positive cash flow increased to HK$179 million (2008: HK$107 million).

FINANCIAL REVIEW

(I) Review of 2009 Interim Results

Turnover

The continued double-digit growth in rental revenue and favourable property sales in the Mainland helped the Group's turnover to increase by HK$612 million or 8% to HK$8,611 million over the same period last year.

Property Investment's rental revenue from Hong Kong rose by 10% to HK$3,228 million whilst that from China rose by 11% to HK$285 million. However, hotel revenue was hit hard by a very weak market and declined by 14% to HK$440 million. As a result, segment turnover reported a net increase of 7% to HK$3,953 million.

Property Development recorded a remarkable increase of HK$1,025 million or 175% to HK$1,612 million, mainly attributable to the phased completion of the residential towers in Dalian Times Square and Chengdu Tian Fu Times Square.

Logistics decreased by 19% to HK$1,483 million, primarily reflecting the 15% reduction in throughput at Modern Terminals as world trade sharply contracted.

CME revenue declined by 9% to HK$1,693 million. Wharf T&T reported resilient growth but i-CABLE's declined, partly due to discontinued businesses.

Operating Profit

The Group's operating profit increased by HK$233 million or 6% to HK$4,374 million, mainly reflecting the solid rental performance in Hong Kong and robust property sales in the Mainland.

Property Investment remained the key profit contributor and reported an increase in operating profit by 10% to HK$2,988 million. Harbour City (excluding Hotels) and Times Square rose by 13% and 12%, respectively, to reflect their strong rental reversions and high occupancies both for retail and office areas, despite the persistent pressure on office rental since 2008. The investment properties in China also recorded operating profit rising by 34%, partly due to the expanding portfolio.

Hotel operating profit decreased by 49% to HK$80 million largely in line with the market, with both occupancy and average room rate adversely affected by the weak demand under the prevailing economic conditions.

Property Development reported an increase in operating profit by HK$259 million or 78% to HK$589 million, principally due to the phased completion of the residential units at Dalian Times Square and Chengdu Tian Fu Times Square.

Logistics' operating profit fell by HK$207 million or 25% to HK$626 million, primarily due to the decrease in throughput at Modern Terminals in Hong Kong. Favourable movements in the financial markets reduced finance cost significantly and helped to mitigate its bottom line to a decrease of 3% against last year.

CME reported a HK$31 million or 32% increase in operating profit to HK$129 million. Wharf T&T's operating profit more than doubled to HK$132 million. However, i-CABLE recorded a slight operating loss of HK$1 million.

Investment and Others segment recorded a lower operating profit of HK$188 million (2008: HK$301 million), largely reflecting the reduction in profit on sales of investments and lower interest income amid the prevailing low interest rate environment.

Increase in Fair Value of Investment Properties

The book value of the Group's investment property portfolio as at 30 June 2009 was HK$109.1 billion, with HK$103.4 billion thereof stated at fair value based on an independent valuation as at the same date, which produced a revaluation surplus of HK$4,476 million (2008: HK$6,565 million). The attributable net revaluation surplus of HK$3,683 million (2008: HK$5,421 million), after deducting related deferred tax and minority interests, was credited to the consolidated income statement.

The non-revalued investment properties in the amount of HK$5.7 billion are all under development and not carried at fair value until at the earlier of when their fair values first become reliably measurable or the dates of their respective completion in accordance with the revised accounting standard HKAS 40, which expands the definition of an investment property to include an investment property under development.

Finance Costs

Finance costs were distorted and turned into a credit of HK$11 million (2008: charge of HK$604 million) due to the inclusion of a mark-to-market gain of HK$196 million (2008: charge of HK$152 million) on the cross currency / interest rate swaps in compliance with the prevailing accounting standard, which more than covered the interest expenses.

Excluding the impact of the unrealised mark-to-market changes on the swaps, finance cost after capitalisation was HK$185 million (2008: HK$452 million), a reduction of HK$267 million as benefited from the fall in prevailing market interest rate during the period under review.

Finance cost was stated after capitalisation of HK$86 million (2008: HK$84 million) for the Group's related assets.

Share of Results (after tax) of Associates and Jointly Controlled Entities

The share of profit of associates decreased by 21% to HK$138 million (2008: HK$175 million) mainly due to the decrease in profit contributions from Modern Terminals' associates engaged in terminal operations in China. Profit contribution from the jointly controlled entities increased by HK$15 million to HK$27 million, mainly benefited from the property sales recognised by a jointly controlled entity involved in properties development in China.

Taxation

Taxation charge for the period was HK$1,787 million (2008: HK$1,240 million), which included deferred taxation of HK$775 million (2008: HK$1,114 million) provided for the current year's investment properties revaluation surplus. In the first half of 2008, there was a credit adjustment of HK$768 million in respect of the previous years' deferred tax liabilities, mainly related to investment property revaluation surplus, resulting from the 1% reduction in Hong Kong profits tax rate.

Excluding the above deferred tax charge and credit adjustment, the tax charge was HK$1,012 million (2008: HK$894 million), which included a provision of HK$194 million (2008: HK$183 million) made for certain tax cases primarily relating to interest deductibility under discussion with the Inland Revenue Department.

Minority Interests

Minority interests decreased by HK$66 million to HK$264 million reflecting the decrease in net profits of certain non-wholly-owned subsidiaries, including i-CABLE, Modern Terminals and Harbour Centre Development Limited.

Profit Attributable to Equity Shareholders

The Group's profit attributable to equity shareholders decreased by 17% to HK$6,975 million (2008: HK$8,393 million). Earnings per share were HK$2.53 (2008: HK$3.05), based on 2,754 million issued shares.

Excluding the net investment property revaluation surplus after associated deferred tax of HK$3,683 million (2008: HK$6,112 million, including the net deferred tax credit adjustment of HK$691 million resulting from tax rate reduction), the Group's profit attributable to shareholders for the period was HK$3,292 million (2008: HK$2,281 million), a rise of 44% over the first half of 2008.

(II) Liquidity, Financial Resources and Capital Commitments

Shareholders' and Total Equity

As at 30 June 2009, the Group's shareholders' equity increased by HK$5,922 million to HK$105,416 million, equivalent to an increase of 6% to HK$38.28 per share (31 December 2008: HK$36.13 per share).

Including the minority interests, the Group's total equity increased by 6% to HK$112,212 million (31 December 2008: HK$105,857 million).

Total Assets

The Group's total assets increased by 3% to HK$173.8 billion (31 December 2008: HK$168.6 billion).

Included in the Group's total assets is the Investment Property portfolio of HK$109.1 billion, representing 63% of total assets. The core assets in this portfolio are Harbour City and Times Square in Hong Kong, which are valued at HK$58.6 billion (excluding the 3 Hotels) and HK$22.6 billion, respectively. Together, they represent 74% of the value of the Investment Property portfolio and 47 % of total assets.

Other major assets included other properties and fixed assets of HK$18.4 billion, interest in jointly controlled entities and associates (mainly for China property and port projects) of HK$10.5 billion, properties under development and held for sale (mainly in China) of HK$15.2 billion and bank deposits and cash of HK$16.4 billion.

In previous years, an investment property under development was not classified as investment property and stated at cost. As a result of the change in the relevant accounting standard, such property has been classified as investment property and carried at fair value at the earlier of when the fair value first becomes reliably measurable or the date of completion of the property.

Debts and Gearing

The Group's net debt decreased by HK$1.7 billion to HK$20.4 billion as at 30 June 2009 (31 December 2008: HK$22.1 billion), which was made up of HK$36.8 billion in debts and HK$16.4 billion in bank deposits and cash. Included in the Group's net debts were HK$10.9 billion and HK$0.8 billion (31 December 2008: HK$10.6 billion and HK$1.8 billion respectively) attributable to its non-wholly-owned subsidiaries, Modern Terminals and Harbour Centre Development Limited respectively, which are without recourse to the Company and other subsidiaries of the Group. Excluding these non-recourse debts, the Group's net debt was HK$8.7 billion (31 December 2008: HK$9.7 billion).

As at 30 June 2009, the ratio of net debt to total equity was 18.2% (31 December 2008: 20.9%).

Finance and Availability of Facilities

The Group's available loan facilities and debt securities totally amounting to HK$54.7 billion, of which HK$36.8 billion were drawn and the undrawn facilities as at 30 June 2009 are analysed as below:

	30 June 2009		
	Available Facility HK$ Billion	**Total Debts HK$ Billion**	**Undrawn Facility HK$ Billion**
Company/wholly-owned subsidiaries			
Committed facilities	30.4	21.4	9.0
Uncommitted facilities	1.0	-	1.0
	31.4	21.4	10.0
Non-wholly-owned subsidiaries			
Committed and uncommitted			
- Modern Terminals Limited	16.8	11.1	5.7
- Harbour Centre Development Limited	4.0	2.8	1.2
- i-CABLE Communications Limited	0.6	-	0.6
- Others	1.9	1.5	0.4
	54.7	36.8	17.9

Of the above debts, HK$8,611 million (31 December 2008: HK$8,160 million) was secured by mortgage over certain properties under development and fixed assets with total carrying value of HK$16,419 million (31 December 2008: HK$15,915 million).

The Group's debts were primarily denominated in Hong Kong dollar ("HKD"), United States dollar ("USD") and Renminbi ("RMB"). RMB borrowings were used to fund the Group's property development and port-related equity investments in China.

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

The Group maintained ample surplus cash, which was denominated principally in HKD and RMB, and undrawn committed facilities to facilitate the Group's business and investment activities. As at 30 June 2009, the Group also maintained a portfolio of available-for-sale investments with an aggregate market value of HK$0.9 billion (31 December 2008: HK$0.7 billion), which is immediately available for liquidation for the Group's use.

Cash Flows for the Group's Operating and Investing Activities

For the period under review, the Group's net cash inflow for operating activities increased to HK$3.0 billion (2008: cash outflow of HK$4.0 billion), primarily due to decrease in payments for land cost of properties under development in China. For investing activities, the Group generated a net cash inflow of HK$0.3 billion (2008: cash outflow of HK$2.6 billion), mainly due to decrease in investments in jointly controlled entities involved in property development projects in China.

Major Expenditure and Commitments

The major expenditure incurred by the Group's core businesses during the period and related commitments at 30 June 2009 are analysed as follows:

Business Unit/Company	Expenditure for 1-6/2009 HK$ Million	Commitments as at 30 June 2009 Authorised and Contracted for HK$ Million	Commitments as at 30 June 2009 Authorised but not Contracted for HK$ Million
a. Capital expenditure			
Property Investments	333	6,661	12,291
Wharf T&T	119	91	141
i-CABLE (73.8%-owned)	125	90	51
Modern Terminals (67.6%-owned)	440	1,001	1,633
	1,017	7,843	14,116
b. Programming and others	54	816	70
c. Trading properties under development			
Subsidiaries (China / Hong Kong)	582	4,613	20,108
JCEs/ associates (China)	42	3,509	6,703
	624	8,122	26,811

For the Property Investment segment, the capital expenditure incurred was mainly related to the construction cost of Shanghai Wheelock Square and certain refurbishment and renovation work in particular for Harbour City. For i-CABLE and Wharf T&T, the capital expenditures were incurred substantially for procurement of production and broadcasting equipment, network rollout and internet service equipment while that for Modern Terminals was mainly incurred for construction of the Dachan Bay Phase I and Taicang Phase II ports. i-CABLE and Modern Terminals, respectively 73.8% and 67.6% owned by the Group, independently funded their own capital expenditure programmes.

In addition to the capital expenditure, the Group also incurred HK$0.6 billion in respect of its trading properties under development in China, including projects undertaken through associates and jointly controlled entities.

As at 30 June 2009, commitments were mainly related to properties under development for investment and trading purposes by the Group's subsidiaries, associates and jointly controlled entities amounting to HK$53.9 billion, including attributable land cost of HK$11.4 billion payable by installments mainly from 2009 to 2013. These developments will be executed by stages in the forthcoming years and funded by the Group's internal financial resources including its surplus cash of HK$16.4 billion, as well as bank and other financings. Other available resources include proceeds from sales and pre-sales of properties.

Rights Issue by a subsidiary

In May 2009, Harbour Centre Development Limited ("HCDL"), a non-wholly-owned listed subsidiary, completed its rights issue for 236 million new ordinary shares at HK$3.99 each with proceeds of about HK$277 million received from the minority shareholders. The Group maintained its interest in HCDL at 70.37% as that before the rights issue.

(III) Human Resources

The Group had approximately 12,400 employees as at 30 June 2009, including about 1,800 employed by managed operations. Employees are remunerated according to their job responsibilities and the market pay trend with a discretionary annual performance bonus as variable pay for rewarding individual performance and contributions to the respective group's achievement and results.

CODE ON CORPORATE GOVERNANCE PRACTICES

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

CONSOLIDATED INCOME STATEMENT

For The Six Months Ended 30 June 2009 – Unaudited

	Note	Six months ended 30 June 2009 HK$ Million	 2008 HK$ Million
Turnover	2	**8,611**	7,999
Other net income	4	**98**	89
		8,709	8,088
Direct costs and operating expenses		**(2,842)**	(2,441)
Selling and marketing expenses		**(349)**	(363)
Administrative and corporate expenses		**(500)**	(485)
Operating profit before depreciation, amortisation, interest and tax		**5,018**	4,799
Depreciation and amortisation		**(644)**	(658)
Operating profit	2 & 3	**4,374**	4,141
Increase in fair value of investment properties		**4,476**	6,565
Net other charge	5	**-**	(326)
		8,850	10,380
Finance credits / (costs)	6	**11**	(604)
Share of results after tax of:			
Associates		**138**	175
Jointly controlled entities		**27**	12
Profit before taxation		**9,026**	9,963
Taxation	7	**(1,787)**	(1,240)
Profit for the period		**7,239**	8,723
Profit attributable to :			
Equity shareholders		**6,975**	8,393
Minority interests		**264**	330
		7,239	8,723
Earnings per share	8	**HK$2.53**	HK$3.05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Six Months Ended 30 June 2009 – Unaudited

	Six months ended 30 June	
	2009	2008
	HK$ Million	HK$ Million
Profit for the period	**7,239**	8,723
Other comprehensive income		
Exchange difference	**(49)**	1,071
Available-for-sale investments :	**260**	(511)
Surplus / (deficit) on revaluation	**268**	(385)
Reclassification adjustments for gains included in profit or loss on disposal	**(8)**	(126)
Share of reserves of associates/jointly controlled entities	**(4)**	158
Others	**(5)**	(42)
Other comprehensive income for the period	**202**	676
Total comprehensive income for the period	**7,441**	9,399
Total comprehensive income attributable to:		
Equity shareholders	**7,134**	9,095
Minority interests	**307**	304
	7,441	9,399

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 30 June 2009 – Unaudited

	Note	**30 June 2009 HK$ Million**	31 December 2008 HK$ Million
Non-current assets			
Investment properties		**109,057**	98,410
Leasehold land		**3,698**	4,203
Other properties, plant and equipment		**14,690**	16,980
Total fixed assets		**127,445**	119,593
Goodwill and other intangible assets		**297**	297
Interest in associates		**4,038**	4,009
Interest in jointly controlled entities		**6,434**	7,989
Available-for-sale investments		**982**	706
Long term receivables		**356**	357
Programming library		**139**	132
Deferred tax assets		**387**	383
Derivative financial assets		**242**	83
		140,320	133,549
Current assets			
Held-to-maturity investments		**15**	-
Properties for sale		**15,246**	17,272
Inventories		**113**	112
Trade and other receivables	10	**1,617**	1,727
Derivative financial assets		**192**	8
Bank deposits and cash		**16,341**	15,886
		33,524	35,005
Current liabilities			
Trade and other payables	11	**(5,865)**	(6,924)
Bank loans and other borrowings		**(3,060)**	(4,443)
Derivative financial liabilities		**(77)**	(166)
Taxation payable		**(1,676)**	(1,259)
		(10,678)	(12,792)
Net current assets		**22,846**	22,213
Total assets less current liabilities		**163,166**	155,762

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 30 June 2009 – Unaudited

	Note	**30 June 2009 HK$ Million**	31 December 2008 HK$ Million
Non-current liabilities			
Bank loans and other borrowings		**(33,720)**	(33,566)
Deferred tax liabilities		**(16,002)**	(15,185)
Other deferred liabilities		**(265)**	(262)
Derivative financial liabilities		**(827)**	(738)
Employee retirement benefit liabilities		**(140)**	(154)
		(50,954)	(49,905)
NET ASSETS		**112,212**	105,857
Capital and reserves			
Share capital		**2,754**	2,754
Reserves		**102,662**	96,740
Shareholders' equity		**105,416**	99,494
Minority interests		**6,796**	6,363
TOTAL EQUITY		**112,212**	105,857

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

These unaudited interim consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants and the 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 judgments, 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 2008 except the changes mentioned below.

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

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

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

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

As a result of the adoption of HKAS 1 (Revised), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation.

This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

(b) HKFRS 8 - Operating segments

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

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

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

2. SEGMENT INFORMATION

The Group managed its diversified businesses according to the nature of services and products provided. Management has determined five reportable operating segments for measuring performance and allocating resources. The segments are property investment, property development, logistics, communications, media and entertainment ("CME") and investment and others.

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

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 and China.

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

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

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

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

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

2. SEGMENT INFORMATION

a. Analysis of segment results

Six months ended	Turnover HK$ Million	Operating profits/ (losses) HK$ Million	Increase in fair value of investment properties HK$ Million	Net other charge HK$ Million	Finance credits/ (costs) HK$ Million	Associates HK$ Million	Jointly controlled entities HK$ Million	Profit before taxation HK$ Million
30 June 2009								
Property investment	3,953	2,988	4,476	-	(165)	-	-	7,299
Hong Kong properties	3,228	2,761	4,474	-	(142)	-	-	7,093
China properties	285	147	2	-	(17)	-	-	132
Hotels	440	80	-	-	(6)	-	-	74
CME	1,693	129	-	-	-	1	-	130
i-CABLE	862	(1)	-	-	-	1	-	-
Telecommunications	831	132	-	-	-	-	-	132
Others	-	(2)	-	-	-	-	-	(2)
Logistics	1,483	626	-	-	51	96	19	792
Terminals	1,353	583	-	-	51	96	19	749
Others	130	43	-	-	-	-	-	43
Property development	1,612	589	-	-	(12)	41	8	626
Hong Kong	-	-	-	-	-	41	-	41
China	1,612	589	-	-	(12)	-	8	585
Investment and others	35	188	-	-	137	-	-	325
Inter-segment revenue	(165)	-	-	-	-	-	-	-
Segment total	8,611	4,520	4,476	-	11	138	27	9,172
Corporate expenses	-	(146)	-	-	-	-	-	(146)
Group total	8,611	4,374	4,476	-	11	138	27	9,026
30 June 2008								
Property investment	3,690	2,710	6,565	-	(336)	-	-	8,939
Hong Kong properties	2,923	2,444	6,536	-	(261)	-	-	8,719
China properties	257	110	29	-	(53)	-	-	86
Hotels	510	156	-	-	(22)	-	-	134
CME	1,858	98	-	-	-	-	-	98
i-CABLE	1,069	44	-	-	-	-	-	44
Telecommunications	789	57	-	-	-	-	-	57
Others	-	(3)	-	-	-	-	-	(3)
Logistics	1,832	833	-	-	(111)	150	18	890
Terminals	1,627	762	-	-	(111)	150	18	819
Others	205	71	-	-	-	-	-	71
Property development	587	330	-	(326)	(57)	25	(6)	(34)
Hong Kong	-	-	-	-	-	25	-	25
China	587	330	-	(326)	(57)	-	(6)	(59)
Investment and others	179	301	-	-	(100)	-	-	201
Inter-segment revenue	(147)	-	-	-	-	-	-	-
Segment total	7,999	4,272	6,565	(326)	(604)	175	12	10,094
Corporate expenses	-	(131)	-	-	-	-	-	(131)
Group total	7,999	4,141	6,565	(326)	(604)	175	12	9,963

2. SEGMENT INFORMATION

b. Analysis of inter-segment revenue

	Six months ended 30 June					
	2009			2008		
	Total Revenue HK$ Million	**Inter-segment revenue HK$ Million**	**Group Revenue HK$ Million**	Total Revenue HK$ Million	Inter-segment revenue HK$ Million	Group Revenue HK$ Million
Property investment	**3,953**	**(81)**	**3,872**	3,690	(69)	3,621
CME	**1,693**	**(84)**	**1,609**	1,858	(78)	1,780
Logistics	**1,483**	**-**	**1,483**	1,832	-	1,832
Property development	**1,612**	**-**	**1,612**	587	-	587
Investment and others	**35**	**-**	**35**	179	-	179
	8,776	**(165)**	**8,611**	8,146	(147)	7,999

c. Geographical information

	Revenue		**Operating profit**		**Assets**	
	Six months ended 30 June		**Six months ended 30 June**		**30 June**	31 December
	2009 HK$ Million	2008 HK$ Million	**2009 HK$ Million**	2008 HK$ Million	**2009 HK$ Million**	2008 HK$ Million
Hong Kong	**6,598**	7,017	**3,677**	3,763	**122,853**	117,544
China	**1,996**	958	**679**	311	**50,101**	50,415
Singapore	**17**	24	**18**	67	**890**	595
Group total	**8,611**	7,999	**4,374**	4,141	**173,844**	168,554

3. OPERATING PROFIT

Operating profit is arrived at :

	Six months ended 30 June	
	2009	2008
	HK$ Million	HK$ Million
After charging / (crediting) :		
Depreciation		
– assets held for use under operating leases	**63**	41
– other fixed assets	**490**	508
	553	549
Amortisation		
– programming library	**47**	64
– leasehold land	**44**	43
– other intangible assets	**-**	2
Total depreciation and amortisation	**644**	658
Staff cost (Note a)	**1,214**	1,251
Auditors' remuneration	**7**	7
Cost of trading properties sold during the period	**922**	261
Rental income less direct outgoings (Note b)	**(2,953)**	(2,603)
Interest income	**(16)**	(145)
Dividend income from listed investments	**(17)**	(30)
Dividend income from unlisted investments	**(29)**	(52)
Net foreign exchange gain (Note c)	**(69)**	(81)
Profit on disposal of fixed assets	**(13)**	-

Notes :

(a) Staff cost included retirement scheme costs HK$54 million (2008: HK$50 million).

(b) Rental income included contingent rentals of HK$338 million (2008: HK$301 million).

(c) Net foreign exchange gain included impact of forward foreign exchange contracts.

4. OTHER NET INCOME

Other net income mainly represents HK$89 million (2008: HK$Nil) net profit on disposal of subsidiaries and jointly controlled entities, HK$14 million (2008: HK$Nil) net profit on disposal of investment properties and HK$5 million net loss (2008: HK$89 million profit) on disposal of available-for-sale investments, which included HK$8 million (2008: HK$126 million) revaluation surplus reclassified from the investments revaluation reserves of the Group.

5. NET OTHER CHARGE

The net other charge of HK$326 million in 2008 represented the impairment provision made for certain China projects. No such charge was made in the current period under review.

6. FINANCE (CREDITS) / COSTS

	Six months ended 30 June	
	2009	2008
	HK$ Million	HK$ Million
Interest charged on :-		
Bank loans and overdrafts repayable within five years	**159**	363
Other borrowings repayable within five years	**6**	32
Bank loans repayable after five years	**36**	55
Other borrowings repayable after five years	**55**	60
Total interest charge	**256**	510
Other finance costs	**15**	26
Less: Amount capitalised	**(86)**	(84)
	185	452
Fair value cost / (gain) :-		
Cross currency interest rate swaps	**96**	152
Interest rate swaps	**(292)**	-
	(11)	604

The Group's average effective borrowing rate for the period was 1.5% per annum (2008: 3.1% per annum)

7. TAXATION

Taxation charged to the consolidated income statement represents :

	Six months ended 30 June	
	2009	2008
	HK$ Million	HK$ Million
Current income tax		
Hong Kong		
- provision for the period	**521**	492
- underprovision in respect of prior years	**186**	163
Outside Hong Kong		
- provision for the period	**128**	97
	835	752
Land appreciation tax ("LAT") in China	**140**	60
Deferred tax		
Change in fair value of investment properties	**775**	1,114
Origination and reversal of temporary differences	**37**	84
Effect of decrease in tax rate on deferred tax balances	**-**	(768)
Benefit of tax losses recognition	**-**	(2)
	812	428
	1,787	1,240

a. The provision for Hong Kong profits tax is based on the profit for the period as adjusted for tax purposes at the rate of 16.5% (2008: 16.5%).

b. Income tax on profits assessable outside Hong Kong is calculated at rates of tax applicable in jurisdictions in which the Group is assessed for tax.

c. Under the Provisional Regulations on LAT, all gains arising from transfer of real estate property in China are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including borrowings costs and all property development expenditures.

d. Tax attributable to associates and jointly controlled entities for the six months ended 30 June 2009 of HK$28 million (2008: HK$24 million) is included in the share of results of associates and jointly controlled entities.

8. EARNINGS PER SHARE

The calculation of earnings per share is based on the earnings attributable to ordinary equity shareholders for the period of HK$6,975 million (30 June 2008: HK$8,393 million) and the weighted average of 2,754 million ordinary shares (30 June 2008: 2,754 million shares) in issue during the period.

For the period under review and the preceding comparative period, there is no difference between the basic and diluted earnings per share.

9. DIVIDENDS

a. The below interim dividends were proposed after the period end dates which have not been recognised as liabilities at the period end dates :

	Six months ended 30 June	
	2009	2008
	HK$ Million	HK$ Million
Interim dividend of 36 cents (2008 : 36 cents) proposed after the period end date per share	**991**	991

b. Dividends recognised as distribution during the period :

	Six months ended 30 June	
	2009	2008
	HK$ Million	HK$ Million
2008 Final dividend paid of 44 cents per share	**1,212**	-
2007 Final dividend paid of 44 cents per share	**-**	1,212
	1,212	1,212

10. TRADE AND OTHER RECEIVABLES

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

	30 June 2009 HK$ Million	31 December 2008 HK$ Million
Trade receivables		
Current	**463**	501
Past due :		
0 - 30 days	**128**	177
31 - 60 days	**56**	57
Over 60 days	**98**	67
	745	802
Other receivables	**872**	925
	1,617	1,727

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

11. TRADE AND OTHER PAYABLES

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

	30 June 2009 HK$ Million	31 December 2008 HK$ Million
Trade payables		
0 - 30 days	**161**	206
31 - 60 days	**79**	100
61 - 90 days	**29**	32
Over 90 days	**39**	54
	308	392
Rental and customer deposits	**1,619**	1,622
Deposits from sale of properties	**976**	1,329
Other payables	**2,962**	3,581
	5,865	6,924

12. COMPARATIVE FIGURES

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

13. REVIEW OF UNAUDITED INTERIM FINANCIAL STATEMENTS

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

PURCHASE, SALE OR REDEMPTION OF SHARES

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

BOOK CLOSURE

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

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

Hong Kong, 26 August 2009

As at the date of this announcement, the board of directors of the Company comprises Mr. Peter K. C. Woo, Mr. Gonzaga W. J. Li, Mr. Stephen T. H. Ng, Ms. Doreen Y. F. Lee, Mr. T. Y. Ng and Mr. Paul Y. C. Tsui, together with six independent non-executive directors, namely, Hon. Paul M. P. Chan, Professor Edward K. Y. Chen, Dr. Raymond K. F. Ch'ien, Hon. Vincent K. Fang, Mr. Hans Michael Jebsen and Mr. James E. Thompson.