



The Wharf (Holdings) Limited

Interim Results

15 August 2007



WHARF

Established 1886

Key Recaps for Interim 2007

- ❖ Properties continued to be the growth driver: turnover: HK\$5,031M, +74%; profit: HK\$3,191M, +68%
 - Core properties Harbour City and Times Square represent 55% of Group's total assets. Combined turnover: HK\$2,587M (+14%), operating profit: HK\$1,942M (+19%)
 - Robust growth in property development profit (HK & China): HK\$903M (06: -HK\$10M) mainly attributable to sale of units at Wellington Garden and selected towers of Wuhan Times Square in China and the remaining 3 Gough Hill houses in HK.
- ❖ Acquired a 50% interest in another site (Total Floor Area: 2.3M s.f. including 0.5M s.f. carpark area) in the Industrial Park of Suzhou through a joint venture at a public bidding in 7/07, following the acquisition of 3 new sites in late 2006 and early 2007.
- ❖ Actively disposing of non core properties: sold all interest in Grandtech Centre at a satisfactory price. Delta House will be the next.

Results Highlights

	1H 07 (HK\$)	1H 06 (HK\$)	% Change
❖ Turnover	8,609M	6,449M	+33%
❖ Operating profit	4,371M	3,018M	+45%
❖ Borrowing costs	(480M)	(412M)	-17%
❖ Taxation	(1,779M)	(1,414M)	-26%
❖ Net profit excluding property revaluation	2,631M	1,900M	+38%

Results Highlights

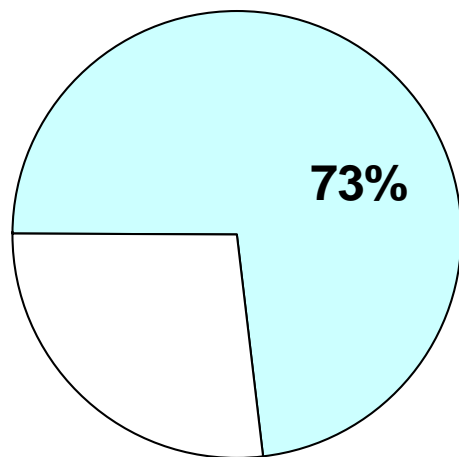
	1H 07 (HK\$)	1H 06 (HK\$)	% Change
❖ Net profit excluding revaluation surplus	2,631M	1,900M	+38%
❖ Revaluation surplus (net of Tax & MI)	1,799M	4,359M	-59%
❖ Profit attributable to shareholders	4,430M	6,259M	-29%
❖ Earnings per share	1.81	2.56	-29%
❖ EPS (excluding revaluation surplus)	1.08	0.78	+38%
❖ DPS	¢ 36.00	¢ 36.00	---

Results Highlights

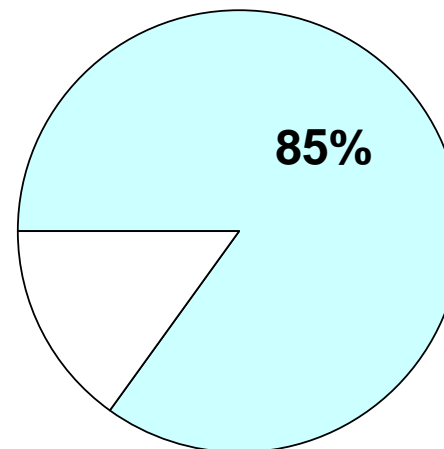
	1H 07	1H 06	% Change
❖ Borrowing Cost	480M	412M	+17%
❖ Average Interest Rate	4.6%	4.7%	-0.1pts
❖ Interest Cover	5.0x	5.5x	-0.5x
	1H 07	FY06	% Change
❖ Net Debt	22.1B	16.9B	+31%
❖ Debt to Shareholders' Equity	28.1%	22.5%	+5.6pts

Properties

	<i>Revenue</i>			<i>Segment Profit</i>		
	1H 07 (HK\$M)	1H 06 (HK\$M)	Change %	1H 07 (HK\$M)	1H 06 (HK\$M)	Change %
Property Investment	3,115	2,718	+15%	2,288	1,915	+19%
Property Development	1,916	178	+976%	903	-10	+9130%
Total	5,031	2,896	+74%	3,191	1,905	+68%



Segment Profit Allocation



As % of Group NAV

SEGMENT PERFORMANCE	<i>Revenue</i>			<i>Occupancy</i>
	1H 07 (HK\$M)	1H 06 (HK\$M)	% Change	%
Retail	849	709	+20%	98%
Office	638	526	+21%	94%
Serviced Apartment	114	103	+11%	89%
Hotel	450	451	-	87%
Total	2,051	1,789	+15%	

Retail

- ❖ Average occupancy: 98% (2006: 99%)
- ❖ Improving local sentiment and healthy tourist growth facilitated retail sales growth
- ❖ Average tenant's sales psf +20% YoY
- ❖ Conversion of Level 4 of OC into 37,000 s.f. lettable space well underway, completion: late 2007

Office

- ❖ Average occupancy: 94% (2006: 95%)
- ❖ Retention rate: 63%
- ❖ New lettings: 190,736 s.f., half were in-house expansions
- ❖ Positive rental reversion

Serviced Apartments

- ❖ Occupancy: 89% (2006: 75%); a record high since its opening in 1999
- ❖ Newly renovated penthouse: 20% rental increment
- ❖ Renovation of other penthouses well underway

SEGMENT PERFORMANCE	<i>Revenue</i>			<i>Occupancy</i>
	1H 07 (HK\$M)	1H 06 (HK\$M)	% Change	%
Retail	362	334	+8%	99%
Office	174	139	+25%	97%
Total	536	473	+13%	

Times Square

Retail

- ❖ Average occupancy: 99% (2006: ~100%)
- ❖ Favourable rental growth on new leases and renewals
- ❖ Trade-mix refinement continued

Office

- ❖ Occupancy: 97% (2006: 93%)
- ❖ New lettings: 70,000 s.f.; included in-house expansions
- ❖ Retention rate: 78%

Property Investment

- ❖ 3 Times Squares (Shanghai, Beijing, & Chongqing) performed satisfactorily
- ❖ 1H07 Revenue: HK\$201M, +28%, Operating profit: HK\$100M, +56%
- ❖ 1717, Nanjing Xi Road, Shanghai
 - 1.6M s.f. GFA top quality Grade A office tower
 - Superstructure works in progress
 - Completion: Mid 2009
- ❖ More Times Squares will be rolled out in Wuhan, Dalian, and Chengdu

Property Development

- ❖ Development profit: HK\$567M, due to sales recognition of sold units at Wellington Garden and selected towers of Wuhan Times Square upon completion
 - Wellington Garden
 - Residential, completion: 4/2007
 - 94% of units launched sold
 - Wuhan Times Square
 - Mix complex, completion: late 2007
 - Towers 3 & 4 residential: 87% of units launched sold. Completed in 6/2007
- ❖ Development landbank in China – about 50M s.f., including Chengdu (3 sites), Suzhou (2 sites) & Wuxi.
- ❖ Acquired 1 new prime site in Suzhou in 7/2007
 - Suzhou – Industrial Park of Suzhou
 - Residential: 2.3M s.f.

Property Development

❖ Other on-going projects

■ Dalian Times Square

- Retail & residential complex, completion: mid 2008, *1.9M s.f.*

■ Chengdu – No. 11 Dong Da Jie

- Mixed use (retail, office, hotel, residential), completion: 2010, *6.1M s.f.*

■ Chengdu – No. 10 Gaoxin District

- High-end residential + office, completion: 2011, *6.1M s.f.*

■ Chengdu – Shuangliu Development Area

- Mixed use (retail, hotel, residential), including an outlet mall with some of the trendiest retail concepts, *10.2M s.f.*

■ Suzhou

- Premier deluxe low density residences, planning underway, *3.1M s.f.*

■ Wuxi

- Upscale residential and high rise commercial development, planning underway, *14.3M s.f.*

■ No.1 Xin Hua Road (late 2008), *0.3M s.f.* and Jingan Garden (mid 2010), *1.0M s.f.* in Shanghai

Other Properties

Hong Kong Property Developments

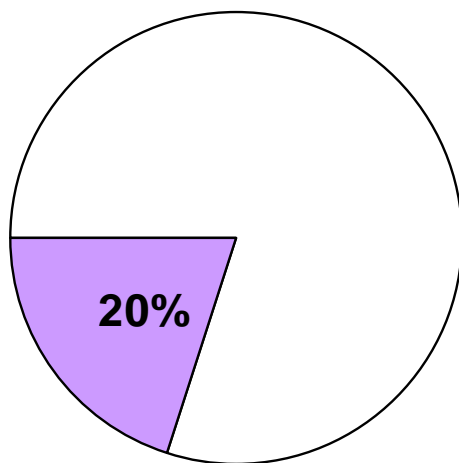
- ❖ Revenue: HK\$554M, +213%
 - Three houses at Gough Hill Path sold in 1H2007 at over HK\$30,000 psf, sold the 5th house in 6/2007 at nearly HK\$35,000 psf.
- ❖ Sold Wharf's remaining stock (380K s.f.) in Grandtech Centre (Godown Building in Shatin) in 5/2007 at a satisfactory price.
- ❖ Delta House (I/O in Shatin) – next candidate for disposal
- ❖ Actively looking for opportunities to dispose of non-core properties
- ❖ Remaining stock to be sold
 - Bellagio: about 160 units

Other Properties – Marco Polo Hotels

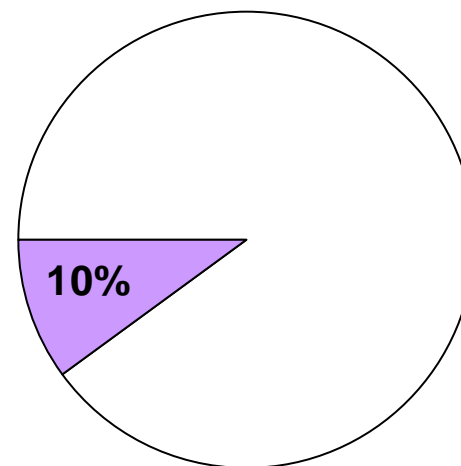
- ❖ Current profile
 - 11 hotels (9 in operation, 2 under construction) in the Asia Pacific Region
 - 2 hotels under construction – Wuhan & Chengdu
- ❖ Hong Kong
 - Hotel and club revenue: HK\$450M
 - 6.0% growth in average room rates, occupancy (87%)
- ❖ Hotels opened in 2007
 - The Marco Polo Parkside, Beijing (6/07)
- ❖ Hotels to be opened
 - 2 deluxe hotels in Wuhan (Early 2008) and Chengdu (2010)

Logistics

	<i>Revenue</i>			<i>Segment Profit</i>		
	1H 07 (HK\$M)	1H 06 (HK\$M)	% Change	1H 07 (HK\$M)	1H 06 (HK\$M)	% Change
Logistics	1,689	1,609	+5%	854	830	+3%



Segment Profit Allocation



As % of Group NAV

	<i>Revenue</i>			<i>Throughput</i>		
	1H 07 (HK\$M)	1H 06 (HK\$M)	% Change	1H 07 TEUs(M)	1H 06 TEUs(M)	% Change
Modern Terminals	1,495	1,407	+6%	2.72	2.51	+8%
				1H 07 (HK\$M)	1H 06 (HK\$M)	% Change
MTL's Associates & jointly controlled entities (post-tax)				106	42	+152%

Modern Terminals

Hong Kong

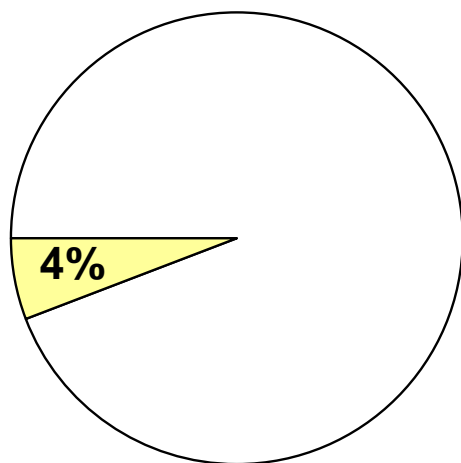
- ❖ Throughput: 2.72M TEUs, +9%
- ❖ Market share: 32.9% (2006: 33.9%)

China

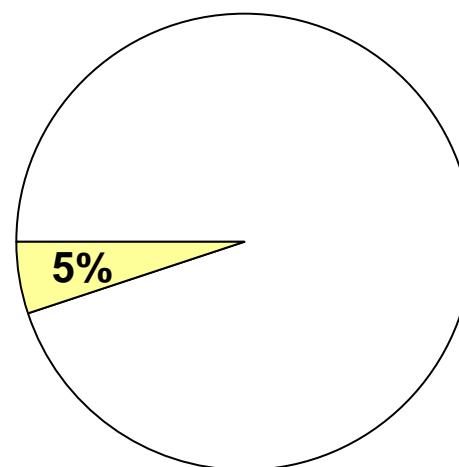
- ❖ Dachan Bay Phase I (65%) – 5 berths, 2.5M TEUs, 1st two berths will commence operation towards end 2007
- ❖ Taicang
 - Phase I (51%) – 1H2007 throughput: 304,000 TEUs, +35%
 - Phase II (70%) – 1st berth in operation, 1H2007 throughput: 70,000 TEUs, completion of remaining 3 berths: End 2007
- ❖ Shekou
 - Throughput at Mega SCT: 1.4M TEUs
 - MTL holds 30% in Mega SCT after completion of SCT rationalization in 2/2007
- ❖ Others
 - Chiwan (8% holding) – 1H07 throughput: 1.86M TEUs

✉ Communication, Media & Entertainment (CME)

	<i>Revenue</i>			<i>Segment Profit</i>		
	1H 07 (HK\$M)	1H 06 (HK\$M)	% Change	1H 07 (HK\$M)	1H 06 (HK\$M)	% Change
CME	1,903	1,959	-3%	182	141	+29%



Segment Profit Allocation



As % of Group NAV

	<i>Revenue</i>			<i>No. of Subscribers/fixed lines</i>		
	1H 07 (HK\$M)	1H 06 (HK\$M)	% Change	1H 07	FY 06	% Change
Pay TV	827	966	-14%	830,000	786,000	+6%
Internet & Multimedia	295	296	-	324,000	328,000	-1%
Wharf T&T	708	681	+4%	579,000	562,000	+3%

❖ Pay TV

- Successfully marketed itself as the all-in-one TV broadcaster to provide professional news, entertainment programs, tonnage and choice in local and international movies and full-bodied sports.

❖ Internet & Multimedia

- Steady for both subscription and turnover and the market went ex-growth
- Disciplined cost management and expansion of the wholesale voice service ensured profitability

❖ Wharf T&T

- Steady growth in fixed line installed base
- Financial performance recovered gently amidst an improvement in the competitive landscape

Profit & Loss Summary

	1H 07 (HK\$M)	1H 06 (HK\$M)	% Change
Turnover	8,609	6,449	+33%
Operating Profit	4,371	3,018	+45%
Revaluation Surplus	2,537	5,328	-52%
Profit Before Taxation	6,579	7,971	-17%
Taxation (Incl. deferred taxation on revaluation)	(1,779)	(1,414)	+26%
Profit After Taxation	4,800	6,557	-27%
Net Profit Attributable to Shareholders	4,430	6,259	-29%

Debt Profile

As at 30 June 2007

	Total Debt		Un-drawn Facility
<u>Company and wholly owned subsidiaries</u>	(HK\$B)		(HK\$B)
Committed facilities	15.7	62%	2.9
Uncommitted facilities	0.3	1%	1.9
Total:	16.0	63%	4.8
<u>Non-wholly owned subsidiaries</u>			
Modern Terminals Limited (non-recourse to Wharf)	9.0	36%	7.8
i-CABLE	-	-	0.6
Others	0.3	1%	0.1
Subtotal:	9.3	37%	8.5
Overall:	25.3	100%	13.3

NAV Adjustment

As at 30 June 2007

Per Share
(HK\$)

For Supplemental Information Only:

NAV per Balance Sheet

32.21

Subjective adjustments:-

❖ Modern Terminals (on latest transacted price)

3.03

❖ Hotel Properties (on independent valuation)

1.55

❖ i-CABLE (on market value)

0.32

Deferred tax on revaluation surplus of Hong Kong Investment Property

4.49

Adjusted NAV

41.60

+4% vs. HK\$40.11 as at 12/07

Outlook – China Properties

<u>Projects</u>	<u>Total Floor Area (s.f.) in 'M</u>
Investment Properties – BCTS, STS, CTS	3.2
Lot 1717, Nan Jing Xi Road, Shanghai	1.6
Wellington Garden, Shanghai	0.6
No. 1 Xin Hua Road, Shanghai	0.3
Jingan Garden, Shanghai	1.0
Dalian Times Square, Dalian	1.9
Wuhan Times Square, Wuhan	2.4
No. 11 Dong Da Jie, Chengdu	6.1
No. 10 Gaoxin District, Chengdu	6.1
Chengdu Shuangliu, Chengdu	10.2
Industrial Park, Suzhou (100%)	3.1
Industrial Park (2007-B-24), Suzhou (50%)	2.3
Wuxi Taihu Plaza, Wuxi	14.3
	Total: 53.1



End of Presentation



WHARF

Established 1886