

# Notes to the Unaudited Interim Financial Report

## 1 Basis of Preparation

This interim financial report is unaudited but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). KPMG's independent review report to the Board of Directors is set out on page 57. In addition, this interim financial report has been reviewed by the Company's Audit Committee.

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim Financial Reporting*, issued by the HKICPA.

The preparation of an interim financial report 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.

This interim financial report contains the condensed consolidated accounts and selected explanatory notes, which include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interest in associates since the issuance of the 2013 annual accounts. The condensed consolidated interim accounts and notes thereon do not include all of the information required for a complete set of accounts prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the financial year ended 31 December 2013 included in this interim financial report does not constitute the Company's statutory accounts for that financial year but is derived from those accounts. Statutory accounts for the year ended 31 December 2013, on which the auditors have expressed an unqualified opinion on those accounts in their report dated 11 March 2014, are available from the Company's registered office.

The accounting policies adopted for the preparation of this interim financial report are the same as those adopted in the preparation of the 2013 annual accounts except for the changes required for the first time adoption of revised HKFRSs as set out in the subsequent paragraphs.

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's accounts:

- Amendments to HKAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to HKAS 36, *Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets*
- Amendments to HKAS 39, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. These amendments do not have an impact on the Group's interim financial report.

The amendments to HKAS 36 modify the disclosures requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for impaired assets or cash-generating units whose recoverable amount is based on fair value less costs of disposal. The adoption of these amendments does not have an impact on the Group's interim financial report.

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments do not have an impact on the Group's interim financial report as the Group has not novated any of its derivatives.

# Notes to the Unaudited Interim Financial Report

## 2 Revenue and Expenses relating to Mainland of China and International Subsidiaries

Revenue and expenses relating to Mainland of China and international subsidiaries comprise:

in HK\$ million	Railway subsidiaries outside of Hong Kong				Property activities in Mainland of China	Total Mainland of China and international subsidiaries
	Stockholm Metro	Melbourne Train	Shenzhen Metro Longhua Line	Total		
<b>Half year ended 30 June 2014</b>						
Revenue	<b>1,700</b>	<b>4,293</b>	<b>282</b>	<b>6,275</b>	<b>75</b>	<b>6,350</b>
Expenses	<b>1,648</b>	<b>4,009</b>	<b>197</b>	<b>5,854</b>	<b>68</b>	<b>5,922</b>
Half year ended 30 June 2013						
Revenue	1,666	5,060	228	6,954	71	7,025
Expenses	1,591	4,738	177	6,506	59	6,565

## 3 Profit on Hong Kong Property Development

Profit on Hong Kong property development comprises:

in HK\$ million	Half year ended 30 June 2014	Half year ended 30 June 2013
Share of surplus from property development	<b>60</b>	490
Income from receipt of properties for investment purpose	–	44
Agency fee and other income from West Rail property development	<b>196</b>	5
Other overhead costs net of miscellaneous income	<b>(11)</b>	(8)
	<b>245</b>	531

## 4 Interest and Finance Charges

Interest and finance charges comprise:

in HK\$ million	Half year ended 30 June 2014	Half year ended 30 June 2013
Interest expenses	<b>714</b>	733
Finance charges	<b>20</b>	19
Utilisation of government subsidy for Shenzhen Metro Longhua Line operation	<b>(136)</b>	(125)
Exchange loss	<b>109</b>	5
Derivative financial instruments:		
– Fair value hedges	<b>(18)</b>	1
– Cash flow hedges:		
– transferred from hedging reserve to offset interest expenses	<b>14</b>	31
– transferred from hedging reserve to offset exchange loss	<b>(110)</b>	–
– Ineffective portion	<b>(1)</b>	–
Interest expenses capitalised	<b>(221)</b>	(127)
	<b>371</b>	537
Interest income	<b>(97)</b>	(110)
Interest income capitalised	–	8
	<b>(97)</b>	(102)
	<b>274</b>	435

## 5 Share of Profit or Loss of Associates

Share of profit or loss of associates comprises:

in HK\$ million	Half year ended 30 June 2014	Half year ended 30 June 2013
Share of profit or loss before taxation	162	85
Share of income tax expense	(33)	(34)
	129	51

## 6 Income Tax

Income tax in the consolidated profit and loss account represents:

in HK\$ million	Half year ended 30 June 2014	Half year ended 30 June 2013
Current tax		
– Provision for Hong Kong Profits Tax at 16.5% (2013: 16.5%) for the period	876	696
– Mainland of China and overseas tax for the period	100	105
	976	801
Deferred tax		
– Origination and reversal of temporary differences on:		
– tax losses	–	7
– depreciation allowances in excess of related depreciation	112	89
– provision and others	(25)	3
	87	99
	1,063	900

The provision for Hong Kong Profits Tax for the half year ended 30 June 2014 is calculated at 16.5% (2013: 16.5%) on the estimated assessable profits for the period after deducting accumulated tax losses brought forward, if any. Current taxes for the Mainland of China and overseas subsidiaries are charged at the appropriate current rates of taxation ruling in the relevant countries.

Provision for deferred tax on temporary differences arising in Hong Kong is calculated at the Hong Kong Profits Tax rate at 16.5% (2013: 16.5%) while those arising in the Mainland of China and overseas are calculated at the appropriate current rates of taxation ruling in the relevant countries.

## 7 Dividends

Dividends paid and proposed to equity shareholders of the Company comprise:

in HK\$ million	Half year ended 30 June 2014	Half year ended 30 June 2013
Dividends payable attributable to the period		
– Interim dividend declared after the balance sheet date of HK\$0.25 (2013: HK\$0.25) per share	1,450	1,450
Dividends payable/paid attributable to the previous year		
– Final dividend of HK\$0.67 (2012: HK\$0.54) per share approved and payable/paid during the period	3,886	3,130

The Company has recognised 2013 final dividend payable of HK\$2,971 million to the Financial Secretary Incorporated (the “FSI”) of the Government of the Hong Kong Special Administrative Region (the “HKSAR Government”) and HK\$915 million to other equity shareholders in the amounts due to related parties (note 19) and creditors and accrued charges (note 20) respectively in the consolidated balance sheet as at 30 June 2014.

# Notes to the Unaudited Interim Financial Report

## 8 Earnings Per Share

### A Basic Earnings Per Share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders for the half year ended 30 June 2014 of HK\$7,912 million (2013: HK\$6,158 million) and the weighted average number of ordinary shares in issue during the period of 5,799,238,536 (2013: 5,795,654,610), calculated as follows:

	Half year ended 30 June 2014	Half year ended 30 June 2013
Issued ordinary shares at 1 January	5,798,541,650	5,793,196,650
Effect of share options exercised	696,886	2,457,960
Weighted average number of ordinary shares at 30 June	5,799,238,536	5,795,654,610

### B Diluted Earnings Per Share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders for the half year ended 30 June 2014 of HK\$7,912 million (2013: HK\$6,158 million) and the weighted average number of ordinary shares in issue during the period of 5,802,332,891 (2013: 5,802,552,504) after adjusting for the number of dilutive potential ordinary shares under the employee share option schemes, calculated as follows:

	Half year ended 30 June 2014	Half year ended 30 June 2013
Weighted average number of ordinary shares at 30 June	5,799,238,536	5,795,654,610
Effect of dilutive potential shares under the Company's share option schemes	3,094,355	6,897,894
Weighted average number of ordinary shares (diluted) at 30 June	5,802,332,891	5,802,552,504

C Both basic and diluted earnings per share would have been HK\$0.76 (2013: HK\$0.73) if the calculation is based on profit attributable to equity shareholders arising from underlying businesses of HK\$4,389 million (2013: HK\$4,251 million).

## 9 Segmental Information

The Group manages its businesses by the various business executive committees. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following six reportable segments:

- (i) Hong Kong transport operations: The provision of passenger operation and related services on the urban mass transit railway system in Hong Kong, the Airport Express serving both the Hong Kong International Airport and the AsiaWorld-Expo at Chek Lap Kok, cross-boundary railway connection with the border of Mainland of China at Lo Wu and Lok Ma Chau, light rail and bus feeder with railway system in the north-west New Territories and intercity railway transport with certain cities in the Mainland of China.
- (ii) Hong Kong station commercial businesses: Commercial activities including the letting of advertising, retail and car parking space at railway stations, the provision of telecommunication and bandwidth services in railway premises and other commercial activities within the Hong Kong transport operations network.
- (iii) Hong Kong property rental and management businesses: The letting of retail, office and car parking space and the provision of estate management services in Hong Kong.
- (iv) Hong Kong property development: Property development activities at locations near the railway systems in Hong Kong.
- (v) Mainland of China and international affiliates: The operation and maintenance of mass transit railway systems including station commercial activities outside of Hong Kong and the letting of retail spaces, provision of estate management services and development of properties in the Mainland of China.
- (vi) Other businesses: Businesses not directly relating to transport operations or properties such as Ngong Ping 360, which comprises cable car operation in Tung Chung and related businesses at the Ngong Ping Theme Village, railway consultancy business and the provision of project management services to the HKSAR Government.

## 9 Segmental Information (continued)

The results of the reportable segments and reconciliation to the corresponding consolidated totals in the accounts are shown below:

in HK\$ million	Hong Kong transport operations	Hong Kong station commercial businesses	Hong Kong property rental and management businesses	Hong Kong property development	Mainland of China and international affiliates	Other businesses	Un-allocated amount	Total
<b>Half year ended 30 June 2014</b>								
Revenue	7,729	2,377	2,026	-	6,350	989	-	19,471
Operating expenses	(4,002)	(226)	(331)	-	(5,922)	(896)	-	(11,377)
Project study and business development expenses	-	-	-	-	-	-	(263)	(263)
Operating profit before Hong Kong property development, depreciation, amortisation and variable annual payment	3,727	2,151	1,695	-	428	93	(263)	7,831
Profit on Hong Kong property development	-	-	-	245	-	-	-	245
Operating profit before depreciation, amortisation and variable annual payment	3,727	2,151	1,695	245	428	93	(263)	8,076
Depreciation and amortisation	(1,547)	(67)	(5)	-	(38)	(31)	-	(1,688)
Variable annual payment	(511)	(188)	(2)	-	-	-	-	(701)
Operating profit before interest and finance charges	1,669	1,896	1,688	245	390	62	(263)	5,687
Interest and finance charges	-	-	-	-	15	-	(289)	(274)
Investment property revaluation	-	-	3,523	-	-	-	-	3,523
Share of profit or loss of associates	-	-	-	-	25	104	-	129
Income tax	-	-	-	(42)	(91)	-	(930)	(1,063)
Profit for the half year ended 30 June 2014	1,669	1,896	5,211	203	339	166	(1,482)	8,002
<b>Half year ended 30 June 2013</b>								
Revenue	7,258	2,194	1,842	-	7,025	895	-	19,214
Operating expenses	(3,822)	(206)	(304)	-	(6,565)	(830)	-	(11,727)
Project study and business development expenses	-	-	-	-	-	-	(155)	(155)
Operating profit before Hong Kong property development, depreciation, amortisation and variable annual payment	3,436	1,988	1,538	-	460	65	(155)	7,332
Profit on Hong Kong property development	-	-	-	531	-	-	-	531
Operating profit before depreciation, amortisation and variable annual payment	3,436	1,988	1,538	531	460	65	(155)	7,863
Depreciation and amortisation	(1,495)	(66)	(4)	-	(45)	(31)	-	(1,641)
Variable annual payment	(433)	(155)	(1)	-	-	-	-	(589)
Operating profit before interest and finance charges	1,508	1,767	1,533	531	415	34	(155)	5,633
Interest and finance charges	-	-	-	-	6	-	(441)	(435)
Investment property revaluation	-	-	1,907	-	-	-	-	1,907
Share of profit or loss of associates	-	-	-	-	(51)	102	-	51
Income tax	-	-	-	(84)	(107)	-	(709)	(900)
Profit for the half year ended 30 June 2013	1,508	1,767	3,440	447	263	136	(1,305)	6,256

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### 9 Segmental Information *(continued)*

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or goods were delivered.

in HK\$ million	Half year ended 30 June 2014	Half year ended 30 June 2013
Hong Kong (place of domicile)	<b>13,088</b>	12,170
Australia	<b>4,293</b>	5,060
Mainland of China	<b>364</b>	302
Sweden	<b>1,700</b>	1,666
Other countries	<b>26</b>	16
	<b>6,383</b>	7,044
	<b>19,471</b>	19,214

### 10 Other Comprehensive Income

A Tax effects relating to each component of other comprehensive income of the Group are shown below:

in HK\$ million	Half year ended 30 June 2014			Half year ended 30 June 2013		
	Before-tax amount	Tax expense	Net-of-tax amount	Before-tax amount	Tax expense	Net-of-tax amount
Exchange differences on translation of:						
– Financial statements of overseas subsidiaries and associates	<b>(138)</b>	–	<b>(138)</b>	29	–	29
– Non-controlling interests	<b>11</b>	–	<b>11</b>	(26)	–	(26)
	<b>(127)</b>	–	<b>(127)</b>	3	–	3
Surplus on revaluation of self-occupied land and buildings	<b>52</b>	<b>(9)</b>	<b>43</b>	305	(50)	255
Cash flow hedges: net movement in hedging reserve (note 10B)	<b>41</b>	<b>(7)</b>	<b>34</b>	45	(7)	38
Other comprehensive income	<b>(34)</b>	<b>(16)</b>	<b>(50)</b>	353	(57)	296

B The components of other comprehensive income of the Group relating to cash flow hedges are as follows:

in HK\$ million	Half year ended 30 June 2014	Half year ended 30 June 2013
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments recognised during the period	<b>138</b>	14
Amounts transferred to initial carrying amount of hedged items	<b>1</b>	(1)
Amounts transferred to profit or loss:		
– Interest and finance charges	<b>(96)</b>	31
– Other expenses	<b>(2)</b>	1
Tax effect resulting from:		
– Changes in fair value of hedging instruments recognised during the period	<b>(23)</b>	(2)
– Amounts transferred to profit or loss	<b>16</b>	(5)
	<b>34</b>	38

## 11 Investment Properties

All investment properties of the Group were revalued at 30 June 2014 and 2013 by an independent firm of surveyors, Jones Lang LaSalle Limited, who have among their staff Members of the Hong Kong Institute of Surveyors. The valuations are based on the income capitalisation approach. Under this approach, the market value is derived from the capitalisation of the rental revenue to be received under existing tenancies and the estimated full market rental value to be received upon expiry of the existing tenancies with reference to the market rental levels prevailing as at the date of valuation by an appropriate single market yield rate.

Based on the valuations performed by Jones Lang LaSalle Limited, the Group recognised the net increase in fair value of HK\$3,523 million (2013: HK\$1,907 million) under investment property revaluation in the consolidated profit and loss account. Investment properties are revalued semi-annually and future market condition changes may result in further gains or losses to be recognised through the profit and loss account in subsequent periods.

## 12 Other Property, Plant and Equipment

### A Acquisitions and Disposals

During the half year ended 30 June 2014, the Group acquired or commissioned assets at a total cost of HK\$607 million (2013: HK\$621 million). Items of civil works and plant and equipment with a net book value of HK\$15 million (2013: HK\$28 million) were disposed during the same period, resulting in a net loss on disposal of HK\$9 million (2013: HK\$9 million).

### B Valuation

All of the Group's self-occupied land and buildings are held in Hong Kong under medium-term leases and carried at fair value. All self-occupied land and buildings were revalued by using primarily the direct comparison approach assuming sale of properties in their existing state with vacant possession at the reporting date by an independent firm of surveyors, Jones Lang LaSalle Limited, who have among their staff Members of the Hong Kong Institute of Surveyors. The valuation resulted in a revaluation surplus of HK\$52 million (2013: HK\$305 million), which, net of deferred tax provision of HK\$9 million (2013: HK\$50 million), has been recognised in other comprehensive income and accumulated in the fixed assets revaluation reserve account (note 10A).

## 13 Service Concession Assets

During the half year ended 30 June 2014, the Group incurred HK\$774 million (2013: HK\$475 million) of expenditure for the replacement and upgrade of the rail and bus system leased from the Kowloon-Canton Railway Corporation ("KCRC") ("Additional Concession Property") under service concession arrangement in the Rail Merger and HK\$137 million (2013: HK\$232 million) of expenditure for asset additions in respect of Shenzhen Metro Longhua Line.

## 14 Railway Construction in Progress

### A Railway Construction in Progress of the Company

Movements of railway construction in progress are as follows:

in HK\$ million	Balance at 1 January	Net expenditure	Utilisation of government grant (note 20)	Principal and interest repayable of government grant	Balance at 30 June/ 31 December
<b>At 30 June 2014 (Unaudited)</b>					
West Island Line Project	–	1,172	(20)	165	1,317
South Island Line (East) Project	8,821	1,456	–	–	10,277
Kwun Tong Line Extension Project	2,727	567	–	–	3,294
	<b>11,548</b>	<b>3,195</b>	<b>(20)</b>	<b>165</b>	<b>14,888</b>
<b>At 31 December 2013 (Audited)</b>					
West Island Line Project	–	1,441	(1,441)	–	–
South Island Line (East) Project	5,410	3,411	–	–	8,821
Kwun Tong Line Extension Project	2,048	679	–	–	2,727
	7,458	5,531	(1,441)	–	11,548

# Notes to the Unaudited Interim Financial Report

## 14 Railway Construction in Progress *(continued)*

### A Railway Construction in Progress of the Company *(continued)*

#### (i) West Island Line ("WIL") Project

The government grant provided by HKSAR Government to the Company for the WIL Project is subject to a repayment mechanism whereby, within 24 months of commercial operations commencing on the WIL, the Company has to pay to the HKSAR Government amounts to reflect the excess of the original estimation over actual costs incurred on certain capital expenditure, price escalation costs, land costs and the amount of contingency in relation to the railway and related works (together with interest). During the half year ended 30 June 2014, the Company has recognised an amount with a principal of HK\$140 million and interest of HK\$25 million to pay back the HKSAR Government under the repayment mechanism (2013: nil).

Subsequent to 30 June 2014, the Company completed the review on the latest project cost forecast of WIL and there will be an increase in its project cost estimate from the original estimate of HK\$17.4 billion (including capitalised interests expense estimate of HK\$0.2 billion) to the latest estimate of approximately HK\$18.4 billion (including capitalised interests income of HK\$0.1 billion). As at 30 June 2014, the Company has incurred net cumulative expenditure of HK\$1.3 billion (after offsetting the government grant of HK\$12.7 billion) and has authorised outstanding commitments on contracts of HK\$0.4 billion for this project.

#### (ii) South Island Line (East) ("SIL(E)") Project

Subsequent to 30 June 2014, the Company completed the review on the latest project cost forecast of SIL(E) and there will be an increase in project cost estimate from the original estimate of HK\$15.4 billion (including capitalised interests expense estimate of HK\$1.9 billion) to the latest estimate of approximately HK\$16.7 billion (including capitalised interests expense of HK\$1.5 billion). As at 30 June 2014, the Company has incurred net cumulative expenditure of HK\$10.3 billion and has authorised outstanding commitments on contracts of HK\$1.2 billion for this project.

#### (iii) Kwun Tong Line Extension ("KTE") Project

The project cost of KTE is estimated at HK\$6.2 billion (including estimated project cost before capitalised interest remained unchanged at HK\$5.9 billion and capitalised interests expense estimated at HK\$0.3 billion). As at 30 June 2014, the Company has incurred net cumulative expenditure of HK\$3.3 billion and has authorised outstanding commitments on contracts of HK\$0.8 billion for this project.

### B Railway Construction in Progress under Entrustment by the HKSAR Government – Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL") Project

On 24 November 2008, the HKSAR Government and the Company entered into an entrustment agreement for the design of and site investigation and procurement activities in relation to the XRL (the "XRL Preliminary Entrustment Agreement"). Pursuant to the XRL Preliminary Entrustment Agreement, the HKSAR Government is obligated to pay the Company the Company's in-house design costs and certain on-costs, preliminary costs and staff costs.

In 2009, the HKSAR Government decided that the Company should be asked to proceed with the construction, testing and commissioning of the XRL on the understanding that the Company would subsequently be invited to undertake the operation of the XRL under the service concession approach. On 26 January 2010, the HKSAR Government and the Company entered into another entrustment agreement for the construction, and commissioning of the XRL (the "XRL Entrustment Agreement"). Pursuant to the XRL Entrustment Agreement, the Company is responsible for carrying out or procuring the carrying out of the agreed activities for the planning, design, construction, testing and commissioning of the XRL and the HKSAR Government, as owner of XRL, is responsible for bearing and financing the full amount of the total cost of such activities (the "Entrustment Cost") and for paying to the Company HK\$4,590 million in accordance with an agreed payment schedule (the "Project Management Fee"). As at 30 June 2014 and up to the date of this interim report, the Company has received payments from the HKSAR Government in accordance with the payment schedule.

Under the XRL Entrustment Agreement, in the event that a material modification to the programme for the execution of the entrustment activities is likely to result in a material increase or decrease in project management responsibilities or costs of the Company, the Company and the HKSAR Government are to negotiate in good faith to agree an increase or, as the case may be, decrease in the Project Management Fee. Further, under the XRL Entrustment Agreement, certain payments by the HKSAR Government (including the Project Management Fee) are subject to a maximum annual aggregate limit of HK\$2 billion and a total limit of HK\$10 billion.

The HKSAR Government has the right to claim against the Company if the Company breaches the XRL Entrustment Agreement and, under the XRL Entrustment Agreement, to be indemnified by the Company in relation to losses suffered by the HKSAR Government as a result of any negligence of the Company in performing its obligations under the XRL Entrustment Agreement or breach by the Company of the XRL Entrustment Agreement. Under the XRL Entrustment Agreement, the Company's total aggregate liability to the HKSAR Government arising out of or in connection with the XRL Preliminary Entrustment Agreement and the XRL Entrustment Agreement (other than for death or personal injury) is limited to the total aggregate value of certain specified amounts that have been and will be received by the Company from the HKSAR Government under the XRL Preliminary Entrustment Agreement and the fees that have been and will be received by the Company from the HKSAR Government under the XRL Entrustment Agreement.



## 14 Railway Construction in Progress *(continued)*

### B Railway Construction in Progress under Entrustment by the HKSAR Government – Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (“XRL”) Project *(continued)*

In April 2014, the Company announced that the construction period for the XRL project needed to be extended, with the opening of the line for passenger service now expected in 2017 (the “Revised Timeline”). In July 2014, the Company provided an update project cost estimate for the XRL project (of HK\$71.52 billion, inclusive of future insurance and project management costs) to the HKSAR Government. The HKSAR Government is reviewing the Revised Timeline and the updated project cost estimate and the Company is cooperating to provide additional information to assist the HKSAR Government in its review. Given (i) the XRL Entrustment Agreement provides that the HKSAR Government shall bear and finance the full amount of the Entrustment Cost; (ii) the negotiations, pursuant to the XRL Entrustment Agreement, to agree a variation in the Project Management Fee have not commenced (as of 30 June 2014 and up to the date of this interim report); and (iii) the Company has not received any notification from the HKSAR Government of any claim by the HKSAR Government against the Company in relation to the setting of the Revised Timeline (as of 30 June 2014 and up to the date of this interim report), the Company is not able to estimate reliably the financial effect on the Company, if any, arising from the setting of the Revised Timeline. The Company will reassess its position from time to time.

## 15 Property Development in Progress

Movements of property development in progress during the half year ended 30 June 2014 and the year ended 31 December 2013 are as follows:

in HK\$ million	Balance at 1 January	Expenditure	Offset against payments received from developers	Transfer out to profit or loss	Exchange differences	Balance at 30 June/ 31 December
<b>At 30 June 2014 (Unaudited)</b>						
Airport Railway Property Projects	–	2	(2)	–	–	–
Tseung Kwan O Extension Property Projects	1,145	83	(8)	–	–	1,220
East Rail Line/Kowloon Southern Link/ Light Rail Property Projects	5,976	38	(2,379)	–	–	3,635
South Island Line (East) Property Project	939	51	–	–	–	990
Kwun Tong Line Extension Property Project	275	39	–	–	–	314
Shenzhen Property Project	2,898	229	–	–	(69)	3,058
	<b>11,233</b>	<b>442</b>	<b>(2,389)</b>	–	<b>(69)</b>	<b>9,217</b>
<b>At 31 December 2013 (Audited)</b>						
Airport Railway Property Projects	–	4	(4)	–	–	–
Tseung Kwan O Extension Property Projects	1,150	61	(6)	(60)	–	1,145
East Rail Line/Kowloon Southern Link/ Light Rail Property Projects	5,906	81	–	(11)	–	5,976
South Island Line (East) Property Project	692	247	–	–	–	939
Kwun Tong Line Extension Property Project	175	100	–	–	–	275
Shenzhen Property Project	2,507	320	–	–	71	2,898
	10,430	813	(10)	(71)	71	11,233

## 16 Properties Held for Sale

in HK\$ million	At 30 June 2014 (Unaudited)	At 31 December 2013 (Audited)
Properties held for sale		
– at cost	1,049	1,054
– at net realisable value	51	51
	<b>1,100</b>	<b>1,105</b>

Properties held for sale at net realisable value are stated net of provision of HK\$6 million (31 December 2013: HK\$6 million) made in order to state these properties at the lower of their cost and estimated net realisable value.

# Notes to the Unaudited Interim Financial Report

## 17 Derivative Financial Assets and Liabilities

The notional amounts and fair values of derivative financial assets and liabilities are as follows:

in HK\$ million	At 30 June 2014 (Unaudited)		At 31 December 2013 (Audited)	
	Notional amount	Fair value	Notional amount	Fair value
<b>Derivative Financial Assets</b>				
Foreign exchange forwards				
– fair value hedges	3,491	9	3,491	10
– cash flow hedges	87	3	102	3
– not qualified for hedge accounting	183	1	124	4
Cross currency swaps				
– fair value hedges	2,405	17	1,629	13
– cash flow hedges	1,249	92	–	–
Interest rate swaps				
– fair value hedges	900	76	2,563	85
	<b>8,315</b>	<b>198</b>	<b>7,909</b>	<b>115</b>
<b>Derivative Financial Liabilities</b>				
Foreign exchange forwards				
– cash flow hedges	124	2	47	3
– not qualified for hedge accounting	–	–	27	–
Cross currency swaps				
– fair value hedges	417	41	5,856	75
– cash flow hedges	1,187	164	1,887	227
Interest rate swaps				
– fair value hedges	1,150	45	1,150	65
– cash flow hedges	900	18	1,482	19
	<b>3,778</b>	<b>270</b>	<b>10,449</b>	<b>389</b>
<b>Total</b>	<b>12,093</b>		<b>18,358</b>	

## 18 Debtors, Deposits and Payments in Advance

The Group's credit policies in respect of receivables arising from its principal activities are as follows:

- (i) The majority of fare revenue from Hong Kong transport operations is collected either through Octopus Cards with daily settlement on the next working day or in cash for other ticket types. A small portion of it is collected through pre-sale agents which settle the amounts due within 21 days.
- (ii) Fare revenue from Shenzhen Metro Longhua Line is collected either through Shenzhen Tong Cards with daily settlement on the next working day or in cash for other ticket types.
- (iii) Franchise revenue in Melbourne is collected either daily or monthly depending on the revenue nature. The majority of the franchise revenue in Stockholm is collected in the transaction month with the remainder being collected in the following month.
- (iv) Rentals, advertising and telecommunications service fees are billed monthly with due dates ranging from immediately due to 50 days. Tenants of the Group's investment properties and station kiosks are required to pay three months' rental deposit upon the signing of lease agreements.
- (v) Amounts receivable under interest rate and currency swap agreements with financial institutions are due in accordance with the terms of the respective agreements.
- (vi) Consultancy service incomes are billed monthly for settlement within 30 days upon work completion or on other basis stipulated in the consultancy contracts.
- (vii) Debtors in relation to contracts and capital works entrusted to the Group, subject to any agreed retentions, are due within 30 days upon the certification of work in progress.
- (viii) Amounts receivable in respect of property development are due in accordance with the terms of relevant development agreements or sale and purchase agreements.

## 18 Debtors, Deposits and Payments in Advance *(continued)*

The ageing of debtors is analysed as follows:

in HK\$ million	At 30 June 2014 (Unaudited)	At 31 December 2013 (Audited)
Amounts not yet due	1,712	2,596
Overdue by 30 days	311	387
Overdue by 60 days	52	50
Overdue by 90 days	9	9
Overdue by more than 90 days	5	4
Total debtors	2,089	3,046
Deposits and payments in advance	567	575
	<b>2,656</b>	3,621

Included in the amounts not yet due as at 30 June 2014 was HK\$359 million (31 December 2013: HK\$1,389 million) in respect of property development.

## 19 Material Related Party Transactions

The FSI of the HKSAR Government, which holds approximately 76.4% of the Company's issued share capital on trust for the HKSAR Government, is the majority shareholder of the Company. Transactions between the Group and the HKSAR Government departments or agencies, or entities controlled by the HKSAR Government, other than those transactions such as the payment of fees, taxes, leases and rates, etc. that arise in the normal dealings between the HKSAR Government and the Group, are considered to be related party transactions pursuant to HKAS 24 (revised 2009), *Related Party Disclosures*, and are identified separately in this interim financial report.

As at 30 June 2014, amounts due from/to the HKSAR Government and other related parties in respect of material related party transactions with the Group are stated below:

in HK\$ million	At 30 June 2014 (Unaudited)	At 31 December 2013 (Audited)
Amounts due from:		
– HKSAR Government	1,160	600
– KCRC	6	9
– associates	70	45
	<b>1,236</b>	654
Amounts due to:		
– HKSAR Government	3,145	4
– KCRC	1,201	1,371
– an associate	–	13
	<b>4,346</b>	1,388

As at 30 June 2014, the amount due from the HKSAR Government related to the recoverable cost for the advanced works in relation to the Shatin to Central Link, reimbursable costs for the essential public infrastructure works in respect of the West Island Line, South Island Line (East) and Kwun Tong Line Extension projects, reimbursement of the fare revenue difference in relation to the Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities, agency fee receivables and reimbursable costs in respect of West Rail property development, as well as receivables and retention for other entrustment and maintenance works. The amount due to the HKSAR Government as at 30 June 2014 related to 2013 final dividend payable (note 7), principal and interests of government grant accruals under the repayment mechanism of the WIL Project (note 14A) as well as land administrative fees in relation to railway extension.

The amount due from KCRC related to the recoverable cost for certain capital works and property enabling works in accordance with the agreements in relation to the Rail Merger. The amount due to KCRC related to mandatory payments and related interest payable to KCRC in respect of the property development site along the Light Rail as well as the accrued portion of fixed annual payment and variable annual payment arising from the Rail Merger.

# Notes to the Unaudited Interim Financial Report

## 19 Material Related Party Transactions *(continued)*

The amount due from associates included mainly receivables in relation to the daily Octopus card transactions with Octopus Cards Limited, rental receivable in respect of depots and depot equipment from and the outstanding balance of loan to Tunnelbanan Teknik Stockholm AB ("TBT"), staff secondment and other support services fees receivable from Beijing (MTR) Corporation Limited ("Beijing MTR") as well as management fee received from London Overground Rail Operations Ltd ("LOROL"). The amount due to an associate as at 31 December 2013 related to rolling stock maintenance service fees payable to TBT.

During the half year ended 30 June 2014, cash dividends paid or payable to the FSI of the HKSAR Government amounted to HK\$2,971 million (2013: HK\$2,395 million). In respect of the project management activities for HKSAR Government, the Group recognised revenue at HK\$383 million (2013: HK\$362 million) for the XRL project and HK\$331 million (2013: HK\$308 million) for the Shatin to Central Link project.

Details of major related party transactions entered into by the Group with the HKSAR Government in prior years that are still relevant for the current period and those with KCRC in respect of the Rail Merger were described in the Group's audited accounts for the year ended 31 December 2013.

During the half year ended 30 June 2014, the Group had the following transactions with its associates, namely Octopus Holdings Limited and its subsidiaries ("Octopus Group"), TBT, Beijing MTR and LOROL:

in HK\$ million	Half year ended 30 June 2014	Half year ended 30 June 2013
<b>Octopus Group</b>		
– Expenses paid or payable in respect of central clearing services provided by Octopus Group	<b>66</b>	62
– Fees received or receivable in respect of load agent, Octopus card issuance and refund services, computer equipment and relating services and warehouse storage space provided to Octopus Group	<b>18</b>	15
– Dividend received from Octopus Group	<b>20</b>	34
<b>TBT</b>		
– Expenses paid or payable in respect of rolling stock maintenance and other supporting services provided by TBT for the Stockholm Metro operation	<b>341</b>	320
– Fees received or receivable in respect of depots and depot equipment rental and other support services provided to TBT	<b>73</b>	66
<b>Beijing MTR</b>		
– Fees received or receivable in respect of staff secondment and other support services provided to Beijing MTR	<b>14</b>	17
<b>LOROL</b>		
– Dividend received from LOROL	<b>4</b>	–
– Fees received or receivable in respect of management services provided to LOROL	<b>10</b>	–

## 20 Creditors and Accrued Charges

The analysis of creditors by due dates is as follows:

in HK\$ million	At 30 June 2014 (Unaudited)	At 31 December 2013 (Audited)
Due within 30 days or on demand	<b>3,754</b>	4,820
Due after 30 days but within 60 days	<b>2,621</b>	2,031
Due after 60 days but within 90 days	<b>811</b>	534
Due after 90 days	<b>2,586</b>	2,351
	<b>9,772</b>	9,736
Rental and other refundable deposits	<b>2,748</b>	2,657
Accrued employee benefits	<b>1,521</b>	1,380
Dividend payable to other equity shareholders (note 7)	<b>915</b>	–
Government grant on West Island Line Project un-utilised (note 14A)	–	20
	<b>14,956</b>	13,793

## 21 Loans and Other Obligations

Notes issued by the Group during the half year ended 30 June 2014 and 2013 comprise:

in HK\$ million	Half year ended 30 June 2014		Half year ended 30 June 2013	
	Principal amount	Net consideration received	Principal amount	Net consideration received
Debt issuance programme notes	550	544	1,398	1,361

During the half year ended 30 June 2014, notes of AUD80 million (or HK\$550 million) (2013: HK\$700 million) were issued in Hong Kong by a subsidiary, MTR Corporation (C.I.) Limited, while the Company did not issue any debt securities (2013: USD90 million (or HK\$698 million)). The notes issued by the subsidiary are unconditionally and irrevocably guaranteed by the Company, and are direct, unsecured, unconditional and unsubordinated to other unsecured and unsubordinated obligations of MTR Corporation (C.I.) Limited. The obligations of the Company under the guarantee are direct, unsecured, unconditional, and unsubordinated to other unsecured and unsubordinated obligations of the Company.

During the half year ended 30 June 2014, the Group redeemed HK\$500 million (2013: HK\$2,306 million) of its unlisted debt securities and USD600 million (or HK\$4,658 million) of its listed debt securities (2013: nil).

## 22 Deferred Tax Assets and Liabilities

A Movements of deferred tax assets and liabilities during the half year ended 30 June 2014 and the year ended 31 December 2013 are as follows:

in HK\$ million	Deferred tax arising from						Total
	Depreciation allowances in excess of related depreciation	Revaluation of properties	Provision and other temporary differences	Cash flow hedges	Tax losses		
<b>30 June 2014 (Unaudited)</b>							
Balance as at 1 January 2014	9,833	498	(30)	(24)	(17)	10,260	
Charged/(credited) to consolidated profit and loss account	112	–	(25)	–	–	87	
Charged to reserves	–	9	–	7	–	16	
Exchange difference	2	–	1	–	–	3	
Balance as at 30 June 2014	9,947	507	(54)	(17)	(17)	10,366	
<b>31 December 2013 (Audited)</b>							
Balance as at 1 January 2013	9,332	440	(182)	(12)	(12)	9,566	
Charged/(credited) to consolidated profit and loss account	506	–	19	–	(5)	520	
Charged/(credited) to reserves	–	58	136	(12)	–	182	
Exchange difference	(5)	–	(3)	–	–	(8)	
Balance as at 31 December 2013	9,833	498	(30)	(24)	(17)	10,260	

B Deferred tax assets and liabilities recognised on the consolidated balance sheet are as follows:

in HK\$ million	At 30 June 2014 (Unaudited)	At 31 December 2013 (Audited)
Net deferred tax assets	(31)	(29)
Net deferred tax liabilities	10,397	10,289
	10,366	10,260

# Notes to the Unaudited Interim Financial Report

## 23 Share Capital and Other Statutory Capital Reserves

The components of share capital and other statutory capital reserves are as follows:

in HK\$ million	At 30 June 2014 (Unaudited)	At 31 December 2013 (Audited)
Share capital	44,521	5,798
Other statutory capital reserves	–	38,644
	<b>44,521</b>	<b>44,442</b>

### A Share Capital

	At 30 June 2014 (Unaudited)		At 31 December 2013 (Audited)	
	Number of shares	HK\$ million	Number of shares	HK\$ million
Authorised: (note 23A(i))				
Ordinary shares of HK\$1.00 each (note 23A(ii))	–	–	6,500,000,000	6,500
Ordinary shares, issued and fully paid:				
At 1 January	5,798,541,650	5,798	5,793,196,650	5,793
Shares issued under share option schemes before 3 March 2014	143,500	1	5,345,000	5
Transition to no-par value regime on 3 March 2014 (note 23A(iii))	–	38,647	–	–
Shares issued under share option schemes on or after 3 March 2014	2,511,700	75	–	–
At 30 June/31 December	<b>5,801,196,850</b>	<b>44,521</b>	5,798,541,650	5,798

Notes:

- (i) Under the new Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.
- (ii) In accordance with section 135 of the new Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.
- (iii) In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), any amount standing to the credit of the share premium account and the capital reserve has become part of the Company's share capital on 3 March 2014.

### B Other Statutory Capital Reserves

in HK\$ million	At 30 June 2014 (Unaudited)	At 31 December 2013 (Audited)
At 1 January	38,644	38,488
Employee share options exercised before 3 March 2014	3	156
Transition to no-par value regime on 3 March 2014 (note 23A(iii))	<b>(38,647)</b>	–
At 30 June/31 December	–	38,644

Prior to 3 March 2014, share premium represented the amount by which the issue price of shares exceeded the par value of those shares. The application of the share premium account was governed by section 48B of the predecessor Hong Kong Companies Ordinance (Cap. 32). Pursuant to the Articles of Association of the Company, the capital reserve can only be applied in paying up in full unissued shares to be allotted and distributed as fully paid bonus shares to the shareholders of the Company.

In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), any amount standing to the credit of the share premium account and the capital reserve has become part of the Company's share capital on 3 March 2014 (note 23A). The use of share capital as from 3 March 2014 is governed by the new Hong Kong Companies Ordinance (Cap. 622).

## 23 Share Capital and Other Statutory Capital Reserves *(continued)*

C New shares issued and fully paid up during the half year ended 30 June 2014 comprise:

	Number of shares	Weighted average exercise price HK\$	Proceeds received/Transfer from employee share-based capital reserve		
			Share capital account HK\$ million	Share premium account HK\$ million	Total HK\$ million
Employee share options exercised before 3 March 2014:					
– 2007 Share Option Scheme	143,500	21.51	1	3	4
Transition to no-par value regime on 3 March 2014 (note 23A(iii))	–	–	3	(3)	–
Employee share options exercised on or after 3 March 2014: (note 23C(i))					
– 2007 Share Option Scheme	2,511,700	25.57	75	–	75
	<b>2,655,200</b>		<b>79</b>	<b>–</b>	<b>79</b>

Note:

- (i) The amount in the employee share-based capital reserve is transferred out directly to share capital account upon share options exercised since the new Hong Kong Companies Ordinance (Cap. 622) commenced operation on 3 March 2014.

D Movements in the number of share options outstanding are as follows:

	Half year ended 30 June 2014		Half year ended 30 June 2013	
	New Joiners Share Option Scheme	2007 Share Option Scheme	New Joiners Share Option Scheme	2007 Share Option Scheme
Outstanding at 1 January	84,500	73,001,100	297,500	57,087,100
Granted during the period	–	19,895,500	–	21,605,000
Exercised during the period	–	(2,655,200)	(213,000)	(4,084,500)
Forfeited during the period	–	(654,500)	–	(325,000)
Outstanding at 30 June	84,500	89,586,900	84,500	74,282,600
Exercisable at 30 June	84,500	50,272,400	84,500	37,047,600

E During the half year ended 30 June 2014, the Company offered to grant 19,895,500 share options under the Company's 2007 Share Option Scheme to certain eligible employees of the Company and one of its subsidiaries (the "Grantees") on 23 May 2014. All were accepted by the grantees on 30 May 2014.

## 24 Fair Value Measurement of Financial Instruments

In accordance with HKFRS 13, *Fair Value Measurement*, the level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

Level 2: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

Level 3: Fair value measured using significant unobservable inputs

## Notes to the Unaudited Interim Financial Report

### 24 Fair Value Measurement of Financial Instruments *(continued)*

#### A Financial Assets and Liabilities Carried at Fair Value

All the financial instruments below are measured at fair value on a recurring basis. The level of fair value hierarchy within which the fair value measurements are categorised is analysed below:

in HK\$ million	Fair value at 30 June 2014 (Unaudited)	Fair value measurements as at 30 June 2014	
		Level 1	Level 2
<b>Financial Assets</b>			
Derivative financial assets			
– Foreign exchange forwards	13	–	13
– Cross currency swaps	109	–	109
– Interest rate swaps	76	–	76
	198	–	198
Investments in securities	515	515	–
	713	515	198
<b>Financial Liabilities</b>			
Derivative financial liabilities			
– Foreign exchange forwards	2	–	2
– Cross currency swaps	205	–	205
– Interest rate swaps	63	–	63
	270	–	270

in HK\$ million	Fair value at 31 December 2013 (Audited)	Fair value measurements as at 31 December 2013	
		Level 1	Level 2
<b>Financial Assets</b>			
Derivative financial assets			
– Foreign exchange forwards	17	–	17
– Cross currency swaps	13	–	13
– Interest rate swaps	85	–	85
	115	–	115
Investments in securities	472	472	–
	587	472	115
<b>Financial Liabilities</b>			
Derivative financial liabilities			
– Foreign exchange forwards	3	–	3
– Cross currency swaps	302	–	302
– Interest rate swaps	84	–	84
	389	–	389

There are no Level 3 measurements of financial instruments. During the half year ended 30 June 2014 and 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.



## 24 Fair Value Measurement of Financial Instruments *(continued)*

### A Financial Assets and Liabilities Carried at Fair Value *(continued)*

The discounted cash flow method, which discounts the future contractual cash flows at the current market interest rates, is the main valuation technique used to determine the fair value of the Group's borrowings and derivative financial instruments. For interest rate swaps, cross currency swaps and foreign exchange forward contracts, the discount rates used were derived from the swap curves of the respective currencies at the balance sheet date. Closing exchange rates at the balance sheet date were used to convert value in foreign currency to local currency.

### B Financial Assets and Liabilities Not Carried at Fair Value

The carrying amounts of the Group's financial assets and liabilities not carried at fair value are not materially different from their fair values as at 30 June 2014 and 31 December 2013 except for capital market instruments and other obligations, for which their carrying amounts and fair values are disclosed below:

in HK\$ million	At 30 June 2014		At 31 December 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Capital market instruments	<b>14,021</b>	<b>14,974</b>	18,491	19,172
Other obligations	<b>387</b>	<b>472</b>	380	439

The above fair value measurement is categorised as Level 2. The discount cash flow method, which discounts the future contractual cash flows at the current market interest rates, is the main valuation technique used to determine the fair value of the Group's capital market instruments and other obligations. The discount rates used were derived from the swap curves of the respective currencies at the balance sheet date. Closing exchange rates at the balance sheet date were used to convert value in foreign currency to local currency.

## 25 Cash Generated from Operations

Reconciliation of operating profit before Hong Kong property development, depreciation, amortisation and variable annual payment to cash generated from operations is as follows:

in HK\$ million	Half year ended 30 June 2014 (Unaudited)	Half year ended 30 June 2013 (Unaudited)
Operating profit before Hong Kong property development, depreciation, amortisation and variable annual payment	<b>7,831</b>	7,332
Adjustments for:		
– Decrease in provision for obsolete stock	<b>(1)</b>	(2)
– Loss on disposal of fixed assets	<b>9</b>	11
– Amortisation of deferred income from transfers of assets from customers	<b>(11)</b>	(7)
– (Increase)/decrease in fair value of derivative instruments	<b>(3)</b>	4
– Unrealised (gain)/loss on revaluation of investment in securities	<b>(1)</b>	4
– Employee share-based payment expenses	<b>23</b>	22
– Exchange (gain)/loss	<b>(4)</b>	5
Operating profit from recurrent businesses before working capital changes	<b>7,843</b>	7,369
Increase in debtors, deposits and payments in advance	<b>(54)</b>	(187)
Increase in stores and spares	<b>(53)</b>	(62)
Increase in creditors and accrued charges	<b>1,116</b>	735
Cash generated from operations	<b>8,852</b>	7,855

## Notes to the Unaudited Interim Financial Report

### 26 Capital Commitments

A Outstanding capital commitments as at 30 June 2014 not provided for in the accounts were as follows:

in HK\$ million	Hong Kong transport operations, station commercial and other businesses	Hong Kong railway extension projects	Hong Kong property rental and development	Mainland of China and overseas operations	Total
<b>At 30 June 2014 (Unaudited)</b>					
Authorised but not yet contracted for	5,141	–	1,261	47	6,449
Authorised and contracted for	5,691	2,364	561	2,003	10,619
	<b>10,832</b>	<b>2,364</b>	<b>1,822</b>	<b>2,050</b>	<b>17,068</b>
<b>At 31 December 2013 (Audited)</b>					
Authorised but not yet contracted for	3,017	–	89	3	3,109
Authorised and contracted for	5,602	4,439	500	2,363	12,904
	8,619	4,439	589	2,366	16,013

B The capital commitments under Hong Kong transport operations, station commercial and other businesses comprise the following:

in HK\$ million	Improvement and enhancement works	Acquisition of property, plant and equipment	Additional concession property	Total
<b>At 30 June 2014 (Unaudited)</b>				
Authorised but not yet contracted for	2,340	418	2,383	5,141
Authorised and contracted for	685	199	4,807	5,691
	<b>3,025</b>	<b>617</b>	<b>7,190</b>	<b>10,832</b>
<b>At 31 December 2013 (Audited)</b>				
Authorised but not yet contracted for	1,432	247	1,338	3,017
Authorised and contracted for	529	199	4,874	5,602
	1,961	446	6,212	8,619

### 27 Approval of Interim Financial Report

The interim financial report was approved by the Board on 25 August 2014.