



WHEELOCK

Founded 1857

WHEELOCK AND COMPANY LIMITED

Interim Report 2016

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CORE BUSINESS IN PROGRESS IN A CHALLENGING ENVIRONMENT

HONG KONG DEVELOPMENT PROPERTIES HIGHLIGHTS

- **Contracted sales** on track and with HK\$5.8 billion in the first half. The main contributors being Savannah, ONE HOMANTIN and Mount Nicholson.
- **Recognised** HK\$6.7 billion of sales due to the completion of One HarbourGate and Mount Nicholson.
- **Net order book** was HK\$11.6 billion, locking in future revenue stream.
- **Land bank** under management amounted to 8.3 million square feet, with diverse product offerings at competitive cost.
- Subsequent to 30 June 2016:
 - One HarbourGate's East Office Tower and Retail Villa were sold. Together with the West Office Tower and Retail Villa sold in November 2015, the development is fully sold and achieved total sales of HK\$10.4 billion. The site was bought in 2011 for HK\$4.0 billion.
 - Total office sales since 2011 amounted to HK\$28 billion, demonstrating the Group's successful office development strategy.
 - Mount Nicholson's House No. 8 was sold, representing the third house sold since the project was launched in February 2016. To date, the development has generated HK\$2.2 billion of sales (HK\$1.1 billion on attributable basis) and represented one of the best selling luxury residential projects in Hong Kong this year.

WHEELOCK GROUP CONSOLIDATED HIGHLIGHTS

- Group core profit decreased to HK\$5.1 billion since 2015's profit was mainly driven by the significant contribution from One Bay East.
- Strong balance sheet and holding power as Wheelock's net gearing before consolidation was reduced to 12.7% (December 2015: 16.0%). Sales receivable was HK\$7.1 billion.
- Attributable core profit from Wharf increased by 20% to HK\$3.6 billion.

GROUP RESULTS (UNAUDITED)

Excluding investment property revaluation gain and exceptional items, core profit was HK\$5,126 million (2015: HK\$6,329 million).

Group profit attributable to equity shareholders was HK\$5,662 million (2015: HK\$8,006 million). Earnings per share were HK\$2.79 (2015: HK\$3.94).

INTERIM DIVIDEND

An interim dividend of 45.0 cents (2015: 42.5 cents) per share will be paid on 19 September 2016 to Shareholders on record as at 9 September 2016, absorbing a total amount of HK\$914 million (2015: HK\$864 million).

BUSINESS REVIEW

CORE BUSINESS — HONG KONG DEVELOPMENT PROPERTIES (“DP”)

On **contracted sales, HK\$5.8 billion** was achieved, of which Savannah, ONE HOMANTIN and Mount Nicholson were the main contributors.

Following the O'South successes of The Parkside and CAPRI, Savannah was launched for presale in May 2016 and attracted positive response. A total of 550 residential units or 82% of launched units were presold in six weeks for HK\$3.0 billion (632 units or 90% of launched units for HK\$3.7 billion as at 14 August 2016). This encouraging result once again demonstrated that O'South's low living density, south-facing harbour view, green lifestyle and MTR connectivity have been well received by potential buyers. The Group's three residential developments in O'South have already generated HK\$12 billion of sales in just under two years. The fourth development in O'South, TKOTL126, is planned for presale within the next 12 months.

Located in Kowloon's traditional high-end residential community with future MTR connectivity, ONE HOMANTIN was launched in March 2016. Despite the long presale period, 88 residential units were presold for HK\$1.0 billion (130 units for HK\$1.6 billion as at 14 August 2016). On the Peak, Mount Nicholson's Houses No. 5 and No. 6 were sold via tender for HK\$1.6 billion, translating to HK\$0.8 billion on attributable basis. The average price achieved was HK\$84,000 per square foot. Designed by Robert A. M. Stern Architects, each of the two villas features over 9,000 square feet of living space, spectacular harbour view, private gardens and an outdoor swimming pool.

Subsequent to 30 June 2016, the East Office Tower and Retail Villa of One HarbourGate were sold for HK\$4.5 billion. Together with the West Office Tower and Retail Villa which were sold in November 2015, this development is fully sold and achieved total sales of HK\$10.4 billion. Total office sales since 2011 amounted to HK\$28 billion, demonstrating the Group's successful office development strategy. Mount Nicholson's House No. 8 was sold, representing the third house sold since the project was launched in February 2016. To date, it has generated HK\$2.2 billion of sales, translating to HK\$1.1 billion on attributable basis.

On **property disposal**, the sale of Wheelock House to Wharf for HK\$5.1 billion was completed in March 2016.

On **sales recognition, HK\$6.7 billion** was recognised during the period, mainly contributed by One HarbourGate's West Office Tower and Retail Villa (HK\$5.9 billion). One HarbourGate was completed on schedule in June 2016, and the West Office Tower and Retail Villa were successfully handed over to China Life. **Net order book** was **HK\$11.6 billion** as at 30 June 2016, locking in future revenue stream.

On **land bank**, the total land bank under management amounted to **8.3 million square feet** at the end of June 2016. This portfolio is adequate for development in the coming years and is competitive in terms of both location and cost. 95% of the land bank is located in urban area and close to 80% is located along Victoria Harbour. Average land cost is also competitive, at HK\$3,400 per square foot (excluding the Peak portfolio).

CORPORATE SOCIAL RESPONSIBILITY (“CSR”) AND BUSINESS-IN-COMMUNITY

On **Project WeCan**, the 4th annual Young Innovators Bazaar was successfully held in January 2016. Through starting their small businesses for a weekend, students were coached by staff volunteers who helped them develop multiple skills, ranging from business planning, marketing and product development to budgeting and execution. The number of participating students has grown from 200 to more than 1,000 in four years.

On **corporate governance**, Wheelock and its Hong Kong DP anchor Wheelock Properties Limited (“WPL”) will jointly publish their 2015 Corporate Social Responsibility Report for the first time. This Report, consistent with previous years, will be prepared in accordance with Global Reporting Initiative (GRI G4) standard and independently verified.

On **CSR**, our approach of doing well by doing good is based on the idea where businesses interact and also contribute to communities. To recognise our commitment, WPL was once again the winner of the ‘*CSR Project of the Year*’ award by RICS Hong Kong for the third consecutive year. With its environmentally-friendly and energy-saving design, One Bay East was the winner of the ‘*Sustainability Achievement of the Year*’ award by RICS.

On **quality and innovation**, WPL was named one of the ‘*Top 10 Developers*’ by BCI Asia for the fifth consecutive year, in recognition of our achievement in product quality. In addition, three web marketing awards were received for WPL’s new website, which was re-launched in January 2016. These awards included a Silver Winner by W³ Awards, ‘*Best Real Estate Mobile Website*’ by MobileWebAwards and ‘*Award of Distinction in Website*’ by Communicator Awards.

Wheelock and Company Limited is the majority shareholder of The Wharf (Holdings) Limited and Wheelock Properties (Singapore) Limited. Below is a report on their operations and achievements during the six months ended 30 June 2016.

The Wharf (Holdings) Limited (“Wharf”) 60.2% Equity Investment

Revenue and operating profit of Wharf’s **Hong Kong Investment Properties** (“IP”) recorded a 7% growth to HK\$6.4 billion and HK\$5.7 billion respectively. The group’s superior assets and proven management continued to drive IP performance through constant enhancement of the portfolio and value creation. On **retail**, Harbour City and Times Square reported 4% to 10% growth in revenue. On **offices**, positive office rental reversions continued to provide growth momentum.

China IP produced a solid performance although currency movements impacted the growth pace on translation to HK dollars. Revenue increased by 7% to HK\$1.2 billion and operating profit by 17% to HK\$0.7 billion. In particular, Chengdu International Finance Square (“IFS”) is firmly positioned to stand above the competition. Its retail revenue increased by 9% to RMB0.3 billion while tenants’ sales increased by 13% to RMB1.8 billion. Included in a series of its accolades received is ‘2016 VIVA Best-of-the-Best Design and Development Award’ presented by International Council of Shopping Centers in May 2016, signifying the first Hong Kong developer and China’s first-ever commercial project winning this prestigious global title. Demand for the three top-notch Grade A office towers remains positive. Nearly 100,000 square metres (36% of total GFA) have been leased. Achieved rental rates were among the highest in the city.

A pipeline of **IFS and Times Outlet** developments are progressing at full speed to become significant earnings and value drivers in the future. The Chongqing and Changsha IFS retail malls are scheduled to open in 2017 and 2018 respectively, which will capitalise on the untapped potential of the experience-driven consumption markets in the Western and Central China metropolis. Currently, over 80% of the retail floor plates are under offer to tenants. Both IFS will feature the second and third Niccolo hotel, mirroring the success of Chengdu Niccolo at IFS. Changsha Times Outlet in northwestern area of the city is scheduled to open in September 2016. Pre-leasing is progressing well, with 88% of total retail area under offer or in discussion with tenants.

The easing environment boosted housing demand in Mainland China and spurred a 58% increase in the group’s attributable interest in contracted sales in the first half to RMB16.3 billion, representing 68% of the full-year target. Inclusive of joint ventures and associates on an attributable basis, **China DP** revenue increased by 33% to HK\$13.0 billion and operating profit by 54% to HK\$2.3 billion. The net order book increased to RMB29 billion at the end of June 2016.

Wheelock Properties (Singapore) Limited (“WPSL”) 75.8% Equity Investment

WPSL gave a stable performance in the first half. On DP, 382 residential units were sold for S\$337 million. On IP, Wheelock Place office tower enjoys full occupancy whilst the retail portion was 98% occupied as at 30 June 2016.

FINANCIAL REVIEW

(I) REVIEW OF 2016 INTERIM RESULTS

Wheelock & Company (before consolidation of listed subsidiaries WPSL and Wharf)

Wheelock's own core profit, HK\$1,372 million (2015: HK\$3,238 million), was lower than last year since 2015's profit was mainly driven by the significant contribution from One Bay East.

Wheelock Group

Despite higher China DP contribution, the Group's core profit, HK\$5,126 million (2015: HK\$6,329 million), was reduced due to lower Hong Kong DP profit for the reason mentioned above.

Group profit attributable to equity shareholders dropped by 29% to HK\$5,662 million (2015: HK\$8,006 million).

Revenue and Operating Profit

Group revenue and operating profit decreased by 5% and 12% to HK\$27,196 million (2015: HK\$28,648 million) and HK\$10,059 million (2015: HK\$11,377 million) respectively, mainly due to higher revenue and operating profit from DP in 2015.

Investment Property

Revenue and operating profit increased by 6% and 7% to HK\$7,889 million (2015: HK\$7,472 million) and HK\$6,537 million (2015: HK\$6,111 million) respectively. Revenue from the Mainland increased by 7% to HK\$1,197 million (2015: HK\$1,121 million).

Development Property

In the Mainland, recognised property sales and operating profit increased by 28% and 15% to HK\$8,409 million (2015: HK\$6,562 million) and HK\$1,307 million (2015: HK\$1,134 million) respectively.

In Hong Kong, recognised property sales and operating profit decreased by 43% and 54% to HK\$5,858 million (2015: HK\$10,217 million) and HK\$1,617 million (2015: HK\$3,546 million) respectively, since 2015's profit was mainly driven by the significant contribution from One Bay East. One HarbourGate was completed with the West Tower sold, enabling a revenue recognition of HK\$5,850 million.

As a result, revenue and operating profit were lowered by 10% and 35% to HK\$15,232 million (2015: HK\$16,866 million) and HK\$3,056 million (2015: HK\$4,703 million) respectively.

Hotels

Revenue increased by 3% to HK\$740 million (2015: HK\$718 million). Operating profit decreased by 10% to HK\$104 million (2015: HK\$115 million). Hong Kong was adversely impacted by the weak market while the newly opened hotels in the Mainland have started to contribute.

Logistics

Revenue and operating profit decreased by 10% and 12% to HK\$1,286 million (2015: HK\$1,434 million) and HK\$293 million (2015: HK\$333 million) respectively, mainly due to lower profit from Modern Terminals.

Communications, Media and Entertainment ("CME")

Revenue decreased by 2% to HK\$1,715 million (2015: HK\$1,750 million). Operating profit increased by 105% to HK\$78 million (2015: HK\$38 million). Wharf T&T's operating profit increased by 24% to HK\$214 million (2015: HK\$173 million), while i-CABLE's operating loss widened to HK\$133 million (2015: HK\$129 million).

Investment and Others

Operating profit amounted to HK\$321 million (2015: HK\$396 million), comprising largely dividend and interest income.

Fair Value Gain of IP

The book value of the Group's IP portfolio as at 30 June 2016 slightly increased to HK\$328.7 billion (2015: HK\$325.0 billion), with HK\$310.7 billion thereof stated at fair value based on independent valuation. That resulted in a revaluation gain of HK\$495 million (2015: HK\$4,190 million), which was credited to the consolidated income statement.

IP under development of HK\$18.0 billion is carried at cost and will not be carried at fair value until the earlier of when the fair values first become reliably measurable or the dates of their respective completion.

Finance Costs

Finance costs charged to the consolidated income statement were HK\$331 million (2015: HK\$831 million). Excluding the unrealised mark-to-market gain of HK\$449 million (2015: loss of HK\$30 million) on swaps, finance costs decreased by 5% to HK\$1,533 million (2015: HK\$1,613 million) before capitalisation of HK\$753 million (2015: HK\$812 million), and HK\$780 million (2015: HK\$801 million) after capitalisation. The Group's effective borrowing rate for the period was 2.9% (2015: 2.8%) per annum.

Share of Results of Associates and Joint Ventures

Share of profits of associates increased by 18% to HK\$536 million (2015: HK\$454 million), mainly due to increase in profit contribution from DP in the Mainland.

Share of profits of joint ventures increased to HK\$489 million (2015: loss of HK\$201 million), mainly attributable to the initial profit contribution from Mount Nicholson and higher profit contribution from DP in the Mainland.

Income Tax

The taxation charge was HK\$2,032 million (2015: HK\$2,515 million), which included deferred taxation credit of HK\$12 million (2015: charge of HK\$315 million) provided for the fair value gain of IP located in the Mainland.

Excluding the above deferred taxation, the taxation charge decreased by 7% to HK\$2,044 million (2015: HK\$2,200 million), mainly due to lower profit recognised by the DP segment.

Non-controlling Interests ("NCI")

Profit attributable to NCI decreased by 12% to HK\$2,986 million (2015: HK\$3,384 million), mainly due to decrease in NCI shareholding in a subsidiary.

Profit attributable to Equity Shareholders

Group profit attributable to equity shareholders decreased by 29% to HK\$5,662 million (2015: HK\$8,006 million). Earnings per share were HK\$2.79 (2015: HK\$3.94).

Excluding the attributable IP revaluation gain (after deducting related deferred tax and NCI) of HK\$313 million (2015: HK\$2,488 million), Group profit attributable to equity shareholders decreased by 3% to HK\$5,349 million (2015: HK\$5,518 million).

Further stripping out the exceptional items, core profit decreased by 19% to HK\$5,126 million (2015: HK\$6,329 million). Core earnings per share were HK\$2.52 (2015: HK\$3.11).

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

	2016 HK\$ Million	2015 HK\$ Million
Profit attributable to		
Wheelock	1,372	3,238
WPSL group	190	127
Wharf group	3,564	2,964
Core profit	5,126	6,329
Attributable net mark-to-market gain and exchange on certain financial instruments	223	29
Attributable loss arising from the deemed disposal of Greentown	–	(840)
Profit before IP revaluation gain	5,349	5,518
IP revaluation gain (after deferred tax)	313	2,488
Profit attributable to equity shareholders	5,662	8,006

WPSL's profit for the first half of 2016 was S\$46.4 million (2015: S\$30.0 million), according to the accounting standards adopted in Singapore. In accordance with Hong Kong Financial Reporting Standards, WPSL's contributed profit to the Group was HK\$250 million (2015: HK\$168 million).

Wharf's profit for the first half of 2016 decreased by 3% to HK\$6,725 million (2015: HK\$6,958 million). Excluding the exceptional items, Wharf's core profit increased by 14% to HK\$5,972 million (2015: HK\$5,258 million).

Early adoption of HKFRS 9 “Financial Instruments”

The Group has early adopted the complete version of HKFRS 9 “Financial Instruments” in its consolidated financial statements with effect from 1 January 2016. As a result, the investments in equity securities of HK\$9,682 million that were previously classified as available-for-sale investments under HKAS 39 have been re-designated as equity investments measured at fair value through other comprehensive income. Accordingly, loss on disposal of equity securities of HK\$141 million in the period was recognised through other comprehensive income instead of the income statement as previously accounted for (2015: profit of HK\$239 million through the income statement).

(III) LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL COMMITMENTS

Shareholders’ and Total Equity

Shareholders’ equity increased by 2% to HK\$206.3 billion (2015: HK\$201.7 billion), or HK\$101.52 per share (2015: HK\$99.26 per share) as at 30 June 2016.

Including the NCI, the Group’s total equity increased to HK\$341.7 billion (2015: HK\$340.9 billion).

Assets and Liabilities

The Group’s total assets amounted to HK\$510.5 billion (2015: HK\$512.8 billion). Total business assets, i.e. excluding bank deposits and cash, certain equity and bond investments, deferred tax assets and derivative financial assets, amounted to HK\$473.3 billion (2015: HK\$475.0 billion).

Geographically, the Group’s business assets in the Mainland, mainly properties and terminals, amounted to HK\$134.8 billion (2015: HK\$141.7 billion), representing 29% (2015: 30%) of the Group’s total business assets.

Investment properties

The Group’s IP portfolio, included in the Group’s total assets, increased by 1% to HK\$328.7 billion (2015: HK\$325.0 billion), representing 69% of total business assets. Harbour City (excluding the three hotels) and Times Square in Hong Kong were valued at HK\$217.6 billion, representing 66% of the value of the portfolio. Wharf’s IP in the Mainland amounted to HK\$59.3 billion, including IP under development at a cost of HK\$15.4 billion.

Properties for sale

DP amounted to HK\$71.7 billion (2015: HK\$76.2 billion), mainly comprised of properties in Hong Kong of HK\$33.8 billion, in China of HK\$32.7 billion and in Singapore of HK\$5.2 billion, which were held for sale as at 30 June 2016.

Interests in associates and joint ventures

Interests in associates and joint ventures amounted to HK\$37.0 billion (2015: HK\$39.3 billion), mainly represented by various DP projects undertaken through associates and joint ventures in the Mainland and Hong Kong.

Deposits from sale of properties

Deposits from sale of properties increased by 28% to HK\$29.6 billion (2015: HK\$23.1 billion), reflecting the increase in contracted sales in the Mainland pending revenue recognition.

Debt and Gearing

The Group's net debt decreased by HK\$5.8 billion or 7% to HK\$73.1 billion (2015: HK\$78.9 billion) as at 30 June 2016, comprising debt of HK\$99.7 billion less bank deposits and cash of HK\$26.6 billion. Excluding WPSL's net cash of HK\$1.3 billion and Wharf's net debt of HK\$48.2 billion, which were non-recourse to the Company and its wholly-owned subsidiaries, Wheelock's own net debt decreased by HK\$6.0 billion to HK\$26.2 billion (2015: HK\$32.2 billion). An analysis of the net debt by group is shown below:

Net debt/(cash)	2016 HK\$ Million	2015 HK\$ Million
Wheelock	26,169	32,258
WPSL group	(1,250)	(528)
Wharf group	48,150	47,197
Group	73,069	78,927

As at 30 June 2016, the ratio of net debt to total equity (on a consolidated basis) was reduced to 21.4% (2015: 23.2%). Excluding the net cash of WPSL and net debt of Wharf, Wheelock's own net debt to shareholders' equity (on an attributable net asset value basis) declined to 12.7% (2015: 16.0%).

Finance and Availability of Facilities

As at 30 June 2016, the Group's available loan facilities and issued debt securities amounted to HK\$159.2 billion (2015: HK\$153.5 billion), of which HK\$99.7 billion were utilised. An analysis is shown below:

	Available Facilities HK\$ Billion	Total Debt HK\$ Billion	Undrawn Facilities HK\$ Billion
Wheelock	68.4	30.3	38.1
WPSL group	3.7	2.7	1.0
Wharf group	87.1	66.7	20.4
Group	159.2	99.7	59.5

Of the above debt, HK\$13.3 billion (2015: HK\$15.1 billion) was secured by mortgages over certain DP, IP and property, plant and equipment with a total carrying value of HK\$48.6 billion (2015: HK\$51.8 billion).

The Group's debt was primarily denominated in United States dollars ("USD"), Hong Kong dollars ("HKD"), Renminbi ("RMB") and Singapore dollars ("SGD"). The borrowings were mainly used to fund the Group's IP, DP and port investments.

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

The Group continued to maintain a strong financial position with ample surplus cash denominated principally in RMB, HKD, USD and SGD, and undrawn committed facilities to facilitate the Group's business and investment activities. The Group also maintained a portfolio of equity and bond investments, primarily in blue-chip securities, with an aggregate market value of HK\$10.5 billion (2015: HK\$12.5 billion) as at 30 June 2016, which is immediately available for liquidation for the Group's use when in need.

Cash Flows from the Group's Operating and Investing Activities

For the period under review, the Group's operating cash inflow before changes in working capital was HK\$10.4 billion (2015: HK\$11.8 billion). The changes in working capital and others of HK\$4.6 billion (2015: HK\$1.6 billion) increased/decreased the net cash inflow from operating activities to HK\$15.0 billion (2015: HK\$10.2 billion), supported by the favourable increase from DP sales. For investing activities, the Group recorded a net cash outflow of HK\$8.0 billion (2015: HK\$9.5 billion), mainly for construction costs for IP projects in the Mainland and increase in interest in Wharf.

Major Capital and Development Expenditure and Commitments

The Group's major capital and development expenditure incurred in the first half of 2016 is analysed as follows:

A. Major capital and development expenditure

	Hong Kong/ Singapore HK\$ Million	Mainland China HK\$ Million	Total HK\$ Million
Wheelock			
IP	227	–	227
DP	4,640	–	4,640
	4,867	–	4,867
WPSL group			
IP	7	–	7
DP	345	36	381
	352	36	388
Wharf group			
IP	1,929	2,031	3,960
DP	307	7,896	8,203
Non property and others	750	46	796
	2,986	9,973	12,959
Analysis by segment:			
IP	2,163	2,031	4,194
DP	5,292	7,932	13,224
Non property and others	750	46	796
Group total	8,205	10,009	18,214

- i. Wheelock's own expenditure for IP and DP amounted to HK\$4.9 billion, mainly attributable to the land cost payment for the LOHAS Park Phase 9 project, and construction cost payments for its Hong Kong DP projects.
- ii. WPSL's expenditure of HK\$0.4 billion was mainly for construction cost payments for its Singapore and China DP projects.
- iii. Wharf's expenditure totalled HK\$13.0 billion, comprising expenditure of HK\$4.0 billion for IP (mainly construction costs of the IFS projects in the Mainland), HK\$8.2 billion for DP (mainly related to China projects) and HK\$0.8 billion for Hotels, Modern Terminals, Wharf T&T and i-CABLE. Wharf's expenditure has excluded the intra-group acquisition of Wheelock House from Wheelock during the period.

B. Commitments to capital and development expenditure

As at 30 June 2016, the Group's major commitments to capital and development expenditure to be incurred in the forthcoming years were estimated at HK\$70.2 billion, of which HK\$31.1 billion was committed. By segment, the commitments are analysed as follows:

	As at 30 June 2016		
	Committed HK\$ Million	Uncommitted HK\$ Million	Total HK\$ Million
Wheelock			
IP	—	—	—
DP	8,815	16,944	25,759
	8,815	16,944	25,759
WPSL group			
IP	5	—	5
DP	652	1,642	2,294
	657	1,642	2,299
Wharf group			
IP	9,290	4,666	13,956
DP	9,997	15,319	25,316
Non property and others	2,357	554	2,911
	21,644	20,539	42,183
Analysis by segment:			
IP	9,295	4,666	13,961
DP	19,464	33,905	53,369
Non property and others	2,357	554	2,911
Group total	31,116	39,125	70,241
Analysis by geographical location:			
Hong Kong IP	1,632	458	2,090
Hong Kong DP	8,954	16,944	25,898
China IP	7,658	4,208	11,866
China DP	10,066	16,743	26,809
Singapore	449	218	667
Properties total	28,759	38,571	67,330
Non property and others	2,357	554	2,911
Group total	31,116	39,125	70,241

- i. Wheelock's own commitments of HK\$25.8 billion mainly relate to construction costs for DP in Hong Kong.
- ii. WPSL's commitments of HK\$2.3 billion mainly relate to construction costs of HK\$0.7 billion for DP in Singapore and HK\$1.6 billion for DP in the Mainland.
- iii. Wharf's commitments of HK\$42.2 billion mainly comprise of expenditure of HK\$14.0 billion for IP, HK\$25.3 billion land and construction costs for DP and HK\$2.9 billion for Hotels, Modern Terminals, Wharf T&T and i-CABLE.
- iv. The above commitments and planned expenditure will be funded by the respective group's own internal financial resources including surplus cash, cash flow from operations as well as bank and other financing, with construction costs self-financed mainly by pre-sale proceeds and project loans. Other available resources include equity and bond investments.

(III) HUMAN RESOURCES

The Group had approximately 16,000 employees as at 30 June 2016, including about 2,300 employed by managed operations. Employees are remunerated according to their job responsibilities and the market pay trends, with a discretionary annual performance bonus as variable pay for rewarding individual performance and contributions to the respective group's achievement and results.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2016 – Unaudited

		Six months ended 30 June	
		2016	2015
	Note	HK\$ Million	HK\$ Million
Revenue	2	27,196	28,648
Direct costs and operating expenses		(14,788)	(14,662)
Selling and marketing expenses		(888)	(1,005)
Administrative and corporate expenses		(730)	(815)
Operating profit before depreciation, amortisation, interest and tax		10,790	12,166
Depreciation and amortisation	3	(731)	(789)
Operating profit	2 & 3	10,059	11,377
Increase in fair value of investment properties		495	4,190
Other net charge	4	(568)	(1,084)
		9,986	14,483
Finance costs	5	(331)	(831)
Share of results after tax of:			
Associates		536	454
Joint ventures		489	(201)
Profit before taxation		10,680	13,905
Income tax	6	(2,032)	(2,515)
Profit for the period		8,648	11,390
Profit attributable to:			
Equity shareholders		5,662	8,006
Non-controlling interests		2,986	3,384
		8,648	11,390
Earnings per share	7		
Basic		HK\$2.79	HK\$3.94
Diluted		HK\$2.79	HK\$3.94

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016 - Unaudited

	Six months ended 30 June	
	2016	2015
	HK\$ Million	HK\$ Million
Profit for the period	8,648	11,390
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange losses on translation of foreign operations	(1,113)	(306)
Net (losses)/gains on revaluation of investments:	(16)	642
Surplus on revaluation	–	676
Transfer to profit or loss on disposal	(16)	(34)
Share of other comprehensive income of associates/joint ventures	(293)	(88)
Others	2	8
Item that will not be reclassified to profit or loss:		
Fair value changes on equity investments	(1,501)	–
Other comprehensive income for the period	(2,921)	256
Total comprehensive income for the period	5,727	11,646
Total comprehensive income attributable to:		
Equity shareholders	4,126	8,138
Non-controlling interests	1,601	3,508
	5,727	11,646

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016 – Unaudited

	Note	30 June 2016 HK\$ Million	31 December 2015 HK\$ Million
Non-current assets			
Investment properties		328,663	325,044
Property, plant and equipment		22,744	22,804
Interest in associates		19,429	20,857
Interest in joint ventures		17,583	18,481
Equity and bond investments		10,542	–
Available-for-sale investments		–	12,475
Goodwill and other intangible assets		348	305
Deferred tax assets		711	732
Derivative financial assets		995	769
Other non-current assets		397	289
		401,412	401,756
Current assets			
Properties for sale		71,672	76,184
Inventories		37	46
Trade and other receivables	9	9,959	7,154
Derivative financial assets		739	352
Bank deposits and cash		26,664	27,266
		109,071	111,002
Total assets		510,483	512,758
Non-current liabilities			
Derivative financial liabilities		(1,894)	(2,102)
Deferred tax liabilities		(10,900)	(10,836)
Other deferred liabilities		(347)	(334)
Bank loans and other borrowings	11	(78,959)	(95,681)
		(92,100)	(108,953)
Current liabilities			
Trade and other payables	10	(23,442)	(26,493)
Deposits from sale of properties		(29,602)	(23,092)
Derivative financial liabilities		(527)	(620)
Taxation payable		(2,374)	(2,229)
Bank loans and other borrowings	11	(20,774)	(10,512)
		(76,719)	(62,946)
Total liabilities		(168,819)	(171,899)
NET ASSETS		341,664	340,859
Capital and reserves			
Share capital		2,949	2,949
Reserves		203,315	198,718
Shareholders' equity		206,264	201,667
Non-controlling interests		135,400	139,192
TOTAL EQUITY		341,664	340,859

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016 – Unaudited

	Shareholders' equity						
	Investments			Revenue reserves	Total shareholders' equity	Non-controlling interests	Total equity
	Share capital	revaluation and other reserves	Exchange reserves				
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
At 1 January 2016	2,949	(1,187)	718	199,187	201,667	139,192	340,859
Changes in equity for the period:							
Profit	-	-	-	5,662	5,662	2,986	8,648
Other comprehensive income	-	(895)	(641)	-	(1,536)	(1,385)	(2,921)
Total comprehensive income	-	(895)	(641)	5,662	4,126	1,601	5,727
Acquisition of additional interest in a subsidiary	-	-	-	1,933	1,933	(3,290)	(1,357)
Equity settled share-based payments	-	11	-	-	11	4	15
Transfer to revenue reserves upon de-recognition of equity investments	-	141	-	(141)	-	-	-
Net capital contribution from non-controlling interests of subsidiaries	-	-	-	-	-	161	161
2015 second interim dividend paid (Note 8b)	-	-	-	(1,473)	(1,473)	-	(1,473)
Dividends paid to non-controlling interests	-	-	-	-	-	(2,268)	(2,268)
At 30 June 2016	2,949	(1,930)	77	205,168	206,264	135,400	341,664
At 1 January 2015	2,949	1,001	5,467	181,789	191,206	148,710	339,916
Changes in equity for the period:							
Profit	-	-	-	8,006	8,006	3,384	11,390
Other comprehensive income	-	479	(351)	4	132	124	256
Total comprehensive income	-	479	(351)	8,010	8,138	3,508	11,646
Shares issued by a subsidiary	-	(9)	-	-	(9)	59	50
Acquisition of additional interest in a subsidiary	-	-	-	3,127	3,127	(6,851)	(3,724)
Equity settled share-based payments	-	23	-	-	23	8	31
Share option lapsed in a subsidiary	-	(16)	-	16	-	-	-
2014 second interim dividend paid	-	-	-	(1,387)	(1,387)	-	(1,387)
Dividends paid to non-controlling interests	-	-	-	-	-	(1,846)	(1,846)
At 30 June 2015	2,949	1,478	5,116	191,555	201,098	143,588	344,686

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016 – Unaudited

	Six months ended 30 June	
	2016	2015
	HK\$ Million	HK\$ Million
Operating cash inflow	10,431	11,775
Changes in working capital/others	6,200	(241)
Tax paid	(1,648)	(1,359)
Net cash generated from operating activities	14,983	10,175
Investing activities		
Additions to investment properties and property, plant and equipment	(4,859)	(3,562)
Acquisition of additional interest in a subsidiary	(1,357)	(3,724)
Other cash used in investing activities	(1,785)	(2,262)
Net cash used in investing activities	(8,001)	(9,548)
Financing activities		
Dividends paid to equity shareholders	(1,473)	(1,387)
Dividends paid to non-controlling interests	(2,268)	(1,846)
Other cash (used in)/generated from financing activities	(7,383)	56
Net cash used in financing activities	(11,124)	(3,177)
Net decrease in cash and cash equivalents	(4,142)	(2,550)
Cash and cash equivalents at 1 January	27,165	21,179
Effect of exchange rate changes	(285)	(47)
Cash and cash equivalents at 30 June	22,738	18,582
Cash and cash equivalents		
Bank deposits and cash in the consolidated statement of financial position	26,664	18,582
Less: Bank deposits with maturity greater than three months	(3,926)	–
Cash and cash equivalents in the condensed consolidated statement of cash flows	22,738	18,582

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

This unaudited interim consolidated financial information has 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 (“HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

The preparation of the unaudited interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The accounting policies and methods of computation used in the preparation of the unaudited interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2015 except for the changes mentioned below.

The unaudited interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 December 2015. The unaudited interim financial information and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The financial information relating to the financial year ended 31 December 2015 that is included in the unaudited interim financial information as comparative information does not constitute the Company’s statutory annual financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

The Group has early adopted the complete version of HKFRS 9 “Financial instruments” (“HKFRS 9”) in the consolidated financial statements for the year ending 31 December 2016. Except for the foregoing, the Group has not adopted any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 9 introduces new classification and measurement requirements for financial assets on the basis of the Group’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, a new expected credit loss model that replaces the incurred loss impairment model used in HKAS 39 “Financial instruments: Recognition and measurement” (“HKAS 39”) with the result that a loss event will no longer need to occur before an impairment allowance is recognised, and a new hedge accounting model where the hedged ratio is required to be the same as the one used by an entity’s management for risk management purposes.

As at 1 January 2016, the Directors of the Group have reviewed and reassessed the Group’s financial assets on that date and the results for the period. The initial application of HKFRS 9 has had impacts on the following financial assets and results of the Group:

- (i) Investments in equity securities (not held for trading) of HK\$9,682 million that were previously classified as available-for-sale investments and measured at fair value at each reporting date under HKAS 39 have been designated as equity investments measured at fair value through other comprehensive income. Group’s profit for the period has been increased by HK\$141 million, representing the loss on disposal of equity securities recognised through other comprehensive income instead of the income statement as previously accounted for (2015: profit of HK\$239 million).
- (ii) Impairment based on expected credit loss model on the Group’s rental, sales and trade receivables have no significant financial impact.

The HKICPA has issued certain amendments to HKFRSs which are first effective for the current accounting period of the Group. The amendments do not have significant impact on the Group’s results and financial position for the current or prior periods have been prepared or presented.

2. SEGMENT INFORMATION

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

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

Development property segment encompasses activities relating to the acquisition, development, design, construction, sale and marketing of the Group’s trading properties, which are primarily located in Hong Kong, Mainland China and Singapore.

Hotels segment includes hotel operations in the Asia Pacific region. Currently, The Wharf (Holdings) Limited (“Wharf”) operates 14 hotels in the Asia Pacific region, six of which are owned by Wharf.

Logistics segment mainly includes the container terminal operations in Hong Kong and Mainland China undertaken by Modern Terminals Limited (“Modern Terminals”), Hong Kong Air Cargo Terminals Limited and other public transport operations.

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

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

Segment business assets principally comprise all tangible assets, intangible assets and current assets directly attributable to each segment with the exception of bank deposits and cash, certain equity and bond investments, deferred tax assets and derivative financial assets.

Revenue and expenses are allocated with reference to sales generated by those segments and expenses incurred by those segments or which arise from the depreciation of assets attributable to those segments.

(a) Analysis of segment revenue and results

	Revenue HK\$ Million	Operating profit HK\$ Million	Investment properties fair value HK\$ Million	Other net charge HK\$ Million	Finance costs HK\$ Million	Associates HK\$ Million	Joint ventures HK\$ Million	Profit before taxation HK\$ Million
For the six months ended 30 June 2016								
Investment property	7,889	6,537	495	(68)	(612)	-	-	6,352
Hong Kong	6,516	5,742	132	-	(612)	-	-	5,262
Mainland China	1,197	689	363	(68)	-	-	-	984
Singapore	176	106	-	-	-	-	-	106
Development property	15,232	3,056	-	(496)	(121)	400	483	3,322
Hong Kong	5,858	1,617	-	-	(73)	1	283	1,828
Mainland China	8,409	1,307	-	(496)	(38)	399	200	1,372
Singapore	965	132	-	-	(10)	-	-	122
Hotels	740	104	-	-	(1)	-	-	103
Logistics	1,286	293	-	(70)	(60)	123	6	292
Terminals	1,234	290	-	(49)	(60)	95	6	282
Others	52	3	-	(21)	-	28	-	10
CME	1,715	78	-	-	(16)	-	-	62
i-CABLE	710	(133)	-	-	(2)	-	-	(135)
Telecommunications	1,005	214	-	-	(14)	-	-	200
Others	-	(3)	-	-	-	-	-	(3)
Inter-segment revenue	(219)	-	-	-	-	-	-	-
Segment total	26,643	10,068	495	(634)	(810)	523	489	10,131
Investment and others	553	321	-	66	479	13	-	879
Corporate expenses	-	(330)	-	-	-	-	-	(330)
Group total	27,196	10,059	495	(568)	(331)	536	489	10,680

	Revenue HK\$ Million	Operating profit HK\$ Million	Investment properties fair value HK\$ Million	Other net charge HK\$ Million	Finance costs HK\$ Million	Associates HK\$ Million	Joint ventures HK\$ Million	Profit before taxation HK\$ Million
For the six months ended 30 June 2015								
Investment property	7,472	6,111	4,190	53	(662)	–	–	9,692
Hong Kong	6,164	5,393	3,414	–	(657)	–	–	8,150
Mainland China	1,121	589	776	53	(5)	–	–	1,413
Singapore	187	129	–	–	–	–	–	129
Development property	16,866	4,703	–	(1,479)	(51)	298	(230)	3,241
Hong Kong	10,217	3,546	–	–	–	–	(49)	3,497
Mainland China	6,562	1,134	–	(1,479)	(42)	298	(181)	(270)
Singapore	87	23	–	–	(9)	–	–	14
Hotels	718	115	–	–	(3)	–	–	112
Logistics	1,434	333	–	(16)	(125)	148	29	369
Terminals	1,382	327	–	5	(125)	112	29	348
Others	52	6	–	(21)	–	36	–	21
CME	1,750	38	–	1	(18)	–	–	21
i-CABLE	760	(129)	–	1	(1)	–	–	(129)
Telecommunications	990	173	–	–	(17)	–	–	156
Others	–	(6)	–	–	–	–	–	(6)
Inter-segment revenue	(202)	–	–	–	–	–	–	–
Segment total	28,038	11,300	4,190	(1,441)	(859)	446	(201)	13,435
Investment and others	610	396	–	357	28	8	–	789
Corporate expenses	–	(319)	–	–	–	–	–	(319)
Group total	28,648	11,377	4,190	(1,084)	(831)	454	(201)	13,905

(b) Analysis of inter-segment revenue

	2016			2015		
	Total revenue	Inter- segment revenue	Group revenue	Total revenue	Inter- segment revenue	Group revenue
Six months ended 30 June	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Investment property	7,889	(124)	7,765	7,472	(96)	7,376
Development property	15,232	–	15,232	16,866	–	16,866
Hotels	740	–	740	718	–	718
Logistics	1,286	–	1,286	1,434	–	1,434
CME	1,715	(37)	1,678	1,750	(40)	1,710
Investment and others	553	(58)	495	610	(66)	544
	27,415	(219)	27,196	28,850	(202)	28,648

(c) Geographical information

	Revenue		Operating profit	
	2016 HK\$ Million	2015 HK\$ Million	2016 HK\$ Million	2015 HK\$ Million
Six months ended 30 June				
Hong Kong	15,859	19,929	8,006	9,523
Mainland China	10,144	8,408	1,783	1,674
Singapore	1,193	311	270	180
Group total	27,196	28,648	10,059	11,377

3. OPERATING PROFIT

	Six months ended 30 June	
	2016	2015
	HK\$ Million	HK\$ Million
Operating profit is arrived at after charging/(crediting):		
Depreciation and amortisation on		
– assets held for use under operating leases	75	87
– property, plant and equipment	574	603
– leasehold land	30	37
– programming library	52	62
Total depreciation and amortisation	731	789
Staff costs (Note a)	1,957	2,007
Cost of trading properties for recognised sales	10,945	11,583
Gross rental revenue from investment properties (Note b)	(7,889)	(7,472)
Direct operating expenses of investment properties	1,265	1,279
Interest income	(221)	(251)
Dividend income from investments	(131)	(173)
(Profit)/loss on disposal of property, plant and equipment	(20)	2

Notes:

(a) Staff costs included contributions to defined contribution pension schemes of HK\$161 million (2015: HK\$156 million) and equity settled share-based payment expenses of HK\$15 million (2015: HK\$31 million).

(b) Rental income included contingent rentals of HK\$583 million (2015: HK\$902 million).

4. OTHER NET CHARGE

Other net charge for the period amounted to HK\$568 million (2015: HK\$1,084 million) and mainly comprised:

- (a) Net foreign exchange loss of HK\$74 million (2015: gain of HK\$162 million) which included the impact of forward foreign exchange contracts.
- (b) Impairment provision of HK\$496 million made for certain development projects in Mainland China.

In 2015, net profit on disposal of available-for-sale investments of HK\$275 million was recognised and accounting loss of HK\$1,491 million arose from the deemed disposal of Wharf's entire interest in Greentown China Holdings Limited.

5. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	HK\$ Million	HK\$ Million
Interest charged on:		
Bank loans and overdrafts	529	624
Other borrowings	801	791
Total interest charge	1,330	1,415
Other finance costs	203	198
Less: Amount capitalised	(753)	(812)
	780	801
Fair value (gain)/loss:		
Cross currency interest rate swaps	(478)	(5)
Interest rate swaps	29	35
	(449)	30
Total	331	831

- (a) The Group's average effective borrowing rate for the period was 2.9% (2015: 2.8%) per annum.
- (b) The above interest charge has taken into account the interest paid/received in respect of interest rate swaps and cross currency interest rate swaps.

6. INCOME TAX

Taxation charged to the consolidated income statement includes:

	Six months ended 30 June	
	2016	2015
	HK\$ Million	HK\$ Million
Current income tax		
Hong Kong		
– provision for the period	1,130	1,408
– overprovision in respect of prior years	(6)	(1)
Outside Hong Kong		
– provision for the period	497	506
– overprovision in respect of prior years	(5)	–
	1,616	1,913
Land appreciation tax (“LAT”) in Mainland China		
(Note 6c)	188	133
Deferred tax		
Change in fair value of investment properties	(12)	315
Origination and reversal of temporary differences	240	154
	228	469
Total	2,032	2,515

- (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% (2015: 16.5%).
- (b) Income tax on profits assessable outside Hong Kong is mainly China corporate income tax calculated at a rate of 25% (2015: 25%), China withholding income tax at a rate of up to 10% (2015: 10%) and Singapore income tax at a rate of 17% (2015: 17%).
- (c) Under the Provisional Regulations on LAT, all gains arising from transfer of real estate property in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds on sales of properties less deductible expenditure including cost of land use rights, borrowing costs and all development property expenditure.
- (d) Tax attributable to associates and joint ventures for the six months ended 30 June 2016 of HK\$467 million (2015: HK\$236 million) is included in the share of results after tax of associates and joint ventures.

7. EARNINGS PER SHARE

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

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

	Six months ended 30 June 2016 HK\$ Million	2015 HK\$ Million
Profit attributable to equity shareholders	5,662	8,006

(b) Weighted average number of ordinary shares

	30 June 2016 No. of shares	30 June 2015 No. of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,031,849,287	2,031,849,287
Effect of dilutive potential shares – Share options	–	370,146
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,031,849,287	2,032,219,433

8. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

	2016 HK\$ per share	Six months ended 30 June 2016 HK\$ Million	2015 HK\$ per share	2015 HK\$ Million
First interim dividend declared after the end of the reporting period	0.450	914	0.425	864

- (a) The first interim dividend declared after the end of the reporting period has not been recognised as a liability at the end of the reporting period.
- (b) The second interim dividend of HK\$1,473 million for 2015 was approved and paid in 2016.

9. TRADE AND OTHER RECEIVABLES

Included in this item are trade receivables (net of allowance for bad and doubtful debts) with an ageing analysis based on invoice dates as at 30 June 2016, shown as follows:

	30 June 2016 HK\$ Million	31 December 2015 HK\$ Million
Trade receivables		
0 – 30 days	719	750
31 – 60 days	583	171
61 – 90 days	131	77
Over 90 days	172	105
	1,605	1,103
Accrued sales receivables	533	647
Other receivables and prepayments	7,821	5,404
	9,959	7,154

Accrued sales receivables mainly represent consideration for property sales to be billed or received after the end of the reporting period. In accordance with the Group's accounting policy, upon receipt of the occupation permit or architect's completion certificate, the balance of the sales consideration to be billed is included as accrued sales receivables.

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

10. TRADE AND OTHER PAYABLES

Included in this item are trade payables with an ageing analysis as at 30 June 2016, shown as follows:

	30 June 2016 HK\$ Million	31 December 2015 HK\$ Million
Trade payables		
0 – 30 days	308	414
31 – 60 days	179	274
61 – 90 days	28	34
Over 90 days	136	130
	651	852
Rental and customer deposits	4,182	4,140
Construction costs payable	8,200	9,979
Amounts due to associates	2,939	3,052
Amounts due to joint ventures	2,636	3,422
Other payables	4,834	5,048
	23,442	26,493

11. BANK LOANS AND OTHER BORROWINGS

	30 June 2016 HK\$ Million	31 December 2015 HK\$ Million
Bonds and notes (unsecured)	49,933	49,363
Bank loans (secured)	13,259	15,114
Bank loans (unsecured)	36,541	41,716
Total bank loans and other borrowings	99,733	106,193
Analysis of maturities of the above borrowings:		
Current borrowings		
Due within 1 year	20,774	10,512
Non-current borrowings		
Due after 1 year but within 5 years	67,758	84,848
Due after 5 years	11,201	10,833
	78,959	95,681
Total bank loans and other borrowings	99,733	106,193

12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities carried at fair value

The following table presents the fair value of the Group’s financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 “Fair value measurement” (“HKFRS 13”). 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. The levels are defined below:

Level 1 valuations:	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 valuations:	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 valuations:	Fair value measured using significant unobservable inputs.

Financial instruments carried at fair value

The fair value measurement information for financial instruments in accordance with HKFRS 13 is given below:

	Fair value measurements categorised into					
	30 June 2016			31 December 2015		
	Level 1 HK\$ Million	Level 2 HK\$ Million	Total HK\$ Million	Level 1 HK\$ Million	Level 2 HK\$ Million	Total HK\$ Million
Assets						
Equity and bond investments:						
– Listed investments	10,428	–	10,428	–	–	–
– Unlisted investments	–	33	33	–	–	–
Available-for-sale investments:						
– Listed investments	–	–	–	12,442	–	12,442
Derivative financial instruments:						
– Interest rate swaps	–	890	890	–	564	564
– Cross currency interest rate swaps	–	387	387	–	539	539
– Forward foreign exchange contracts	–	457	457	–	13	13
– Other derivatives	–	–	–	5	–	5
	10,428	1,767	12,195	12,447	1,116	13,563
Liabilities						
Derivative financial instruments:						
– Interest rate swaps	–	(569)	(569)	–	(496)	(496)
– Cross currency interest rate swaps	–	(1,831)	(1,831)	–	(2,042)	(2,042)
– Forward foreign exchange contracts	–	(21)	(21)	–	(184)	(184)
Bank loans and other borrowings:						
– Bonds and notes	–	(31,188)	(31,188)	–	(30,858)	(30,858)
– Bank loans	–	(2,361)	(2,361)	–	(2,331)	(2,331)
	–	(35,970)	(35,970)	–	(35,911)	(35,911)

During the six months ended 30 June 2016, there were no transfers of financial instruments 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.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of interest rate swaps and cross currency interest rate swaps in Level 2 is determined based on the amount that the Group would receive or pay to terminate the swaps at the end of the reporting period taking into account current interest rates and current creditworthiness of the swap counter-parties.

The fair value of forward foreign exchange contracts in Level 2 is determined by using the forward exchange rates at the end of the reporting period and comparing them to the contractual rates.

The fair values of bank loans and other borrowings in Level 2 are determined based on cash flows discounted using the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

(b) Financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values as at 30 June 2016 and 31 December 2015.

13. MATERIAL RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Material transactions between the Group and other related parties during the period ended 30 June 2016 are as follows:

- (a) In respect of the period ended 30 June 2016, the Group earned rental income totalling HK\$549 million (2015: HK\$608 million) from various tenants which are wholly or partly owned by companies which in turn are wholly-owned by the family interests of close family members of, or by a trust the settlor of which is a close family member of, the Chairman of the Company. These transactions are considered to be related party transactions, of which HK\$479 million (2015: HK\$525 million) constitute connected transactions as disclosed under the Listing Rules.
- (b) On 14 March 2016, the Group entered into an agreement with a company, effectively owned by the close family members of the Chairman of the Company, to acquire the entire share capital of a company which indirectly holds the property located at Shop C, Ground Floor, Wheelock House, Central in Hong Kong for a consideration of HK\$1,141 million. This transaction is considered to be a related party transaction and also constitutes a connected transaction as defined under the Listing Rules.

14. CONTINGENT LIABILITIES

- (a) As at 30 June 2016, there were contingent liabilities in respect of guarantees given by the Group on behalf of certain associates and joint ventures of HK\$10,324 million (31/12/2015: HK\$9,401 million), of which HK\$9,671 million (31/12/2015: HK\$8,494 million) had been drawn.
- (b) As at 30 June 2016, there were guarantees of HK\$7,139 million (31/12/2015: HK\$8,883 million) provided by Wharf group to the banks in favour of their customers in respect of the mortgage loans provided by the banks to those customers for the purchase of Wharf group's development properties. There were also mortgage loan guarantees of HK\$2,283 million (31/12/2015: HK\$1,428 million) provided by associates and joint ventures of Wharf group to the banks in favour of their customers.

15. COMMITMENTS

The Group's outstanding commitments as at 30 June 2016 are detailed below:

(a) Planned expenditure

	30 June 2016			31 December 2015		
	Committed HK\$ Million	Uncommitted HK\$ Million	Total HK\$ Million	Committed HK\$ Million	Uncommitted HK\$ Million	Total HK\$ Million
(I) Properties						
Investment property						
Hong Kong	1,632	458	2,090	2,027	477	2,504
Mainland China	7,658	4,208	11,866	8,714	5,144	13,858
Singapore	5	-	5	1	-	1
	9,295	4,666	13,961	10,742	5,621	16,363
Development property						
Hong Kong	8,954	16,944	25,898	13,224	12,833	26,057
Mainland China	10,066	16,743	26,809	11,939	17,891	29,830
Singapore	444	218	662	702	208	910
	19,464	33,905	53,369	25,865	30,932	56,797
Properties total						
Hong Kong	10,586	17,402	27,988	15,251	13,310	28,561
Mainland China	17,724	20,951	38,675	20,653	23,035	43,688
Singapore	449	218	667	703	208	911
	28,759	38,571	67,330	36,607	36,553	73,160
(II) Non property and others						
Hotels	1,800	243	2,043	1,999	235	2,234
Modern Terminals	390	40	430	150	24	174
Wharf T&T	148	1	149	119	50	169
i-CABLE	19	270	289	25	245	270
	2,357	554	2,911	2,293	554	2,847
Total	31,116	39,125	70,241	38,900	37,107	76,007

- (i) Properties commitments are mainly for land and construction costs to be incurred in the forthcoming years, including attributable land costs of HK\$0.7 billion (31/12/2015: HK\$4.0 billion).
- (ii) The expenditure for development properties includes attributable amounts for developments undertaken by associates and joint ventures of HK\$10.5 billion in Mainland China (31/12/2015: HK\$11.4 billion in Mainland China and HK\$0.1 billion in Hong Kong).

- (b) In addition to the above, the CME segment is committed to programming and other expenditure totalling HK\$600 million (31/12/2015: HK\$734 million) with HK\$553 million (31/12/2015: HK\$670 million) being committed.
- (c) The Group leases a number of properties and telecommunication network facilities under operating leases. The leases typically run for an initial period of two to fifteen years, with an option to renew each lease upon expiry when all terms are renegotiated. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals. Total operating leases commitments are detailed below:

	30 June 2016 HK\$ Million	31 December 2015 HK\$ Million
Expenditure for operating leases		
Within one year	54	50
After one year but within five years	79	97
Over five years	19	24
	152	171

16. REVIEW OF UNAUDITED INTERIM FINANCIAL INFORMATION

The unaudited interim financial information for the six months ended 30 June 2016 has been reviewed with no disagreement by the Audit Committee of the Company.

CORPORATE GOVERNANCE CODE

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

Regarding the First Deviation, the relevant arrangement is deemed appropriate as it is considered to be more efficient to have one single person to be the Chairman of the Company as well as to discharge the executive functions of a chief executive. The Board of Directors believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high calibre individuals, with more than half of them being Independent Non-executive Directors. As regards the Second Deviation, the Company Secretary of the Company has for some years directly reported to, and continues to report to, the Deputy Chairman of the Company, which is considered appropriate and reasonable given the size of the Group. In the view of the Directors, this reporting arrangement in no way adversely affects the efficient discharge by the Company Secretary of his job duties.

CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

A set of the Company’s own code of conduct (the “Company’s Code”) was adopted by the Company in 2014 to govern Directors’ securities transactions with terms thereof being no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors of the Company, and all the Directors have complied with the required standard set out in the Company’s Code during the period under review.

DIRECTORS' INTERESTS IN SECURITIES

(A) INTERESTS IN SHARES & DEBT SECURITIES

At 30 June 2016, Directors of the Company had the following interests, all being personal, beneficial and long position interests, in the shares and/or debt securities of the Company, of three subsidiaries of the Company, namely, The Wharf (Holdings) Limited ("Wharf"), i-CABLE Communications Limited ("i-CABLE") and Wheelock Finance Limited, and also of Greentown China Holdings Limited, which is regarded as an associated corporation of the Company. The percentages which the relevant shares represented as compared to the total numbers of shares in issue of the relevant companies respectively are also set out below:

	Quantity (percentage, where applicable) held
The Company – Ordinary Shares	
Stephen T H Ng	300,000 (0.0148%)
Wharf – Ordinary Shares	
Stephen T H Ng	804,445 (0.0265%)
Kenneth W S Ting	659,024 (0.0217%)
i-CABLE – Ordinary Shares	
Stephen T H Ng	1,265,005 (0.0629%)
Wheelock Finance Limited	
– HKD Guaranteed Notes due 2017	
Ricky K Y Wong	HK\$5,000,000
– USD Guaranteed Notes due 2018	
Ricky K Y Wong	US\$1,300,000
– HKD Guaranteed Notes due 2022	
Ricky K Y Wong	HK\$5,000,000
Greentown China Holdings Limited	
– USD Bond due 2018	
Stewart C K Leung	US\$500,000
– USD Fixed Rate Notes due 2020	
Ricky K Y Wong	US\$600,000

Note: The interests in shares disclosed above do not include interests in share options of the Company and/or its subsidiary(ies) held by Directors of the Company as at 30 June 2016. Details of such interests in share options are separately set out below under subsections "(B) Interests in Share Options of the Company" and "(C) Interests in Share Options of Wharf".

(B) INTERESTS IN SHARE OPTIONS OF THE COMPANY

Set out below are particulars of all interests (all being personal interests) in options held during the six months ended 30 June 2016 by Directors (and/or their respective associate(s)) of the Company to subscribe for ordinary shares of the Company granted/exercisable under the share option scheme of the Company:

Name of Director	Date of grant (Day/Month/Year)	No. of Wheelock's shares under option (percentage based on all issued shares)		Subscription price per share (HK\$)
		As at 1 January 2016	As at 30 June 2016	
Douglas C K Woo (Note b)	14/06/2013	3,000,000	3,000,000 (0.148%)	39.98
Stewart C K Leung	14/06/2013	3,000,000	3,000,000 (0.148%)	39.98
Paul Y C Tsui	14/06/2013	1,500,000	1,500,000 (0.074%)	39.98
Ricky K Y Wong	14/06/2013	3,000,000	3,000,000 (0.148%)	39.98

Notes:

- (a) The share options of the Company outstanding as at both 1 January 2016 and 30 June 2016 as stated above were/will be vested in five tranches within a period of 5 years, with each tranche covering one-fifth of the relevant options, i.e. exercisable to the extent of one-fifth of the relevant total number of Wheelock's shares, and with the 1st, 2nd, 3rd, 4th and 5th tranche becoming exercisable from 15th of June in the years 2013, 2014, 2015, 2016 and 2017 respectively.
- (b) As at both 1 January 2016 and 30 June 2016, an associate of Mr Douglas C K Woo, namely, Mr Peter K C Woo, who is the father of Mr Douglas C K Woo, held certain options for the Company's shares, particulars of which are set out below under the section headed "Substantial Shareholders' Interests". The share options so held by Mr Peter K C Woo are not included in the options held by Mr Douglas C K Woo as stated above.

(C) INTERESTS IN SHARE OPTIONS OF WHARF

There was in existence during the financial period a share option scheme of Wharf (the “Wharf’s Scheme”). Set out below are particulars of all interests (all being personal interests) in options held during the six months ended 30 June 2016 by Directors (and/or their respective associate(s)) of the Company to subscribe for ordinary shares of Wharf granted/exercisable under the Wharf’s Scheme:

Name of Director	Total No. of Wharf’s shares under option held as at 30 June 2016 (percentage based on all issued shares)	Date of grant (Day/Month/Year)	No. of Wharf’s shares under option		Subscription price per share (HK\$)
			As at 1 January 2016	As at 30 June 2016	
Douglas C K Woo (Note iii)	800,000 (0.026%)	04/07/2011	800,000	800,000	55.15
Stephen T H Ng	3,500,000 (0.116%)	04/07/2011	1,500,000	1,500,000	55.15
		05/06/2013	2,000,000	2,000,000	70.20
Paul Y C Tsui	2,200,000 (0.073%)	04/07/2011	1,200,000	1,200,000	55.15
		05/06/2013	1,000,000	1,000,000	70.20
Ricky K Y Wong	800,000 (0.026%)	04/07/2011	800,000	800,000	55.15

Notes:

- (i) The Wharf’s share options granted on 4 July 2011 outstanding as at both 1 January 2016 and 30 June 2016 as stated above were/are vested in five tranches within a period of 5 years, with each tranche covering one-fifth of the relevant Wharf’s share options, i.e. exercisable to the extent of one-fifth of the relevant total number of Wharf’s shares, and with the 1st, 2nd, 3rd, 4th and 5th tranche becoming exercisable from 5th of July in the years 2011, 2012, 2013, 2014 and 2015 respectively, with one exception. Such an exception is that regarding the relevant options outstanding as at 30 June 2016 held by Mr Paul Y C Tsui, the options were/are vested in four tranches within a period of 4 years, with each tranche covering one-fourth of the relevant Wharf’s share options, i.e. exercisable to the extent of one-fourth of the relevant total number of Wharf’s shares, and with the 1st, 2nd, 3rd and 4th tranche becoming exercisable from the 5th of July in the years 2012, 2013, 2014 and 2015 respectively.
- (ii) The Wharf’s share options granted on 5 June 2013 outstanding as at both 1 January 2016 and 30 June 2016 as stated above were/will be vested in five tranches within a period of 5 years, with each tranche covering one-fifth of the relevant Wharf’s share options, i.e. exercisable to the extent of one-fifth of the relevant total number of Wharf’s shares, and with the 1st, 2nd, 3rd, 4th and 5th tranche becoming exercisable from 6th of June in the years 2013, 2014, 2015, 2016 and 2017 respectively.
- (iii) As at both 1 January 2016 and 30 June 2016, an associate of Mr Douglas C K Woo, namely, Mr Peter K C Woo, who is the father of Mr Douglas C K Woo, held certain options for Wharf’s shares, particulars of which are set out below under the section headed “Substantial Shareholders’ Interests”. The share options so held by Mr Peter K C Woo are not included in the options held by Mr Douglas C K Woo as stated above.

No share option of the Company and/or Wharf held by Directors of the Company and/or their associate(s) (including Mr Peter K C Woo who, being an associate of Mr Douglas C K Woo, is also a substantial shareholder of the Company) lapsed or was exercised or cancelled during the financial period and no share option of the Company and/or Wharf was granted to any Director of the Company and/or any of their associate(s) during the financial period.

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the Securities and Futures Ordinance (“SFO”) in respect of information required to be notified to the Company and the Stock Exchange by the Directors and/or Chief Executive of the Company pursuant to the SFO or to the Listing Rules, there were no interests, both long and short positions, held as at 30 June 2016 by any of the Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), nor had there been any rights to subscribe for any shares, underlying shares or debentures of the Company and its associated corporations held by any of them as at 30 June 2016.

SUBSTANTIAL SHAREHOLDERS’ INTERESTS

Given below are the names of all parties who/which were, directly or indirectly, interested in 5% or more of any class of voting shares of the Company as at 30 June 2016 and the respective relevant numbers of shares (percentages based on all issued shares) in which they were, and/or were deemed to be, interested as at that date as recorded in the register kept by the Company under section 336 of the SFO (the “Register”):

Names	Number (percentage) of Ordinary Shares
(i) Mr Peter K C WOO (Notes 1 & 4)	241,979,652 (11.91%)
(ii) Mrs Bessie P Y WOO (Notes 1 & 4)	241,979,652 (11.91%)
(iii) HSBC Trustee (C. I.) Limited	995,221,678 (48.98%)

Notes:

- (1) *The interests of party (i) (who is regarded as an associate of party (ii) and vice versa) and party (ii) stated above do not include the personal interests held by party (i) in certain share options of the Company, particulars of which are given in note (3) below.*
- (2) *Duplication occurred in respect of the shareholdings stated against parties (i) and (ii) above to the extent that they represented the same block of shares.*
- (3) *As at both 1 January 2016 and 30 June 2016, party (i) stated above held options granted by the Company on 14 June 2013 covering 2,000,000 shares (0.098% based on all issued shares) of the Company, and options granted by Wharf on 4 July 2011 and 5 June 2013 covering 1,500,000 and 2,000,000 Wharf's shares respectively, with the subscription prices and vesting/exercise periods thereof being the same as those which are (as stated above in the section headed "Directors' Interests in Securities") applicable to share options of the Company and of Wharf granted on the respective dates to Directors of the Company (other than for the exceptional case in respect of Mr Paul Y C Tsui as stated in note (i) in that subsection (C)).*
- (4) *For the purpose of disclosure of interests in share options of the Company and of Wharf under the Listing Rules, Mr Douglas C K Woo is regarded as an associate of each of party (i) and party (ii). Particulars of Mr Douglas C K Woo's relevant share option interests (not included in the interests held by party (i) and party (ii) mentioned above) are set out above under subsections (B) and (C) in the section headed "Directors' Interests in Securities".*

All the interests stated above represented long positions and as at 30 June 2016, there were no short position interests recorded in the Register.

SHARE OPTION SCHEMES

(A) DETAILS OF OUTSTANDING OPTIONS FOR SHARES OF THE COMPANY

Set out below are particulars and movement(s), if any, during the financial period of all outstanding share options of the Company which were granted to certain employees of the Group (including Directors of the Company), all working under employment contracts that are regarded as “continuous contracts” for the purposes of the Employment Ordinance and all being participants with options not exceeding the respective individual limits:

Date of grant (Date/Month/Year)	No. of Wheelock's shares under option		Vesting/ Exercise Period (Day/Month/Year)	Price per share to be paid on exercise of options (HK\$)
	As at 1 January 2016	As at 30 June 2016		
14/06/2013	2,500,000	2,500,000	15/06/2013–14/06/2018	39.98
	2,500,000	2,500,000	15/06/2014–14/06/2018	39.98
	2,500,000	2,500,000	15/06/2015–14/06/2018	39.98
	2,500,000	2,500,000	15/06/2016–14/06/2018	39.98
	2,500,000	2,500,000	15/06/2017–14/06/2018	39.98
Total:	12,500,000	12,500,000		

Note: No share option of the Company lapsed or was granted, exercised or cancelled during the financial period.

(B) DETAILS OF OUTSTANDING OPTIONS FOR SHARES OF WHARF

Set out below are particulars and movement(s), if any, during the financial period of all outstanding Wharf's share options which were granted to certain employees and/or directors of Wharf and/or its subsidiaries (some being also Directors of the Company), all working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance and all being participants with options not exceeding the respective individual limits:

Date of grant (Date/Month/Year)	No. of Wharf's shares under option		Vesting/ Exercise Period (Day/Month/Year)	Price per share to be paid on exercise of options (HK\$)
	As at 1 January 2016	As at 30 June 2016		
(i) 04/07/2011:	1,540,000	1,540,000	05/07/2011–04/07/2016	55.15
	2,020,000	2,020,000	05/07/2012–04/07/2016	55.15
	2,020,000	2,020,000	05/07/2013–04/07/2016	55.15
	2,020,000	2,020,000	05/07/2014–04/07/2016	55.15
	2,020,000	2,020,000	05/07/2015–04/07/2016	55.15
	9,620,000	9,620,000		
(ii) 05/06/2013:	2,100,000	2,100,000	06/06/2013–05/06/2018	70.20
	2,100,000	2,100,000	06/06/2014–05/06/2018	70.20
	2,100,000	2,100,000	06/06/2015–05/06/2018	70.20
	2,100,000	2,100,000	06/06/2016–05/06/2018	70.20
	2,100,000	2,100,000	06/06/2017–05/06/2018	70.20
	10,500,000	10,500,000		
Total:	20,120,000	20,120,000		

Note: No share option of Wharf lapsed or was granted, exercised or cancelled during the financial period.

CHANGES OF INFORMATION OF DIRECTORS

- (A) Given below is the latest information regarding annual emoluments, calculated on an annualised basis for the year 2016 (and the year 2015), of all those Directors of the Company for whom there have been changes of amounts of emoluments since the publication of the last Annual Report of the Company:

Directors	[#] Salary and various allowances HK\$'000	^{##} Discretionary annual bonus in cash HK\$'000
Douglas C K Woo	6,045 (2015: 5,715)	9,000 (2015: 11,000)
Stephen T H Ng	7,823 (2015: 7,243)	11,500 (2015: 15,500)
Stewart C K Leung	5,456 (2015: 5,456)	8,000 (2015: 10,000)
Paul Y C Tsui	5,093 (2015: 4,787)	6,500 (2015: 8,500)
Ricky K Y Wong	4,413 (2015: 4,194)	7,000 (2015: 9,000)

[#] Not including the Chairman's fee of HK\$225,000 per annum payable to Mr Douglas C K Woo (2015: HK\$225,000) and the Director's fee of HK\$150,000 (2015: HK\$150,000) per annum to each of the other Directors of the Company payable by the Company.

^{##} Paid during the six-month period ended 30 June 2016, with the amounts of such discretionary annual bonuses fixed/decided unilaterally by the employers.

- (B) Given below is the latest information regarding the directorships held at present and/or former directorship(s) (if any) held within the past three years in other listed public company(ies) in respect of any and all those Director(s) of the Company for whom there has/have been change(s) in the relevant information since the publication of the last Annual Report of the Company:

Director(s)	Present/(Former) directorship(s) in other listed public company(ies)
Alan H Smith	Genting Hong Kong Limited; Guangdong Land Holdings Limited; (Noble Group Limited; resigned in April 2016); (Crown International Corporation Limited)

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 Wednesday, 7 September 2016 to Friday, 9 September 2016, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to qualify for the abovementioned interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrars, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 6 September 2016.

By Order of the Board

Wilson W S Chan

Company Secretary

Hong Kong, 15 August 2016

As at the date of this Interim Report, the Board of Directors of the Company comprises Mr Douglas C K Woo, Mr Stephen T H Ng, Mr Stewart C K Leung, Mr Paul Y C Tsui, Mr Ricky K Y Wong and Mrs Mignonne Cheng, together with seven Independent Non-executive Directors, namely, Mr Tak Hay Chau, Mr Winston K W Leong, Mr Alan H Smith, Mr Richard Y S Tang, Mr Kenneth W S Ting, Ms Nancy S L Tse and Mr Glenn S Yee.

Notwithstanding any choice of language or means for the receipt of corporate communications (viz. annual report, interim report, etc.) previously made by Shareholder(s) and communicated to the Company, Shareholder(s) has/have the option (which may be exercised at any time by giving reasonable prior notice to the Company) of changing the choice of printed language version(s) to English only, Chinese only or both English and Chinese for receiving future corporate communications, or changing the choice of receiving future corporate communications to using electronic means instead of in printed version (or vice versa). Such notice of change of choice should contain the full name(s) in English, address and contact telephone number of the relevant Shareholder(s), together with the relevant words (i.e. instruction in writing) regarding the request for the change of choice, and should be sent to the Company, c/o the Company's Registrars, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by post or by hand delivery, or via email to wheelockcompany-ecom@hk.tricorglobal.com.