

WHEELOCK and COMPANY LIMITED

INTERIM REPORT 2017



WHEELOCK

Founded 1857

www.wheellockcompany.com

Stock Code: 20

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CORE BUSINESS STEADY DESPITE MIXED OUTLOOK

HONG KONG DEVELOPMENT PROPERTIES HIGHLIGHTS

- **Contracted sales** were on track at HK\$10.1 billion.
- **Residential** drove the momentum and contributed 100% of contracted sales.
 - **MONTEREY** presold 100% of 648 launched units for HK\$5.8 billion in two weeks.
 - **MOUNT NICHOLSON** sold two houses and six apartments for HK\$3.1 billion, translating to HK\$1.6 billion on an attributable basis.
 - **ONE HOMANTIN, NAPA** and other developments presold 306 units for HK\$2.7 billion.
 - A total of 958 units were sold or presold, demonstrating a steady growth compared to previous years.
- **Sales recognition** was HK\$17.1 billion due to completion of CAPRI, ONE HOMANTIN and SAVANNAH.
- **Urban-focused land bank** under management was 7.8 million square feet.
- **Net order book** eased to HK\$8.9 billion in the absence of One HarbourGate.

WHEELOCK GROUP FINANCIALS

- Group core profit increased by 6% to HK\$5.4 billion.
- Attributable core profit from Wharf increased by 26% to HK\$4.5 billion.
- Prudent financial position with Wheelock's own net gearing before consolidation reduced to 12.5%.

GROUP RESULTS (UNAUDITED)

Excluding investment property revaluation gain and exceptional items, core profit was HK\$5,412 million (2016: HK\$5,126 million).

Group profit attributable to equity shareholders was HK\$6,243 million (2016: HK\$5,662 million). Earnings per share were HK\$3.06 (2016: HK\$2.79).

INTERIM DIVIDEND

An interim dividend of 47.5 cents (2016: 45.0 cents) per share will be paid on 18 September 2017 to Shareholders, absorbing a total amount of HK\$969 million (2016: HK\$915 million).

BUSINESS REVIEW

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

Contracted sales were on track at **HK\$10.1 billion** as a result of buoyant market and positive residential launches, affirming our proven execution and strengthened brand recognition. Residential drove the momentum and contributed 100% of sales during the period. A total of 958 residential units were sold or presold, demonstrating a steady growth compared to previous years. A sell through rate of 91% was achieved on 1,050 units launched during the period.

MONTEREY, a waterfront living residence, is the last O'South development. 648 units were presold within two weeks of the project's debut in March 2017, achieving HK\$5.8 billion. The project was more than ten times over-subscribed, underpinning the continued success of our previous developments in O'South, namely, THE PARKSIDE, CAPRI and SAVANNAH. It is a low density residence surrounded by a green field and with panoramic harbour view. Furthermore, a 40,000 square feet prestigious clubhouse and a well-developed transportation network amplify its uniqueness.

MOUNT NICHOLSON, an ultra-luxury residential project on the Peak, sold two houses and six apartments for HK\$3.1 billion during the period, of which HK\$1.6 billion is attributable to the Group. All 22 typical apartments in Phases I and II were sold and generated HK\$7.3 billion or 56% of sales, of which the highest average selling price reached HK\$105,000 per square foot, one of the highest-valued apartments globally. In addition, eight houses were sold for HK\$5.8 billion, among which House No. 1 was sold for HK\$1.1 billion or HK\$108,540 per square foot. The promising results once again reflect the continuous demand for prestigious and exclusive living on the Peak. Phase III of the project is planned for launch in the second half of 2017, and we expect to see continuous demand for distinguished living at an exclusive address.

ONE HOMANTIN presold 101 units for HK\$1.3 billion during the period. The opening of Ho Man Tin MTR station in October 2016 further enhances its attractiveness and market demand. The project presold 463 units or 89% of launched units for HK\$5.5 billion as at 30 June 2017.

NAPA presold 167 units for HK\$1.1 billion during the period. Since its launch in mid-October 2016, close to 80% of 400 apartments were presold for HK\$2.2 billion as at 30 June 2017. NAPA is a low density development surrounded by lush green hills, and in close proximity to the Hong Kong International Airport and Shenzhen Baoan International Airport. The project also benefits from future connectivity to the Hong Kong-Zhuhai-Macau Bridge. The launch of GRAND NAPA — houses in the development — is making progress.

Sales recognition was HK\$17.1 billion, contributed by four residential developments, of which three were newly completed during the period. CAPRI obtained the occupation permit in the first quarter of 2017 and recognised HK\$4.0 billion sales, while ONE HOMANTIN and SAVANNAH obtained the occupation permits in the second quarter and recognised HK\$5.5 billion sales and HK\$5.4 billion sales respectively. MOUNT NICHOLSON recognised an additional HK\$2.1 billion sales in the first half of 2017. Presold but not yet completed contracted sales, i.e. **net order book**, eased to HK\$8.9 billion in the absence of One HarbourGate.

Land bank under management was **7.8 million square feet** and is adequate to fulfill development needs over the coming years. This urban-focused land bank is spread among Hong Kong's key strategic regions, including the Peak, CBDs and LOHAS. Also, 98% of the land bank is in urban areas, while 75% is along the Victoria Harbour. These figures demonstrate the unique location and development potential of our land bank.

CORPORATE SOCIAL RESPONSIBILITY AND BUSINESS-IN-COMMUNITY

The 5th **Project WeCan** Young Innovators Bazaar, which provides a platform for secondary school students to have a taste of entrepreneurship, was successfully held in February 2017. With volunteers' immense contribution, the number of participating students has grown from 200 to more than 1,000. It was the first time to partner with the Global Business programme of the Hong Kong University of Science and Technology to form coaching teams to support students in preparing for the Bazaar. Meanwhile, Fung Kai No. 1 Secondary School and Ng Yuk Secondary School, the two secondary schools supported by Wheelock, won seven prizes in total, including "Most Favorite Booth" and "Best Team Spirit".

On **community service**, we spare no effort to inspire and encourage our employees to build a caring Hong Kong together with community partners. Our staff dedicated more than 2,100 volunteer hours in 81 activities jointly held with various partners in 2016, including Hong Chi Association, WWF-Hong Kong, The Community Chest and so forth. With a commitment to promote arts and culture, Wheelock Properties Limited ("WPL") organised its 4th public photo competition with the theme "City Transformation". Over 1,000 entries were received, of which six winners were selected and outstanding works were displayed at a photographic exhibition held at Gallery by the Harbour in Harbour City in January 2017.

Sustainable development and quality excellence are at the core of the Group's strategies. Following the LEED Gold certifications achieved by One Bay East and One HarbourGate, our latest commercial redevelopment project, 8 Bay East, further pushes the limit in performance and has been awarded LEED Platinum Precertification by the U.S. Green Building Council, the highest building rating in green practices from the certification body. Meanwhile, WPL has not only been awarded the "Corporate Social Responsibility Project of the Year" by RICS Hong Kong for four consecutive years, but was also given the "Top 10 Developers Award" by BCI Asia for six consecutive years. These prominent achievements once again demonstrate their confidence in our quality and recognise our commitment to sustainable and green development.

Wheelock and Company Limited is the majority shareholder of The Wharf (Holdings) Limited and Wheelock Properties (Singapore) Limited. On the next two pages is a report on their operations and achievements during the six months ended 30 June 2017.

The Wharf (Holdings) Limited (“Wharf”) 61.6% Equity Investment

Hong Kong Investment Properties (“IP”) outperformed the market, reflecting a gradual revival of consumption and optimism. Tenants’ retail sales generally witnessed noticeable signs of improvement. Wharf’s strategic differentiation in management and execution capabilities remained an unrivalled advantage to boost performance. Total revenue increased by 4% to HK\$6,681 million and operating profit by 4% to HK\$5,942 million. The new extension building at Ocean Terminal, commanding a fascinating 270-degree panorama of Victoria Harbour, is set to add growth impetus, targeting to open in the fourth quarter of 2017. At the same time, office revenue reflected solid rental reversion and stable rents for new commitments. Occupancy rate at Harbour City and Times Square stood at 96% at the end of June.

China IP revenue increased by 4% to HK\$1,246 million and operating profit by 6% to HK\$732 million on translation to Hong Kong dollars, despite the adverse impact of the unfavourable currency movements. Chengdu International Finance Square (“IFS”)’s differentiation in the western China region was reinforced by its proven track record and unmatched sales productivity. Tenants’ sales from its 2.2 million square feet retail mall posted a robust gain of 30% while foot traffic grew by 22%. Retail occupancy rate was 99% at the end of June. Total revenue increased by 18% to RMB367 million. Chengdu IFS continued to garner new distinguished awards since its opening, including “ICSC China Awards — 2017 Silver Award for Marketing Excellence” and “Asian Licensing Awards 2016 — Best Location-Based or Experiential Initiative of the Year”.

IFS developments continue to create long-term value. The upcoming mega malls in Chongqing and Changsha IFS are expected to tap the huge experience-based consumption markets in the regions and to take the retail experience to the next level. The promising retail pre-leasing status achieved also bears testimony to retailers’ confidence in value creation capability.

China DP revenue decreased by 30% to HK\$9,095 million but operating profit was up by 1% to HK\$2,355 million, inclusive of joint ventures and associates on an attributable basis, with 563,900 square metres of gross floor area (“GFA”) completed and recognised during the period. Its attributable interest in contracted sales decreased by 27% to RMB11.9 billion with the latest round of cooling measures imposed by the government. At the end of June, the DP land bank was maintained at 3.4 million square metres.

Wharf manages 14 hotels in China, Hong Kong and The Philippines under the iconic legacy brand of Marco Polo Hotels and the new luxury brand, Niccolo Hotels. The Murray, Hong Kong, a Niccolo Hotel under conversion from Central’s landmark Murray Building, is slated to open in late 2017. The 336-room luxury hotel is best positioned to befit the city’s most prestigious visitors and to become the new epicentre for events and celebrations.

i-CABLE

Currently, i-CABLE has received all major regulatory approvals for the introduction of Forever Top (Asia) Limited as its new investor and the next step is to proceed with its Open Offer (expected completion: 14 September 2017) and the Loan Capitalisation (expected completion: September/October 2017). Wharf will distribute all i-CABLE shares to its shareholders, which include existing shares plus new shares from loan capitalisation. Wheelock will in turn distribute the relevant shares received to its shareholders. New shares from loan capitalisation will be separately addressed at a later date. Completion of all distribution in specie is scheduled for September/October 2017. These will mark Wharf's complete exit of Communication, Media and Entertainment segment.

STRATEGIC REVIEW ON IP

Following a strategic review announced in Wharf's Final Results Announcement, it has submitted a proposal to The Stock Exchange in accordance with Practice Note 15 of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited to demerge its wholly-owned subsidiary, Wharf Real Estate Investment Company Limited ("Wharf REIC"), for a separate listing by way of introduction. The proposal has been approved by The Stock Exchange.

Wharf REIC is in the process of preparing its application to The Stock Exchange for the listing of, and permission to deal in, Wharf REIC shares on the Main Board of The Stock Exchange.

Wharf REIC will be primarily focused on IP in Hong Kong and will also hold Wharf's 72%-owned listed subsidiary, Harbour Centre Development Limited. Wharf REIC will hold a portfolio of six premium quality investment properties in Hong Kong, namely Harbour City, Times Square, Plaza Hollywood, Crawford House, Wheelock House and The Murray (being converted into a luxury hotel for opening in late 2017). This portfolio of about 11 million square feet of GFA has a total value of over HK\$230 billion and an annual turnover of over HK\$13 billion.

After the demerger, Wharf will be primarily focused on IP and DP in Mainland China, other Hong Kong properties, as well as logistics and hotel management.

The proposed demerger is at an early stage. The application for the listing of Wharf REIC has not yet been submitted to The Stock Exchange and the listing has not yet been approved by The Stock Exchange. The implementation of the demerger is subject to the final decisions of the Boards of Directors of Wheelock, Wharf and Wharf REIC. Accordingly, Shareholders and potential investors of Wheelock and Wharf should be aware that there is no assurance that the proposed demerger and separate listing of Wharf REIC will take place or as to when it may take place. Further announcement will be made when appropriate.

Wheelock Properties (Singapore) Limited ("WPSL") 76.2% Equity Investment

WPSL gave a stable performance in the first half. On DP, 135 residential units were sold for S\$187 million. On IP, Wheelock Place office tower achieved full occupancy whilst its retail portion and Scotts Square retail were more than 96% occupied at the end of June.

FINANCIAL REVIEW

(I) REVIEW OF 2017 INTERIM RESULTS

Wheelock and Company's Core Profit (before consolidation of listed subsidiaries Wharf and WPSL)

Wheelock and Company's own core profit decreased by 46% to HK\$742 million (2016: HK\$1,372 million), mainly due to recognition of One HarbourGate's profit in the first half of 2016.

Wheelock Group

Group's core profit increased by 6% to HK\$5,412 million (2016: HK\$5,126 million), mainly attributable to resilient rental revenue.

Revenue and Operating Profit

Group revenue increased by 21% to HK\$33,005 million (2016: HK\$27,196 million), while the operating profit was reduced by 4% to HK\$9,697 million (2016: HK\$10,059 million).

Investment Property

Revenue and operating profit increased by 3% and 4% to HK\$8,122 million (2016: HK\$7,889 million) and HK\$6,801 million (2016: HK\$6,537 million) respectively. In Hong Kong, the revenue and operating profit increased by 3% and 4% respectively. In Mainland China, the revenue and operating profit rose by 4% and 6% respectively in HK dollars. If in RMB, the revenue and operating profit rose by 9% and 11% respectively.

Development Property

Revenue increased by 42% to HK\$21,588 million (2016: HK\$15,232 million). Operating profit decreased by 13% to HK\$2,655 million (2016: HK\$3,056 million).

In Hong Kong, recognised property sales increased by 157% to HK\$15,030 million (2016: HK\$5,858 million) while operating profit decreased by 51% to HK\$794 million (2016: HK\$1,617 million). CAPRI, ONE HOMANTIN and SAVANNAH were completed in the first half of 2017, enabling revenue recognition of HK\$4,025 million, HK\$5,470 million and HK\$5,435 million respectively.

In Mainland China, the recognised property sales were HK\$6,090 million (2016: HK\$8,409 million). Operating profit increased by 31% to HK\$1,710 million (2016: HK\$1,307 million).

Hotels

Revenue and operating profit increased by 5% and 49% to HK\$774 million (2016: HK\$740 million) and HK\$155 million (2016: HK\$104 million) respectively. Hong Kong revenue increased with improved occupancies while the newly opened hotels in Mainland China have started to contribute.

Logistics

Revenue and operating profit increased by 11% and 22% to HK\$1,424 million (2016: HK\$1,286 million) and HK\$358 million (2016: HK\$293 million) respectively, mainly attributable to higher throughput handled by Modern Terminals.

Communications, Media and Entertainment

The portfolio, after the disposal of Wharf T&T in November 2016, resulted in revenue drop by 63% to HK\$641 million (2016: HK\$1,715 million) and operating loss of HK\$222 million (2016: profit of HK\$78 million).

Investment and Others

Investment and others' profit increased by 19% to HK\$382 million (2016: HK\$321 million), partly contributed from the Group's equity and bond investments.

Fair Value Gain of IP

The book value of the Group's IP portfolio as at 30 June 2017 increased to HK\$334.6 billion (2016: HK\$329.1 billion), with HK\$314.7 billion thereof stated at fair value based on independent valuation as at that date. That resulted in a revaluation gain of HK\$1,529 million for the period (2016: HK\$495 million), which was credited to the consolidated income statement.

IP under development of HK\$19.9 billion is carried at cost and will not be carried at fair value until the fair values first become reliably measurable or the dates of their respective completion, whichever is earlier.

Other Net Income/(Charge)

Other net income was HK\$407 million (2016: charge of HK\$568 million), comprising mainly net gain on disposal of an associate and subsidiaries of HK\$422 million.

Finance Costs

Finance costs amounted to HK\$500 million (2016: HK\$331 million). Excluding mark-to-market gain on swaps, finance costs decreased by 19% to HK\$1,240 million (2016: HK\$1,533 million) before capitalisation of HK\$589 million (2016: HK\$753 million). The Group's effective borrowing rate for the period was 3.1% (2016: 2.9%) per annum, mainly due to higher proportion of borrowings at higher interest rate.

Share of Results of Associates and Joint Ventures

Share of profits of associates decreased to HK\$380 million (2016: HK\$536 million) with lower profit contributions from Mainland China DP.

Share of profits of joint ventures increased by 102% to HK\$986 million (2016: HK\$489 million), mainly attributable to MOUNT NICHOLSON in Hong Kong.

Income Tax

The taxation charge was HK\$2,616 million (2016: HK\$2,032 million), which included deferred taxation of HK\$353 million (2016: credit of HK\$12 million) provided for the fair value gain of IP located in Mainland China.

Excluding the above deferred taxation, the taxation charge increased by 11% to HK\$2,263 million (2016: HK\$2,044 million), mainly due to higher profits from IP segment but offset by lower DP segment.

Non-controlling Interests (“NCI”)

Profit attributable to NCI increased by 22% to HK\$3,640 million (2016: HK\$2,986 million), mainly due to increase in profit of Wharf.

Profit attributable to Equity Shareholders

Group profit attributable to equity shareholders increased by 10% to HK\$6,243 million (2016: HK\$5,662 million). Earnings per share were HK\$3.06 based on weighted average of 2,037 million issued ordinary shares (2016: HK\$2.79 based on 2,032 million issued ordinary shares).

Excluding the attributable IP revaluation gain (after deducting related deferred tax and NCI) of HK\$722 million (2016: HK\$313 million), Group profit attributable to equity shareholders increased by 3% to HK\$5,521 million (2016: HK\$5,349 million).

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

	2017 HK\$ Million	2016 HK\$ Million
Profit attributable to		
Wheelock and Company	742	1,372
Wharf group	4,483	3,564
WPSL group	187	190
Core profit	5,412	5,126
Attributable net mark-to-market and exchange (loss)/gain on certain financial instruments/other non-recurrent gains	109	223
Profit before IP valuation gain	5,521	5,349
IP valuation gain (after deferred tax)	722	313
Profit attributable to equity shareholders	6,243	5,662

Wharf’s profit for the first half ended 30 June 2017 increased by 26% to HK\$8,441 million (2016: HK\$6,725 million). Excluding the exceptional items, Wharf’s core profit increased by 22% to HK\$7,271 million (2016: HK\$5,972 million).

WPSL’s profit for the first half ended 30 June 2017 was S\$46.6 million (2016: S\$46.4 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\$252 million (2016: HK\$250 million).

(II) LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL COMMITMENTS

Shareholders' and Total Equity

Shareholders' equity increased by 4% to HK\$224.0 billion (2016: HK\$215.4 billion), or HK\$109.80 per share based on 2,040 million issued ordinary shares (2016: HK\$105.85 per share based on 2,035 million issued ordinary shares) as at 30 June 2017.

Including the NCI, the Group's total equity increased by 3% to HK\$361.3 billion (2016: HK\$349.5 billion).

Assets and Liabilities

The Group's total assets were HK\$511.8 billion (2016: HK\$520.4 billion). Total business assets, i.e. excluding bank deposits and cash, financial and deferred tax assets, decreased to HK\$464.7 billion (2016: HK\$468.1 billion).

Geographically, the Group's business assets in Mainland China, mainly properties and terminals, slightly decreased to HK\$122.0 billion (2016: HK\$122.6 billion), representing 26% (2016: 26%) of the Group's total business assets.

Investment Properties

The Group's IP portfolio, included in the Group's total assets, increased to HK\$334.6 billion (2016: HK\$329.1 billion), representing 72% of total business assets. Harbour City (excluding the three hotels) and Times Square in Hong Kong were valued at HK\$219.5 billion, representing 66% of the value of the portfolio. Wharf's IP in Mainland China amounted to HK\$62.3 billion, including IP under development at a cost of HK\$18.4 billion.

Properties for Sale

DP amounted to HK\$57.3 billion (2016: HK\$70.1 billion), mainly comprised of properties in Hong Kong of HK\$30.8 billion, in Mainland China of HK\$21.5 billion and in Singapore of HK\$5.0 billion, which were held for sale as at 30 June 2017.

Interests in Associates and Joint Ventures

Interests in associates and joint ventures amounted to HK\$33.3 billion (2016: HK\$35.1 billion), mainly represented by various joint-venture DP projects undertaken in Mainland China and Hong Kong.

Deposits from Sale of Properties

Deposits from sale of properties amounted to HK\$25.1 billion (2016: HK\$30.6 billion), representing contracted sales in Mainland China, Hong Kong and Singapore pending revenue recognition.

Debt and Gearing

The Group's net debt was reduced by 8% or HK\$4.0 billion to HK\$47.0 billion (2016: HK\$51.0 billion) as at 30 June 2017. The net debt comprised debt of HK\$83.8 billion less bank deposits and cash of HK\$36.8 billion. Wheelock and Company's own net debt decreased by HK\$1.6 billion to HK\$28.1 billion (2016: HK\$29.7 billion). Wharf's net debt decreased to HK\$21.4 billion, which was non-recourse to the Company and its wholly-owned subsidiaries. An analysis of the net debt by group is shown below:

	30 June 2017 HK\$ Million	31 December 2016 HK\$ Million
Net debt/(cash)		
Wheelock and Company	28,081	29,674
Wharf group	21,426	23,837
WPSL group	(2,538)	(2,534)
Group	46,969	50,977

As at 30 June 2017, the net debt to total equity (on a consolidated basis) was reduced to 13.0% (2016: 14.6%). Excluding net debt of Wharf and the cash of WPSL, Wheelock and Company's own net debt to shareholders' equity (on an attributable net asset value basis) declined to 12.5% (2016: 13.8%).

Finance and Availability of Facilities

As at 30 June 2017, the Group's available loan facilities and issued debt securities amounted to HK\$139.2 billion (2016: HK\$146.5 billion), of which HK\$83.8 billion were utilised. An analysis is shown below:

	Available Facilities HK\$ Billion	Total Debt HK\$ Billion	Undrawn Facilities HK\$ Billion
Wheelock and Company	66.5	32.6	33.9
Wharf group	72.7	51.2	21.5
WPSL group	—	—	—
Group	139.2	83.8	55.4

Of the above debt, HK\$13.9 billion (2016: HK\$13.6 billion) was secured by mortgages over certain DP, IP and property, plant and equipment with a total carrying value of HK\$43.9 billion (2016: HK\$43.5 billion).

The Group's debt was primarily denominated in US dollars, Hong Kong dollars and Renminbi. 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 to facilitate the Group's business and investment activities. The Group also maintained a portfolio of equity and bond investments with an aggregate market value of HK\$13.0 billion (2016: HK\$9.5 billion) as at 30 June 2017.

Cash Flows from the Group's Operating and Investing Activities

For the period under review, the Group's operating cash inflow was HK\$9.9 billion (2016: HK\$10.4 billion). The changes in working capital and others of HK\$2.9 billion (2016: HK\$4.6 billion) reduced the net cash inflow from operating activities to HK\$7.0 billion (2016: increased to HK\$15.0 billion). For investing activities, the Group recorded a net cash inflow of HK\$4.9 billion (2016: outflow of HK\$8.0 billion), mainly from release of bank deposits with maturity greater than three months and decrease in advances to associates and joint ventures offsetting by additions of IPs.

Major Capital and Development Expenditure and Commitments

The Group's major capital and development expenditure incurred in the first half of 2017 is analysed as follows:

A. Major Capital and Development Expenditure

	Hong Kong/ Singapore HK\$ Million	Mainland China HK\$ Million	Total HK\$ Million
Wheelock and Company			
IP	259	–	259
DP	4,111	–	4,111
	4,370	–	4,370
Wharf group			
IP	565	2,072	2,637
DP	119	5,671	5,790
Non property and others	922	6	928
	1,606	7,749	9,355
WPSL group			
IP	3	–	3
DP	89	41	130
	92	41	133
Analysis by segment:			
IP	827	2,072	2,899
DP	4,319	5,712	10,031
Non property and others	922	6	928
Group total	6,068	7,790	13,858

- i. Wheelock and Company's own expenditure for IP and DP amounted to HK\$4.4 billion, mainly attributable to the construction cost payments for its Hong Kong DP projects.
- ii. Wharf's expenditure totalled HK\$9.4 billion, comprising expenditure of HK\$2.7 billion for IP (mainly construction costs of IFS projects in Mainland China), HK\$5.8 billion for DP and HK\$0.9 billion mainly for Hotels and Modern Terminals.
- iii. WPSL's expenditure of HK\$0.1 billion was mainly for construction cost payments for its Singapore and Mainland China DP projects.

B. Commitments to Capital and Development Expenditure

As at 30 June 2017, the Group's major commitments to capital and development expenditure to be incurred in the forthcoming years were estimated at HK\$53.6 billion, of which HK\$23.8 billion was committed. By segment, the commitments are analysed as follows:

	As at 30 June 2017		
	Committed HK\$ Million	Uncommitted HK\$ Million	Total HK\$ Million
Wheelock and Company			
IP	–	–	–
DP	10,233	11,082	21,315
	10,233	11,082	21,315
Wharf group			
IP	5,543	6,625	12,168
DP	6,603	10,395	16,998
Non property and others	1,231	181	1,412
	13,377	17,201	30,578
WPSL group			
IP	5	–	5
DP	188	1,536	1,724
	193	1,536	1,729
Analysis by segment:			
IP	5,548	6,625	12,173
DP	17,024	23,013	40,037
Non property and others	1,231	181	1,412
Group total	23,803	29,819	53,622
Hong Kong IP	1,793	469	2,262
Hong Kong DP	10,233	11,082	21,315
Mainland China IP	3,750	6,156	9,906
Mainland China DP	6,733	11,717	18,450
Singapore	63	214	277
Properties total	22,572	29,638	52,210
Non property and others	1,231	181	1,412
Group total	23,803	29,819	53,622

- i. Wheelock and Company's own commitments of HK\$21.3 billion mainly relate to construction costs for DP in Hong Kong.
- ii. Wharf's commitments of HK\$30.6 billion mainly comprise of expenditure of HK\$12.2 billion for IP, HK\$17.0 billion construction costs for DP and HK\$1.4 billion mainly for Hotels and Modern Terminals.
- iii. WPSL's commitments of HK\$1.7 billion mainly relate to construction costs of HK\$0.3 billion for DP in Singapore and HK\$1.4 billion for DP in Mainland China.
- iv. The commitments and planned expenditure will be funded by the respective group's own internal financial resources, pre-sale proceeds, and bank and other borrowings. Other available resources include equity and bond investments.

(III) HUMAN RESOURCES

The Group had approximately 14,200 employees as at 30 June 2017, 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 2017 — Unaudited

		Six months ended 30 June	
		2017	2016
	Note	HK\$ Million	HK\$ Million
Revenue	2	33,005	27,196
Direct costs and operating expenses		(20,689)	(14,788)
Selling and marketing expenses		(1,251)	(888)
Administrative and corporate expenses		(844)	(730)
Operating profit before depreciation, amortisation, interest and tax		10,221	10,790
Depreciation and amortisation	3	(524)	(731)
Operating profit	2 & 3	9,697	10,059
Increase in fair value of investment properties		1,529	495
Other net income/(charge)	4	407	(568)
		11,633	9,986
Finance costs	5	(500)	(331)
Share of results after tax of:			
Associates		380	536
Joint ventures		986	489
Profit before taxation		12,499	10,680
Income tax	6	(2,616)	(2,032)
Profit for the period		9,883	8,648
Profit attributable to:			
Equity shareholders		6,243	5,662
Non-controlling interests		3,640	2,986
		9,883	8,648
Earnings per share	7		
Basic		HK\$3.06	HK\$2.79
Diluted		HK\$3.06	HK\$2.79

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017 — Unaudited

	Six months ended 30 June	
	2017	2016
	HK\$ Million	HK\$ Million
Profit for the period	9,883	8,648
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange gains/(losses) on translation of foreign operations	2,845	(1,113)
Net deficit on bond investments:	(5)	(16)
Deficit on revaluation	(5)	–
Transfer to profit or loss on disposal	–	(16)
Share of other comprehensive income of associates/joint ventures	485	(293)
Others	6	2
Item that will not be reclassified to profit or loss:		
Fair value changes on equity investments	2,521	(1,501)
Other comprehensive income for the period	5,852	(2,921)
Total comprehensive income for the period	15,735	5,727
Total comprehensive income attributable to:		
Equity shareholders	10,050	4,126
Non-controlling interests	5,685	1,601
	15,735	5,727

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017 — Unaudited

	Note	30 June 2017 HK\$ Million	31 December 2016 HK\$ Million
Non-current assets			
Investment properties		334,624	329,057
Property, plant and equipment		21,475	20,756
Interest in associates		15,801	17,539
Interest in joint ventures		17,511	17,578
Equity and bond investments		12,951	9,530
Goodwill and other intangible assets		298	298
Deferred tax assets		711	705
Derivative financial assets		243	324
Other non-current assets		991	609
		404,605	396,396
Current assets			
Properties for sale		57,289	70,050
Inventories		26	29
Trade and other receivables	9	12,683	9,567
Derivative financial assets		311	429
Bank deposits and cash		36,878	43,964
		107,187	124,039
Total assets		511,792	520,435
Non-current liabilities			
Derivative financial liabilities		(1,275)	(2,073)
Deferred tax liabilities		(11,513)	(10,700)
Other deferred liabilities		(312)	(305)
Bank loans and other borrowings	11	(64,422)	(69,055)
		(77,522)	(82,133)
Current liabilities			
Trade and other payables	10	(24,906)	(28,881)
Deposits from sale of properties		(25,098)	(30,599)
Derivative financial liabilities		(425)	(777)
Taxation payable		(3,162)	(2,639)
Bank loans and other borrowings	11	(19,425)	(25,886)
		(73,016)	(88,782)
Total liabilities		(150,538)	(170,915)
NET ASSETS		361,254	349,520
Capital and reserves			
Share capital	12	3,353	3,075
Reserves		220,666	212,290
Shareholders' equity		224,019	215,365
Non-controlling interests		137,235	134,155
TOTAL EQUITY		361,254	349,520

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017 — Unaudited

	Shareholders' equity						
	Share capital	Investments revaluation and other reserves	Exchange reserves	Revenue reserves	Total shareholders' equity	Non-controlling interests	Total equity
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
At 1 January 2017	3,075	(1,450)	(3,297)	217,037	215,365	134,155	349,520
Changes in equity for the period:							
Profit	-	-	-	6,243	6,243	3,640	9,883
Other comprehensive income	-	1,735	2,072	-	3,807	2,045	5,852
Total comprehensive income	-	1,735	2,072	6,243	10,050	5,685	15,735
Share issued under the share option scheme	278	(57)	-	-	221	-	221
Equity settled share-based payments	-	32	-	-	32	8	40
Shares issued by a subsidiary	-	(5)	-	-	(5)	89	84
Acquisition of additional interest in a subsidiary	-	-	-	89	89	(250)	(161)
Transfer to revenue reserves upon de-recognition of equity investments	-	(6)	-	6	-	-	-
Capital repatriated to non-controlling interests of a subsidiary	-	-	-	-	-	(339)	(339)
2016 second interim dividend paid (Note 8b)	-	-	-	(1,733)	(1,733)	-	(1,733)
Dividends paid to non-controlling interests	-	-	-	-	-	(2,113)	(2,113)
At 30 June 2017	3,353	249	(1,225)	221,642	224,019	137,235	361,254
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
Equity settled share-based payments	-	11	-	-	11	4	15
Acquisition of additional interest in a subsidiary	-	-	-	1,933	1,933	(3,290)	(1,357)
Transfer to revenue reserves upon de-recognition of equity investments	-	141	-	(141)	-	-	-
Net capital contribution from non-controlling interests of a subsidiaries	-	-	-	-	-	161	161
2015 second interim dividend paid	-	-	-	(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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017 — Unaudited

	Six months ended 30 June	
	2017	2016
	HK\$ Million	HK\$ Million
Operating cash inflow	9,865	10,431
Changes in working capital/others	(1,253)	6,200
Tax paid	(1,595)	(1,648)
Net cash generated from operating activities	7,017	14,983
Investing activities		
Additions to investment properties and property, plant and equipment	(3,600)	(4,859)
Acquisition of additional interest in a subsidiary	(161)	(1,357)
Other cash generated from/(used in) investing activities	8,637	(1,785)
Net cash generated from/(used in) investing activities	4,876	(8,001)
Financing activities		
Dividends paid to equity shareholders	(1,733)	(1,473)
Dividends paid to non-controlling interests	(2,113)	(2,268)
Other cash used in financing activities	(11,860)	(7,383)
Net cash used in financing activities	(15,706)	(11,124)
Net decrease in cash and cash equivalents	(3,813)	(4,142)
Cash and cash equivalents at 1 January	35,214	27,165
Effect of exchange rate changes	746	(285)
Cash and cash equivalents at 30 June (Note)	32,147	22,738
Note: Cash and cash equivalents		
Bank deposits and cash in the consolidated statement of financial position	36,878	26,664
Less: Bank deposits with maturity greater than three months	(4,629)	(3,926)
Pledged bank deposits	(102)	—
Cash and cash equivalents in the condensed consolidated statement of cash flows	32,147	22,738

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 accounting 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 2016 except for the changes mentioned below.

The HKICPA has issued certain amendments to Hong Kong Financial Reporting Standards (“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.

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 2016. 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 HKFRSs.

The financial information relating to the financial year ended 31 December 2016 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 2016 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.

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, as well as 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, sales and marketing of the Group’s trading properties, which are primarily 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”). The telecommunication businesses operated by Wharf T&T Limited (“Wharf T&T”) have been terminated after Wharf disposed of its entire equity interest in Wharf T&T in November 2016.

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	Operating profit	Investment properties fair value	Other net income/(charge)	Finance costs	Associates	Joint ventures	Profit before taxation
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
For the six months ended 30 June 2017								
Investment property	8,122	6,801	1,529	10	(616)	-	-	7,724
Hong Kong	6,708	5,958	724	-	(538)	-	-	6,144
Mainland China	1,246	732	805	10	(78)	-	-	1,469
Singapore	168	111	-	-	-	-	-	111
Development property	21,588	2,655	-	509	(11)	218	980	4,351
Hong Kong	15,030	794	-	(4)	(5)	3	848	1,636
Mainland China	6,090	1,710	-	506	(6)	215	132	2,557
Singapore	468	151	-	7	-	-	-	158
Hotels	774	155	-	-	(1)	-	-	154
Logistics	1,424	358	-	112	(103)	142	6	515
Terminals	1,361	349	-	133	(103)	90	6	475
Others	63	9	-	(21)	-	52	-	40
CME (i-CABLE)	641	(222)	-	83	(5)	-	-	(144)
Inter-segment revenue	(179)	-	-	-	-	-	-	-
Segment total	32,370	9,747	1,529	714	(736)	360	986	12,600
Investment and others	635	382	-	(307)	236	20	-	331
Corporate expenses	-	(432)	-	-	-	-	-	(432)
Group total	33,005	9,697	1,529	407	(500)	380	986	12,499

	Revenue HK\$ Million	Operating profit HK\$ Million	Investment properties fair value HK\$ Million	Other net income/ (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

(b) Analysis of inter-segment revenue

		2017 Inter- segment revenue	Group revenue		2016 Inter- segment revenue	Group revenue
Six months ended 30 June	Total revenue HK\$ Million	HK\$ Million	HK\$ Million	Total revenue HK\$ Million	HK\$ Million	HK\$ Million
Investment property	8,122	(132)	7,990	7,889	(124)	7,765
Development property	21,588	–	21,588	15,232	–	15,232
Hotels	774	–	774	740	–	740
Logistics	1,424	–	1,424	1,286	–	1,286
CME	641	(1)	640	1,715	(37)	1,678
Investment and others	635	(46)	589	553	(58)	495
	33,184	(179)	33,005	27,415	(219)	27,196

(c) Geographical information

	Revenue		Operating profit	
	2017	2016	2017	2016
Six months ended 30 June	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Hong Kong	24,429	15,859	7,098	8,006
Mainland China	7,891	10,144	2,307	1,783
Singapore	685	1,193	292	270
Group total	33,005	27,196	9,697	10,059

3. OPERATING PROFIT

	Six months ended 30 June	
	2017	2016
	HK\$ Million	HK\$ Million
Operating profit is arrived at after charging/(crediting):		
Depreciation and amortisation on		
— assets held for use under operating leases	69	75
— property, plant and equipment	371	574
— leasehold land	30	30
— programming library	54	52
Total depreciation and amortisation	524	731
Staff costs (Note a)	1,962	1,957
Cost of trading properties for recognised sales	17,891	10,945
Gross rental revenue from investment properties (Note b)	(8,122)	(7,889)
Direct operating expenses of investment properties	1,247	1,265
Interest income	(304)	(221)
Dividend income from investments	(111)	(131)
Loss/(profit) on disposal of property, plant and equipment	19	(20)

Notes:

(a) Staff costs included contributions to defined contribution pension schemes of HK\$155 million (2016: HK\$161 million) and equity settled share-based payment expenses of HK\$40 million (2016: HK\$15 million).

(b) Rental income included contingent rentals of HK\$608 million (2016: HK\$583 million).

4. OTHER NET INCOME/(CHARGE)

Other net income for the period amounted to HK\$407 million (2016: charge of HK\$568 million) and mainly comprised:

- (a) Net foreign exchange loss of HK\$380 million (2016: HK\$74 million) which included the impact of forward foreign exchange contracts.
- (b) Write-back of impairment provision of HK\$279 million (2016: provision charge of HK\$496 million) on certain development projects in Mainland China.
- (c) Net gain of HK\$422 million (2016: Nil) on disposal of an associate and subsidiaries.

5. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	HK\$ Million	HK\$ Million
Interest charged on:		
Bank loans and overdrafts	562	529
Other borrowings	503	801
Total interest charge	1,065	1,330
Other finance costs	175	203
Less: Amount capitalised	(589)	(753)
	651	780
Fair value (gain)/loss:		
Cross currency interest rate swaps	(406)	(478)
Interest rate swaps	255	29
	(151)	(449)
Total	500	331

- (a) The Group's average effective borrowing rate for the period was 3.1% (2016: 2.9%) 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	
	2017	2016
	HK\$ Million	HK\$ Million
Current income tax		
Hong Kong		
— provision for the period	1,053	1,130
— overprovision in respect of prior years	(17)	(6)
Outside Hong Kong		
— provision for the period	555	497
— overprovision in respect of prior years	(13)	(5)
	1,578	1,616
Land appreciation tax (“LAT”) in Mainland China		
(Note 6c)	515	188
Deferred tax		
Change in fair value of investment properties	353	(12)
Origination and reversal of temporary differences	170	240
	523	228
Total	2,616	2,032

- (a) The provision for Hong Kong profits tax is based on the profit for the period as adjusted for tax purposes at a rate of 16.5% (2016: 16.5%).
- (b) Income tax on profits assessable outside Hong Kong is mainly Mainland China corporate income tax calculated at a rate of 25% (2016: 25%), Mainland China withholding income tax at a rate of up to 10% (2016: 10%) and Singapore income tax at a rate of 17% (2016: 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 2017 of HK\$447 million (2016: HK\$467 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	
	2017	2016
	HK\$ Million	HK\$ Million
Profit attributable to equity shareholders	6,243	5,662

(b) Weighted average number of ordinary shares

	30 June 2017	30 June 2016
	No. of shares	No. of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,037,088,514	2,031,849,287
Effect of dilutive potential shares — Share options	6,275,985	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,043,364,499	2,031,849,287

8. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

	Six months ended 30 June			
	2017	2017	2016	2016
	HK\$ per share	HK\$ Million	HK\$ per share	HK\$ Million
First interim dividend declared after the end of the reporting period	0.475	969	0.450	915

(a) The first interim dividend based on 2,040,249,287 (2016: 2,033,349,287) issued ordinary shares 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\$1,733 million for 2016 was approved and paid in 2017.

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 2017, shown as follows:

	30 June 2017 HK\$ Million	31 December 2016 HK\$ Million
Trade receivables		
0 – 30 days	678	500
31 – 60 days	177	132
61 – 90 days	34	31
Over 90 days	156	143
	1,045	806
Accrued sales receivables	2,274	252
Other receivables and prepayments	9,364	8,509
	12,683	9,567

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 based on invoice dates as at 30 June 2017, shown as follows:

	30 June 2017 HK\$ Million	31 December 2016 HK\$ Million
Trade payables		
0 – 30 days	317	413
31 – 60 days	194	280
61 – 90 days	37	39
Over 90 days	45	189
	593	921
Rental and customer deposits	4,427	4,235
Construction costs payable	9,260	11,087
Amounts due to associates	2,298	3,376
Amounts due to joint ventures	2,781	2,587
Other payables	5,547	6,675
	24,906	28,881

11. BANK LOANS AND OTHER BORROWINGS

	30 June 2017 HK\$ Million	31 December 2016 HK\$ Million
Bonds and notes (unsecured)	39,563	50,631
Bank loans (secured)	13,926	13,639
Bank loans (unsecured)	30,358	30,671
Total bank loans and other borrowings	83,847	94,941
Analysis of maturities of the above borrowings:		
Current borrowings		
Due within 1 year	19,425	25,886
Non-current borrowings		
Due after 1 year but within 5 years	58,539	62,238
Due after 5 years	5,883	6,817
	64,422	69,055
Total bank loans and other borrowings	83,847	94,941

12. SHARE CAPITAL

	30 June 2017	30 June 2017	31 December 2016	31 December 2016
	No. of shares	HK\$ Million	No. of shares	HK\$ Million
Issued and fully paid ordinary shares				
At 1 January	2,034,699,287	3,075	2,031,849,287	2,949
Shares issued under the share option scheme	5,550,000	278	2,850,000	126
At 30 June/31 December	2,040,249,287	3,353	2,034,699,287	3,075

13. 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 only 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 2017			31 December 2016		
	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	12,918	—	12,918	9,497	—	9,497
— Unlisted investments	—	33	33	—	33	33
Derivative financial instruments:						
— Interest rate swaps	—	304	304	—	414	414
— Cross currency interest rate swaps	—	142	142	—	152	152
— Forward foreign exchange contracts	—	108	108	—	187	187
	12,918	587	13,505	9,497	786	10,283
Liabilities						
Derivative financial instruments:						
— Interest rate swaps	—	(320)	(320)	—	(252)	(252)
— Cross currency interest rate swaps	—	(1,294)	(1,294)	—	(2,007)	(2,007)
— Forward foreign exchange contracts	—	(86)	(86)	—	(591)	(591)
Bank loans and other borrowings:						
— Bonds and notes	—	(24,208)	(24,208)	—	(28,598)	(28,598)
— Bank loans	—	(1,001)	(1,001)	—	(1,001)	(1,001)
	—	(26,909)	(26,909)	—	(32,449)	(32,449)

During the six months ended 30 June 2017, 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) 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 2017 and 31 December 2016.

14. MATERIAL RELATED PARTY TRANSACTIONS

The Group has not been a party to any material related party transaction during the period ended 30 June 2017 except for the rental income totalling HK\$529 million (2016: HK\$549 million) earned 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\$449 million (2016: HK\$479 million) also constitute connected transactions as defined under the Listing Rules.

15. CONTINGENT LIABILITIES

- (a) As at 30 June 2017, there were contingent liabilities in respect of guarantees given by the Group on behalf of certain associates and joint ventures of HK\$2,715 million (31/12/2016: HK\$4,233 million), of which HK\$1,191 million (31/12/2016: HK\$3,095 million) had been drawn.
- (b) As at 30 June 2017, there were guarantees of HK\$8,067 million (31/12/2016: HK\$8,811 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\$3,557 million (31/12/2016: HK\$3,202 million) provided by associates and joint ventures of Wharf group to the banks in favour of their customers.

16. COMMITMENTS

The Group's outstanding commitments as at 30 June 2017 are detailed below:

(a) Planned expenditure

	30 June 2017			31 December 2016		
	Committed HK\$ Million	Uncommitted HK\$ Million	Total HK\$ Million	Committed HK\$ Million	Uncommitted HK\$ Million	Total HK\$ Million
(I) Properties						
Investment property						
Hong Kong	1,793	469	2,262	990	429	1,419
Mainland China	3,750	6,156	9,906	4,035	6,301	10,336
Singapore	5	–	5	7	–	7
	5,548	6,625	12,173	5,032	6,730	11,762
Development property						
Hong Kong	10,233	11,082	21,315	10,603	14,138	24,741
Mainland China	6,733	11,717	18,450	8,073	14,098	22,171
Singapore	58	214	272	141	203	344
	17,024	23,013	40,037	18,817	28,439	47,256
Properties total						
Hong Kong	12,026	11,551	23,577	11,593	14,567	26,160
Mainland China	10,483	17,873	28,356	12,108	20,399	32,507
Singapore	63	214	277	148	203	351
	22,572	29,638	52,210	23,849	35,169	59,018
(II) Non property and others						
Hotels	899	124	1,023	1,379	412	1,791
Modern Terminals	332	57	389	247	126	373
i-CABLE	–	–	–	18	211	229
	1,231	181	1,412	1,644	749	2,393
Total	23,803	29,819	53,622	25,493	35,918	61,411

- (i) Properties commitments are mainly for construction costs to be incurred in the forthcoming years, including attributable land costs of HK\$0.2 billion (31/12/2016: HK\$1.7 billion).
- (ii) The expenditure for properties includes attributable amounts for developments undertaken by associates and joint ventures of HK\$9.0 billion (31/12/2016: HK\$9.7 billion) in Mainland China.

- (b) 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 2017 HK\$ Million	31 December 2016 HK\$ Million
Expenditure for operating leases		
Within one year	8	7
After one year but within five years	25	24
Over five years	4	7
	37	38

17. REVIEW OF UNAUDITED INTERIM FINANCIAL INFORMATION

The unaudited interim financial information for the six months ended 30 June 2017 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 for 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 2017, Directors of the Company had the following interests, all being personal and beneficial 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, and the percentages which the relevant shares represented as compared to the total number of shares in issue of the relevant companies respectively are also set out below:

	Long/Short Position	Quantity (percentage, where applicable) held
The Company		
Stephen T H Ng — Ordinary Shares	Long Position	176,000 (0.0086%)
Stewart C K Leung — Ordinary Shares	Long Position	700,000 (0.0343%)
Paul Y C Tsui — Ordinary Shares	Long Position	107,000 (0.0052%)
Wharf		
Stephen T H Ng — Ordinary Shares	Long Position	9,445 (0.0003%)
Kenneth W S Ting — Ordinary Shares	Long Position	659,024 (0.0217%)
Kenneth W S Ting — Ordinary Shares	Short Position	560,864 (0.0185%)
i-CABLE		
Stephen T H Ng — Ordinary Shares	Long Position	1,265,005 (0.0629%)
Wheelock Finance Limited		
Ricky K Y Wong — HKD Guaranteed Notes due 2017	Long Position	HK\$5,000,000
Ricky K Y Wong — USD Guaranteed Notes due 2018	Long Position	US\$1,300,000
Ricky K Y Wong — HKD Guaranteed Notes due 2022	Long Position	HK\$5,000,000
Greentown China Holdings Limited		
Stewart C K Leung — USD Bond due 2018	Long Position	US\$500,000
Ricky K Y Wong — USD Fixed Rate Notes due 2020	Long Position	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 2017. 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 2017 by Directors (and/or their respective associate(s)) of the Company to subscribe for ordinary shares of the Company (the “Company’s share(s)” or “Wheelock’s share(s)”) granted/exercisable under the share option scheme of the Company:

Name of Director	Total No. of Wheelock’s shares under option held as at 30 June 2017 (percentage based on all issued shares)	Date of grant (Day/Month/Year)	No. of Wheelock’s shares under option				Subscription price per share (HK\$)
			As at date of grant	As at 1 January 2017	Exercised during the period	As at 30 June 2017	
Douglas C K Woo (Note b)	8,000,000	14/06/2013	3,000,000	3,000,000	–	3,000,000	39.98
	(0.39%)	07/07/2016	5,000,000	5,000,000	–	5,000,000	36.60
Stewart C K Leung	2,400,000	14/06/2013	3,000,000	2,400,000	(2,400,000)	–	39.98
	(0.12%)	07/07/2016	3,000,000	2,400,000	–	2,400,000	36.60
Paul Y C Tsui	1,200,000	14/06/2013	1,500,000	1,500,000	(1,500,000)	–	39.98
	(0.06%)	07/07/2016	1,500,000	1,200,000	–	1,200,000	36.60
Ricky K Y Wong	3,000,000	14/06/2013	3,000,000	2,250,000	(1,650,000)	600,000	39.98
	(0.15%)	07/07/2016	3,000,000	2,400,000	–	2,400,000	36.60

Notes:

- (a) *Regarding the share options granted to the abovementioned Directors on each of the dates of grant as set out above, each of the relevant share options as originally granted (i.e. the original total quantity of options granted on the relevant date(s) of grant) was/is 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 tranche exercisable from the day immediately following the date(s) of grant, and the 2nd, 3rd, 4th and 5th tranches exercisable from the day immediately following the 1st, 2nd, 3rd and 4th anniversary dates of the relevant date(s) of grant respectively; all the options will lapse at the close of business on the 5th anniversary date of the respective date(s) of grant.*
- (b) *As at both 1 January 2017 and 30 June 2017, 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 Wheelock'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) *The weighted average closing price of Wheelock's shares immediately before the date(s) of exercise(s) of options by Mr Stewart C K Leung during the period under review was HK\$59.04 per share.*
- (d) *The weighted average closing price of Wheelock's shares immediately before the date(s) of exercise(s) of options by Mr Paul Y C Tsui during the period under review was HK\$58.66 per share.*
- (e) *The weighted average closing price of Wheelock's shares immediately before the date(s) of exercise(s) of options by Mr Ricky K Y Wong during the period under review was HK\$62.20 per share.*

(C) INTERESTS IN SHARE OPTIONS OF WHARF

There was in existence during the financial period under review 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 period 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 2017 (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 date of grant	As at 1 January 2017	Exercised during the period	As at 30 June 2017	
Stephen T H Ng	6,000,000	05/06/2013	2,000,000	2,000,000	–	2,000,000	70.20
	(0.20%)	07/07/2016	5,000,000	5,000,000	(1,000,000) Note (iii)	4,000,000	46.90
Paul Y C Tsui	2,200,000	05/06/2013	1,000,000	1,000,000	–	1,000,000	70.20
	(0.07%)	07/07/2016	1,500,000	1,200,000	–	1,200,000	46.90

Notes:

- (i) Regarding the share options granted to the abovementioned Directors on each of the dates of grant as set out above, each of the relevant share options as originally granted (i.e. the original total quantity of options granted on the relevant date(s) of grant) was/is 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 Wharf’s shares, and with the 1st tranche exercisable from the day immediately following the date(s) of grant, and the 2nd, 3rd, 4th and 5th tranches exercisable from the day immediately following the 1st, 2nd, 3rd and 4th anniversary dates of the relevant date(s) of grant respectively; all the options will lapse at the close of business on the 5th anniversary date of the respective date(s) of grant.
- (ii) As at both 1 January 2017 and 30 June 2017, 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”.
- (iii) The weighted average closing price of Wharf’s shares immediately before the date(s) of exercise(s) of options by Mr Stephen T H Ng during the period under review was HK\$67.07 per share.

Except as disclosed above:

- (1) 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; and
- (2) 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 2017 by any of the Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and/or 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/or its associated corporations held by any of them as at 30 June 2017.

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 2017 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 (11.86%)
(ii) Mrs Bessie P Y Woo (Notes 1 & 4)	241,979,652 (11.86%)
(iii) HSBC Trustee (C. I.) Limited	995,221,678 (48.78%)

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 2017 and 30 June 2017 (and also as at the date(s) of grant), 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 5 June 2013 covering 2,000,000 Wharf's shares, with the subscription prices and the vesting/exercise periods thereof being the same as those which are applicable to share options of the Company and of Wharf granted on the respective dates to the relevant Director(s) of the Company as stated above under subsections (B) and (C) in the section headed "Directors' Interests in Securities".*
- (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 2017, 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 under review of all share options of the Company outstanding during the period 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 (both dates inclusive) (Day/Month/Year)	Subscription price per share (HK\$)
	As at 1 January 2017	Exercised during the period	As at 30 June 2017		
(i) 14/06/2013:	1,300,000	(300,000)	1,000,000	15/06/2013–14/06/2018	39.98
	2,350,000	(1,350,000)	1,000,000	15/06/2014–14/06/2018	39.98
	2,500,000	(1,500,000)	1,000,000	15/06/2015–14/06/2018	39.98
	2,500,000	(1,500,000)	1,000,000	15/06/2016–14/06/2018	39.98
	2,500,000	(900,000)	1,600,000	15/06/2017–14/06/2018	39.98
	11,150,000	(5,550,000)	5,600,000		
(ii) 07/07/2016:	1,000,000	-	1,000,000	08/07/2016–07/07/2021	36.60
	2,500,000	-	2,500,000	08/07/2017–07/07/2021	36.60
	2,500,000	-	2,500,000	08/07/2018–07/07/2021	36.60
	2,500,000	-	2,500,000	08/07/2019–07/07/2021	36.60
	2,500,000	-	2,500,000	08/07/2020–07/07/2021	36.60
	11,000,000	-	11,000,000		
Total:	22,150,000	(5,550,000)	16,600,000		

Notes:

- (1) The weighted average closing price of Wheelock's shares immediately before the date(s) of exercise(s) of the options during the financial period as abovementioned was HK\$59.88 per share.
- (2) Except as disclosed above, 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 under review of all Wharf's share options outstanding during the period 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 (both dates inclusive) (Day/Month/Year)	Subscription price per share (HK\$)
	As at 1 January 2017	Exercised during the period	As at 30 June 2017		
(i) 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		
(ii) 07/07/2016:	1,800,000	(1,800,000)	–	08/07/2016–07/07/2021	46.90
	2,900,000	–	2,900,000	08/07/2017–07/07/2021	46.90
	2,900,000	–	2,900,000	08/07/2018–07/07/2021	46.90
	2,900,000	–	2,900,000	08/07/2019–07/07/2021	46.90
	2,900,000	–	2,900,000	08/07/2020–07/07/2021	46.90
	13,400,000	–	11,600,000		
Total:	23,900,000	(1,800,000)	22,100,000		

Notes:

- (1) The weighted average closing price of Wharf's shares immediately before the date(s) of exercise(s) of the options during the financial period as abovementioned was HK\$66.10 per share.
- (2) Except as disclosed above, no share option of Wharf lapsed or was granted, exercised or cancelled during the financial period.

CHANGES OF INFORMATION OF DIRECTORS

Given below is the latest information regarding annual emoluments, calculated on an annualised basis for the year 2017 (and the year 2016), 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	6,223 (2016: 6,041)	10,000 (2016: 9,000)
Stephen T H Ng	8,065 (2016: 7,827)	84,100* (2016: 11,500)
Stewart C K Leung	5,476 (2016: 5,460)	9,000 (2016: 8,000)
Paul Y C Tsui	5,254 (2016: 5,094)	6,500 (2016: 6,500)
Ricky K Y Wong	4,551 (2016: 4,414)	8,000 (2016: 7,000)

Not including the Chairman's fee of HK\$250,000 (2016: HK\$225,000) per annum and the Remuneration Committee Member's fee of HK\$50,000 per annum (2016: Nil) payable to Mr Douglas C K Woo and the Director's fee of HK\$200,000 (2016: HK\$150,000) per annum to each of the other Directors of the Company payable by the Company.

Paid during the six months ended 30 June 2017, with the amounts of such discretionary annual bonuses fixed/decided unilaterally by the employers.

* Included a discretionary one-off Special Entrepreneurial Merit Award of HK\$72.6 million for Mr Stephen Ng's contribution to building up and managing Wharf T&T since it was established in 1995 and the realisation of substantial investment value from the disposal of Wharf T&T in 2016.

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.

RECORD DATE FOR INTERIM DIVIDEND

There will be no book closure for determining Shareholders' entitlements to the interim dividend, which will be paid on 18 September 2017 to Shareholders on record as at the close of business on 28 August 2017. In order to qualify for the abovementioned interim dividend, all share 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 Monday, 28 August 2017.

By Order of the Board

Wilson W S Chan

Company Secretary

Hong Kong, 14 August 2017

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, Wanchai, Hong Kong, by post or by hand delivery, or via email to wheelockcompany-ecom@hk.tricorglobal.com.