WHARF

Established 1886

WHARF REAL ESTATE INVESTMENT COMPANY LIMITED

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Interim Report 2018

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Record Retail Sales Drove Robust Performance

HIGHLIGHTS

- Harbour City contributed 63% of Group revenue and 72% of operating profit, at a profit margin of 89%.
    - o Retail revenue increased by 15% to account for 73% of total revenue.
    - o Underlying retail sales grew at a robust 36.1% (vs the Hong Kong average of 13.4%) to a new record of HK$18.6 billion (for 7.5% of total Hong Kong retail sales) or HK$2,700 per square foot per month.
    - o Ocean Terminal Extension opened in the summer of 2017 and quickly became the new icon with the Foster-designed terminal tip.
    - o One block of Gateway Apartments is closed for conversion to office and retail for completion by mid-2019.
- Overall, Investment Properties ("IP") reported 14% growth in core profit.
- Group revenue declined by 15% and operating profit by 10%, due to orderly exit from Development Properties ("DP") by listed subsidiary Harbour Centre Development Limited ("HCDL").
- Group core profit increased by 8% to HK$5,022 million.
- IP revaluation gave rise to a net surplus of HK$5.2 billion to increase attributable profit to HK$10.2 billion.
- Net debt excluding partly-owned subsidiaries declined by HK$2.9 billion to HK$40 billion on total assets of HK$277 billion.
- An interim dividend of HK$1.05 per share will be paid, in line with the policy of distributing 65% of realised IP core profit.

GROUP RESULTS

Group core profit for the half-year period ended 30 June 2018 increased by 8% to HK$5,022 million (2017: HK$4,646 million), equivalent to HK$1.65 per share (2017: HK$1.53).

Group profit attributable to equity shareholders, including a net IP revaluation surplus and other accounting gains/losses, increased by 108% to HK$10,179 million (2017: HK$4,900 million). Basic earnings per share were HK$3.35 (2017: HK$1.61).

INTERIM DIVIDEND

An interim dividend of HK$1.05 per share will be paid on 10 September 2018 to Shareholders on record as at 6:00 p.m. on 23 August 2018. The distribution will amount to HK$3,188 million, representing 65% of realised core profit from IP.

BUSINESS REVIEW

The IP portfolio reported robust retail sales, which grew at a rate of 31.4% (vs the Hong Kong average of 13.4%) to set a new record of HK$24.6 billion. That represented 9.9% of total Hong Kong retail sales during the period.

Harbour City retail sales led with a growth rate of 36.1% to a record of HK$18.6 billion or HK$2,700 per square foot per month and accounted for 7.5% of total Hong Kong retail sales. Contribution to the Group from Harbour City increased to 63% of revenue and 72% of operating profit, on the back of an operating profit margin of 89%.

HARBOUR CITY

Total revenue (excluding hotels) increased by 11% to HK$5,157 million and operating profit by 10% to HK$4,587 million. Retail revenue increased by 15% to account for 73% of total revenue.

Ocean Terminal Extension opened in the summer of 2017 and has quickly established itself as a new icon and a photography hotspot. The value-creation investment is successfully drawing shopper traffic and enhancing the attractiveness of Harbour City.

In continuation of active asset management, one block of Gateway Apartments is closed for conversion to office and retail for completion by mid-2019.

Retail

Critical mass, showcase effect and retail management continued to underpin the success of Harbour City.

Rental reversion and turnover rental growth contributed to the exceptional performance. Revenue and operating profit both increased by 15% to HK$3,755 million and HK$3,378 million, respectively. Average passing rent grew by 14% to HK$487 per square foot per month.

While Harbour City consistently ranks among the most productive malls in the world, constant tenant mix refinement and value creation initiatives further elevate retailtainment experience and drive performance.

At Ocean Terminal Extension, 7 of the 11 dining outlets with dazzling alfresco area and panoramic Victoria Harbour view have been opened and are trading with success.

A host of compelling premium brands including *CLUSE, Ermanno Scervino, Guerlain, i29 – a.testoni, KENZO Kids, LAOPU GOLD, Lyanature co., Maison Christian Dior* (specialty fragrance pop-up) and *STANCE* have launched their Hong Kong or Kowloon debut at Harbour City. Luxury leather goods brand *Valextra* will follow.

Capturing the surge in active wear demand, *adidas* will unveil a specialist store *adidas FTWR SUPPLY*, featuring an extensive selection of sports, training and lifestyle footwear.

The luxurious jewellery label collection will be enhanced with the upcoming launch of *De Beers*. Other new recruitments include *MLB* and *W.P.C*.

An extensive selection of culinary options are added to keep pace with increasingly sophisticated customer tastes. *Menya Itto*, an acclaimed ramen and tsukemen restaurant from Tokyo, as well as *FU RONG*, a contemporary Chinese eatery offering Sichuan delicacies with a modern twist, launched their Hong Kong debut at Harbour City. Singapore's renowned snack brand *IRVINS Salted Egg*'s Hong Kong debut successfully draws a consistently long line. Other new dining options including *Luna Cake* and *Mellow Brown Café by UCC* continued to wow visitors with pleasant culinary surprises.

Innovative and first-of-its-kind marketing initiatives continued to create highly engaging retail experience. The annual signature event "Chocolate Trail" featured a "mini CHOCOllection" exhibition showcasing 32 miniature chocolate art pieces by renowned Japanese artist, Mr. Tatsuya Tanaka and a "Chocolate Tasting Bar" with nine famous chocolate brands making their first appearance in Hong Kong.

The Harbour Art Fair has expanded its scope to more Asian artists, displaying over 50 emerging galleries and over a hundred art works.

A lipstick tasting bar and art exhibition "Sun-Kissed Summer" were set up this summer supplemented by an interactive digital game to generate buzz. Other innovative events including "Puppy New Year @ Harbour City", "LCX x We Bare Bears", "NANOS Wonderland @ Harbour City" and "CULT FROM SPACE" Solo Exhibition by Prodip Leung effectively boosted publicity and footfall.

Office

Stable rents for new commitment were achieved and supported by the demand from Mainland corporations and co-working operators amid intense competition arising from the increased supply of prime office space in Kowloon.

Revenue increased by 4% to HK$1,281 million backed by positive rental reversion. Occupancy rate was 98% at the end of June 2018. Lease renewal retention rate was 57%. Average spot rent increased by 12% and 5% to HK$45 and HK$59 per square foot per month for Canton Road offices and The Gateway offices, respectively.

To meet underlying demand, one block of Gateway Apartments will be converted to create 360,000 square feet of office space to be completed by mid-2019, thereby providing impetus for further growth.

Gateway Apartments

Revenue totalled HK$121 million during the period. Occupancy stood firm at 100% at the end of June 2018. The 256 furnished units with a wide variety of layouts continued to cater for the diverse demands. Gateway Apartments earned "The Best Serviced Apartments Award" in the "Best of the Best Awards 2018" by Squarefoot Magazine for eight years consecutively in recognition of its service excellence.

Hotel

With increased tourist visitations to the city, the three hotels, Marco Polo Hongkong, Gateway and Prince enjoyed a strong first half in 2018. The hotels' continuous improvement programmes have positively impacted on business results and brand reputation illustrated by high guest satisfaction and reputation scores.

TIMES SQUARE

In the midst of a major re-tenanting exercise to enhance the competitiveness of the mall, revenue increased by 1% to HK$1,430 million, while operating profit was stable at HK$1,283 million.

Retail

Sitting atop Causeway Bay MTR station, the 17-level shopping landmark encompassing nearly one million square feet of prime retail space continued to be the anchor of the "Greater Times Square" concept.

Driven by healthy foot traffic and value creation initiatives, tenant sales achieved marked improvement of a 22% growth rate. At a time when major re-tenanting gave rise to rent voids, revenue was stable at HK$1,062 million. Occupancy rate was 97% as at 30 June 2018. Average retail passing rent was almost unchanged at HK$299 per square foot per month.

In the forefront of retail and riding on the digital advancement wave, Times Square embodies an experiential digital assortment with the expansion of *Fortress* to a 16,839-square-foot store on 8-9/F as its largest flagship in Hong Kong. In addition, the expansion of *Watsons health* store as a one-stop personal care and beauty centre on 9/F will widen the Mall's offerings of daily wellness necessities.

The debut of *Motherhouse* and *Ray-Ban* provided shoppers with more enriching retail experiences. Other new commitments included *Balenciaga*, *Rimowa*, *Claudie Pierlot*, *Clinique*, *OROGOLD cosmetics*, *Sisley Paris*, *3CE*, *The Kooples* and *Campo Marzio*.

Cafe Terceira, a well-known Macanese restaurant, and *Du Hsiao Yueh*, a renowned traditional Tainan restaurant with over 100 years of history, made their Island debut at Times Square.

Times Square strives to foster cultural enrichment for the community through inspiring exhibitions and events. "90 Years of Hong Kong Porcelain Art — Yuet Tung China Works" was organised to promote the unique art form of Canton decorated porcelain and celebrate the factory's 90th anniversary since establishment in Kowloon City in 1928. "A Rendezvous with Hats and Headdress Pieces in Cantonese Opera — Chan Kwok Yuen's 60 Years of Hat and Headdress Creations" was presented to enhance visitors' understanding of the history of traditional Chinese hats and headdress pieces.

A 30-day Canton Pop Feast featuring 30 popular local singers was held to ride on the Art Month promotion by Hong Kong Tourism Board. Other exhilarating marketing events included "Pokémon Carnival", featuring Pokémon game booths, electronic games, stamp rally card collections and 1:1 Pikachu figure photo area. Times Square also partnered with Disney • Pixar to launch the "Incredibles 2" Headquarter Exhibition featuring four customised Game Zones with highlights on a 4-meter tall Jack-Jack figure, meet and greet session of Mr. Incredible and Elastigirl, and an e-sport zone featuring "LEGO Disney • Pixar's The Incredibles" on PS4.

Office

Against the backdrop of stable rental reversion, revenue increased by 5% to HK$368 million. Average spot rent increased by 12% to HK$66 per square foot per month and a rental reversion rate of 10% was achieved. Occupancy rate maintained at 99% at the end of June 2018. Lease renewal retention rate was 54%.

CENTRAL PORTFOLIO

Revenue and operating profit at **Wheelock House** and **Crawford House** both increased by 1% to HK$233 million and HK$203 million, respectively.

Wheelock House's office spot rent increased by 20% to HK$108 per square foot per month, while an encouraging rental reversion rate of 28% was achieved. Lease renewal retention rate was 44%.

Crawford House's average office spot rent increased by 12% to HK$69 per square foot per month, with a positive rental reversion rate of 14%. Lease renewal retention rate remained at 61%.

Celebrating its soft opening in early 2018, **The Murray, Hong Kong**, the flagship Niccolo hotel in Hong Kong transformed from the iconic Murray Building, is the Group's latest strategic long-term investment. The hotel becomes fully operational in August. Early operating losses including depreciation of land and building costs have been incurred since soft opening while building business.

Redesigned by the renowned architect Foster + Partners, the contemporary, urban, chic hotel is a rare strategic asset and plays a prominent part in the Government heritage preservation initiatives. The epic transformation adds a distinctive hospitality icon to the city.

The 25-storey luxury hotel features 336 spacious rooms and suites styling in a minimalist decor with clean lines and modern fixtures, commanding scenic views of the city's Central Business District and the leafy green oasis of Hong Kong Park.

The hotel also parades a wide variety of unique and memorable culinary experiences, including rooftop *Popinjays*, *Murray Lane* lobby bar, *Garden Lounge*, *The Tai Pan* and *Guo Fu Lou*. Alongside the exceptional meeting and event spaces, The Murray, Hong Kong is emerging as a stand-out venue for conferences, events and celebrations.

In 2018, The Murray, Hong Kong was honoured with the prestigious accolades of "The Hot List 2018" by Condé Nast Traveller UK, "City Slicker, Big Sleep Awards 2018" by National Geographic Traveller and "The Best New Business Hotel in Asia 2018" by Bloomberg.

PLAZA HOLLYWOOD

Re-tenanting also affected Plaza Hollywood. Revenue increased by 1% to HK$290 million, while operating profit declined by 1% to HK$226 million. Occupancy rate was 97% as at 30 June 2018.

The mall's highly efficient layout (65% of GFA is lettable) houses 259 retail outlets, 25 restaurants, and a purpose-built stadium housing a six-screen cinema multiplex with 1,614 seats, forging an exclusive critical mass for shoppers and retailers.

New recruitments including *GU*, *10 minutes to 10, ABOUTHAI, Balabala, "Delicron®"*., *Gourami*, *Her Own Words*, *MARQUE*, *mides*, *nu eye concept*, *Ray-Ban*, *Soap Berry* and *The One* freshen up the retail offerings. Lifestyle and confectionery offerings have been enriched with the recruitments of *China Unicom*, *Conte de Cookie*, *Mei Lok Store*, *Monkey Tree English Learning Center*, *Napura & Beverly Hills*, *TAKAD FURNITURE* and *正官庄*. *Crostini*, a new chic hybrid café combining retail and dining elements was introduced. Free shuttle service, ambassadors and incentive programmes provided in collaboration with Kai Tak Cruise Terminal further attract tourists visit and spending.

A spate of alluring marketing events was also introduced. Highlights included "Celebrating New Year with Odie", Taiwan Minced Rice Festival, "Secret Superstar" Movie Promotion cum Superstar Singing Contest, K-pop Cover Dance Festival — Hong Kong Leg, a large scale Wedding Expo, and a Soccer Pitch Event for game tournament, training cum World Cup match live broadcast campaign.

STAR FERRY

The previous franchise expired on 31 March 2018 and a new franchise for 15 years started on 1 April 2018.

FINANCIAL REVIEW

(I) REVIEW OF 2018 INTERIM RESULTS

Group core profit increased by 8% to HK$5,022 million (2017: HK$4,646 million). IP accounted for 98% of Group core profit with a 14% growth rate to HK$4,936 million.

Profit attributable to shareholders increased by 108% to HK$10,179 million (2017: HK$4,900 million) after inclusion of a higher net IP revaluation surplus of HK$5,157 million (2017: HK$472 million).

Revenue and Operating Profit

IP revenue continued to grow by 8% to HK$7,123 million (2017: HK$6,601 million) and operating profit by 7% to HK$6,312 million (2017: HK$5,887 million). In particular, Harbour City recorded revenue and operating profit growth of 11% and 10%, respectively.

Hotel revenue rose by 29% to HK$831 million (2017: HK$646 million), primarily attributable to a stronger performance from the three Marco Polo Hotels in Harbour City and soft opening of The Murray, Hong Kong in Central. However, operating profit dropped by 42% to HK$83 million (2017: HK$144 million) as impacted by the initial operating loss of The Murray, Hong Kong after depreciation on land and building and financing costs.

DP revenue decreased by 97% to HK$66 million (2017: HK$2,166 million), resulting in an operating loss of HK$46 million (2017: profit of HK$1,135 million) due to depletion of the project pipeline.

Investment and others revenue grew by 1% to HK$134 million (2017: HK$133 million) while operating profit dropped by 14% to HK$66 million (2017: HK$77 million).

Consolidated revenue decreased by 15% to HK$8,154 million (2017: HK$9,546 million) and operating profit by 10% to HK$6,352 million (2017: HK$7,050 million).

Fair Value Gain of IP

Book value of IP portfolio as at 30 June 2018 increased to HK$259.1 billion (2017: HK$253.8 billion) with HK$255.2 billion thereof stated at fair value based on independent valuation, which produced a revaluation gain of HK$5,224 million for the period (2017: HK$478 million). The attributable gain of HK$5,157 million (2017: HK$472 million), net of related non-controlling interests, was credited to the consolidated statement of profit or loss.

IP under development in the amount of HK$3.9 billion is carried at cost and will not be carried at fair value until the earlier of its fair value first becoming reliably measurable or the date of completion.

Finance Costs

Net finance costs amounted to HK$320 million (2017: HK$526 million) after interest capitalisation of HK$5 million (2017: HK$2 million) for DP projects. The effective borrowing rate for the period improved to 1.5% (2017: 3.7%).

Income Tax

Taxation charge for the period decreased to HK$1,018 million (2017: HK$1,553 million) mainly due to reduction in Mainland DP taxable profit for the period.

Profit Attributable to Equity Shareholders

Group profit attributable to equity shareholders for the period amounted to HK$10,179 million (2017: HK$4,900 million), representing an increase of 108%. Basic earnings per share were HK$3.35, based on a weighted average of 3,036 million ordinary shares in issue (2017: HK$1.61 based on 3,036 million ordinary shares in issue).

Core profit, excluding the net IP revaluation gain of HK$5,157 million and exchange loss on foreign currency borrowings in 2017, rose by 8% to HK$5,022 million (2017: HK$4,646 million). Core earnings per share were HK$1.65 (2017: HK$1.53).

(II) LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL COMMITMENTS

Shareholders' and Total Equity

As at 30 June 2018, shareholders' equity increased by HK$7.3 billion to HK$214.6 billion (2017: HK$207.3 billion), equivalent to HK$70.67 per share based on 3,036 million ordinary shares in issue (2017: HK$68.29 per share based on 3,036 million ordinary shares in issue).

Total equity including non-controlling interests increased by HK$7.2 billion to HK$220.2 billion (2017: HK$213.0 billion).

Assets

Total assets as at 30 June 2018 increased to HK$276.5 billion (2017: HK$272.7 billion). Total business assets, excluding bank deposit and cash, equity investments, financial assets and deferred tax assets, increased to HK$271.6 billion (2017: HK$266.5 billion).

Geographically, Hong Kong business assets, mainly comprising IP, amounted to HK$263.7 billion (2017: HK$258.4 billion), representing 97% (2017: 97%) of the Group total.

IP

IP increased by 2% to HK$259.1 billion (2017: HK$253.8 billion), representing 95% of total business assets. Harbour City and Times Square were valued at HK$173.8 billion (excluding the three hotels) and HK$57.8 billion as at 30 June 2018, respectively, together representing 89% of the IP portfolio.

DP/Interests in Associates and Joint Ventures

DP declined to HK$93 million (2017: HK$144 million), reflecting further sales recognition. In addition, DP undertaken through associates and joint ventures amounted to HK$2,965 million (2017: HK$3,293 million).

Hotels

Hotel properties included The Murray, Hong Kong, three Marco Polo Hotels and Marco Polo Changzhou with total book cost at HK$8.2 billion (2017: HK$8.3 billion).

Debts and Gearing

Net debt as at 30 June 2018 decreased by HK$1.3 billion to HK$41.2 billion (2017: HK$42.5 billion). It comprised HK$42.9 billion in debts and HK$1.7 billion in bank deposits and cash.

An analysis of net debt is as below:

Net debt/(cash)	**30 June 2018** ***HK$ Billion***	31 December 2017 *HK$ Billion*
Wharf REIC (excluding HCDL group)	**40.0**	42.9
HCDL group	**1.2**	(0.4)
Total net debt	**41.2**	42.5

As at 30 June 2018, the ratio of net debt to total equity dropped to 18.7% (2017: 19.9%).

Finance and Availability of Facilities

Total available loan facilities as at 30 June 2018 amounting to HK$50.0 billion, of which HK$42.9 billion was utilised, are analysed as below:

	30 June 2018		
	Available Facility *HK$ Billion*	**Total Debts** *HK$ Billion*	**Undrawn Facility** *HK$ Billion*
Committed and uncommitted bank facilities			
Wharf REIC (excluding HCDL group)	**44.3**	**40.3**	**4.0**
HCDL group	**5.7**	**2.6**	**3.1**
	50.0	**42.9**	**7.1**

Certain banking facilities were secured by mortgage over the Group's IP under development with total carrying value of HK$3.9 billion (2017: HK$3.9 billion).

The debt portfolio was primarily denominated in Hong Kong dollar ("HKD"). Funding sourced from such debt portfolio was mainly used to finance the Group's IP and remaining DP investments.

The Group continued to maintain a strong financial position with ample surplus cash and undrawn committed facilities to facilitate business and investment activities. In addition, the Group also maintained a portfolio of liquid equity investments with an aggregate market value of HK$2.7 billion (2017: HK$2.7 billion), which is available for use if necessary.

Cash Flows for the Group's Operating and Investing Activities

For the period under review, the Group recorded net cash inflows before changes in working capital of HK$6.4 billion (2017: HK$7.1 billion) mainly generated from rental income. Changes in working capital reduced the net cash inflow from operating activities to HK$4.0 billion (2017: HK$4.6 billion). For investing activities, the Group recorded a net cash inflow of HK$0.1 billion (2017: HK$0.2 billion).

Major Capital and Development Expenditures and Commitments

Major expenditures incurred in the first half of 2018 are analysed as follows:

	Hong Kong *HK$ Million*	Mainland China *HK$ Million*	Total *HK$ Million*
Properties			
IP	73	2	75
DP	–	560	560
	73	562	635
Others			
Hotels	56	–	56
Group total	129	562	691

i. IP expenditure was mainly incurred by HCDL for construction of its Suzhou IFS project.

ii. DP expenditure included costs for projects undertaken by associates and joint ventures of HCDL.

As at 30 June 2018, major expenditures to be incurred in the coming years was estimated at HK$7.3 billion, of which HK$1.7 billion was committed. They are analysed by segment as below:

	As at 30 June 2018		
	Committed *HK$ Million*	Uncommitted *HK$ Million*	Total *HK$ Million*
Properties			
IP			
Hong Kong	**341**	**506**	**847**
Mainland China	**1,226**	**2,913**	**4,139**
	1,567	**3,419**	**4,986**
DP			
Mainland China	**119**	**2,090**	**2,209**
Properties total			
Hong Kong	**341**	**506**	**847**
Mainland China	**1,345**	**5,003**	**6,348**
	1,686	**5,509**	**7,195**
Hotels	**24**	**124**	**148**
Group total	**1,710**	**5,633**	**7,343**

These expenditures will be funded by internal financial resources including surplus cash, cash flows from operations, as well as bank and other borrowings. Other available resources include equity investments.

Included in the above are HCDL's expenditures amounting to HK$6,513 million, which will be funded by its own financial resources.

(III) HUMAN RESOURCES

The Group had approximately 2,900 employees as at 30 June 2018. Employees are remunerated according to their job responsibilities and market pay trend with a discretionary annual performance bonus as variable pay for rewarding individual performance and contributions to the Group's achievement and results.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018 — Unaudited

	Note	Six months ended 30 June 2018 HK$ Million	2017 HK$ Million
Revenue	2	**8,154**	9,546
Direct costs and operating expenses		**(1,397)**	(2,049)
Selling and marketing expenses		**(146)**	(132)
Administrative and corporate expenses		**(111)**	(242)
Operating profit before depreciation, amortisation, interest and tax		**6,500**	7,123
Depreciation and amortisation		**(148)**	(73)
Operating profit	2 & 3	**6,352**	7,050
Increase in fair value of investment properties		**5,224**	478
Other net income/(charge)		**1**	(259)
		11,577	7,269
Finance costs	4	**(320)**	(526)
Share of results after tax of:			
— An associate		**48**	4
— Joint ventures		**(6)**	(40)
Profit before taxation		**11,299**	6,707
Income tax	5	**(1,018)**	(1,553)
Profit for the period		**10,281**	5,154
Profit attributable to:			
Equity shareholders		**10,179**	4,900
Non-controlling interests		**102**	254
		10,281	5,154
Earnings per share	6		
Basic		**HK$3.35**	HK$1.61
Diluted		**HK$3.35**	HK$1.61

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018 — Unaudited

	Six months ended 30 June	
	2018	2017
	HK$ Million	*HK$ Million*
Profit for the period	**10,281**	5,154
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Fair value changes on equity investments	**(33)**	414
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of foreign operations:		
— subsidiaries	**(39)**	116
— an associate and a joint venture	**(11)**	32
Other comprehensive income for the period	**(83)**	562
Total comprehensive income for the period	**10,198**	5,716
Total comprehensive income attributable to:		
Equity shareholders	**10,124**	5,290
Non-controlling interests	**74**	426
	10,198	5,716

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018 — Unaudited

	Note	**30 June 2018 *HK$ Million***	31 December 2017 *HK$ Million*
Non-current assets			
Investment properties		**259,084**	253,827
Hotel and club properties, plant and equipment		**8,461**	8,549
Interest in an associate		**1,280**	1,599
Interest in joint ventures		**1,685**	1,694
Equity investments		**2,675**	2,708
Deferred tax assets		**350**	353
Other non-current assets		**52**	54
		273,587	268,784
Current assets			
Properties for sale		**93**	144
Inventories		**14**	12
Trade and other receivables	8	**1,004**	635
Prepaid tax		**62**	24
Derivative financial assets		**34**	–
Bank deposits and cash		**1,684**	3,076
		2,891	3,891
Total assets		**276,478**	272,675

	Note	**30 June 2018 *HK$ Million***	31 December 2017 *HK$ Million*
Non-current liabilities			
Derivative financial liabilities		**(232)**	–
Deferred tax liabilities		**(2,258)**	(2,207)
Other deferred liabilities		**(329)**	(314)
Bank loans and other borrowings	10	**(35,334)**	(24,752)
		(38,153)	(27,273)
Current liabilities			
Trade and other payables	9	**(7,865)**	(8,805)
Deposits from sale of properties		**(9)**	(13)
Taxation payable		**(2,712)**	(2,816)
Bank loans and other borrowings	10	**(7,570)**	(20,800)
		(18,156)	(32,434)
Total liabilities		**(56,309)**	(59,707)
NET ASSETS		**220,169**	212,968
Capital and reserves			
Share capital	11	**304**	304
Reserves		**214,254**	207,014
Shareholders' equity		**214,558**	207,318
Non-controlling interests		**5,611**	5,650
TOTAL EQUITY		**220,169**	212,968

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018 — Unaudited

	Equity attributable to the shareholders of the Company							
	Share capital HK$ Million	Share premium HK$ Million	Investment revaluation reserves HK$ Million	Exchange reserves HK$ Million	Revenue reserves HK$ Million	Total HK$ Million	Non-controlling interest HK$ Million	Total equity HK$ Million
At 1 January 2018	**304**	**696**	**578**	**412**	**205,328**	**207,318**	**5,650**	**212,968**
Changes in equity for the period:								
Profit	**–**	**–**	**–**	**–**	**10,179**	**10,179**	**102**	**10,281**
Other comprehensive income	**–**	**–**	**(24)**	**(31)**	**–**	**(55)**	**(28)**	**(83)**
Total comprehensive income	**–**	**–**	**(24)**	**(31)**	**10,179**	**10,124**	**74**	**10,198**
Interim dividends paid for 2017 (Note 7 (b))	**–**	**–**	**–**	**–**	**(2,884)**	**(2,884)**	**–**	**(2,884)**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(113)**	**(113)**
At 30 June 2018	**304**	**696**	**554**	**381**	**212,623**	**214,558**	**5,611**	**220,169**
At 1 January 2017	–*	–	299	198	198,413	198,910	5,227	204,137
Changes in equity for the period:								
Profit	–	–	–	–	4,900	4,900	254	5,154
Other comprehensive income	–	–	296	94	–	390	172	562
Total comprehensive income	–	–	296	94	4,900	5,290	426	5,716
Capital repatriation to non-controlling interest of a subsidiary	–	–	–	–	–	–	(339)	(339)
Dividends paid to non-controlling interest	–	–	–	–	–	–	(141)	(141)
At 30 June 2017	–*	–	595	292	203,313	204,200	5,173	209,373

* *The balances represent amount less than HK$1 million.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018 — Unaudited

	Six months ended 30 June	
	2018	2017
	HK$ Million	*HK$ Million*
Operating cash inflow	**6,441**	7,052
Changes in working capital/others	**(1,397)**	(2,033)
Tax paid	**(1,092)**	(437)
Net cash generated from operating activities	**3,952**	4,582
Investing activities		
Additions to investment properties and hotel and club properties, plant and equipment	**(234)**	(1,186)
Other cash generated from investing activities	**359**	1,364
Net cash generated from investing activities	**125**	178
Financial activities		
Dividends paid to equity shareholders	**(2,884)**	–
Other cash used in financing activities	**(2,563)**	(7,955)
Net cash used in financing activities	**(5,447)**	(7,955)
Net decrease in cash and cash equivalents	**(1,370)**	(3,195)
Cash and cash equivalents at 1 January	**3,076**	5,212
Effect of exchange rate changes	**(22)**	154
Cash and cash equivalents at 30 June	**1,684**	2,171
Cash and cash equivalents		
Bank deposits and cash in the consolidated statement of financial position	**1,684**	2,171

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

This unaudited interim 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.

The preparation of the unaudited interim financial information in conformity with HKAS 34 requires management to make judgments, 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 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 2017. 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 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 2017 except for the changes mentioned below.

The HKICPA has issued a number of new standards and amendments to HKFRSs which are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers
HK(IFRIC) 22	Foreign currency transactions and advance consideration

Except for HKFRS 9 which has been early adopted in the year ended 31 December 2016, none of these developments has had a significant impact on the Group's results and financial position for the current and prior periods have been prepared or presented.

HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for construction contracts.

The Group has elected to use the cumulative effect transition method for the adoption of HKFRS 15. As allowed by HKFRS 15, the Group applied the new requirements only to contracts that were not completed before 1 January 2018. Since the number of "open" contracts for sales of development properties at 31 December 2017 is immaterial, there was no material impact for the Group's result and financial position.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

(a) *Timing of revenue recognition*

The new revenue standard does not likely to have significant impact on how the Group recognises revenue from rental income from investment properties and income from hotels operation of the Group. However, revenue recognition for sales of development properties is affected. Previously the Group's property development activities are carried out in the Mainland China only. Taking into account the contract terms, the Group's business practice and the legal and regulatory environment of the Mainland China, the Group assessed that its property sales contracts do not meet the criteria for recognising revenue over time and therefore revenue from property sales is recognised at a point in time. Previously the Group recognised revenue from property sales upon the later of the signing of the sale and purchase agreement and the completion of the property development, which was taken to be the point in time when the risks and rewards of ownership of the property have been transferred to the customer. Under the transfer-of-control approach in the current standard revenue from property sales was recognised when the legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. This would result in revenue being recognised later than the time recognised under the previous standard.

(b) *Significant financing component*

The Group did not apply such a policy when payments were received in advance, which was not common in the Group's arrangements with its customers.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. SEGMENT INFORMATION

The Group manages its diversified businesses according to the nature of services and products provided. Management has determined three reportable operating segments for measuring performance and allocating resources. The segments are investment properties, development properties and hotels. No operating segments have been aggregated to form the reportable segments.

Investment properties 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.

Development properties segment encompasses activities relating to the acquisition, development, design, construction, sales and marketing of the Group's trading properties in the Mainland China.

Hotels segment includes hotel operations in Hong Kong and Mainland China.

Management evaluates performance primarily based on operating profit as well as the equity share of results of an associate 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 and current assets directly attributable to each segment with the exception of bank deposits and cash, certain financial investments and deferred tax 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

For the six months ended	Revenue HK$ Million	Operating profit HK$ Million	Increase in fair value of investment properties HK$ Million	Other net income/ (charge) HK$ Million	Finance costs HK$ Million	Share of results after tax of an associate HK$ Million	Share of results after tax of joint ventures HK$ Million	Profit before taxation HK$ Million
30 June 2018								
Investment properties	**7,123**	**6,312**	**5,224**	**–**	**(303)**	**–**	**–**	**11,233**
Development properties	**66**	**(46)**	**–**	**(1)**	**(2)**	**48**	**(6)**	**(7)**
Hotels	**831**	**83**	**–**	**–**	**(15)**	**–**	**–**	**68**
Segment total	**8,020**	**6,349**	**5,224**	**(1)**	**(320)**	**48**	**(6)**	**11,294**
Investment and others	**134**	**66**	**–**	**2**	**–**	**–**	**–**	**68**
Corporate expenses	**–**	**(63)**	**–**	**–**	**–**	**–**	**–**	**(63)**
Group total	**8,154**	**6,352**	**5,224**	**1**	**(320)**	**48**	**(6)**	**11,299**
30 June 2017								
Investment properties	6,601	5,887	478	–	(515)	–	–	5,850
Development properties	2,166	1,135	–	–	(2)	4	(40)	1,097
Hotels	646	144	–	–	(1)	–	–	143
Segment total	9,413	7,166	478	–	(518)	4	(40)	7,090
Investment and others	133	77	–	(259)	(8)	–	–	(190)
Corporate expenses	–	(193)	–	–	–	–	–	(193)
Group total	9,546	7,050	478	(259)	(526)	4	(40)	6,707

b. Geographical information

	Revenue		Operating profit	
Six months ended 30 June	**2018 HK$ Million**	2017 HK$ Million	**2018 HK$ Million**	2017 HK$ Million
Hong Kong	**8,000**	7,296	**6,359**	5,876
Mainland China	**114**	2,221	**(47)**	1,145
Singapore	**40**	29	**40**	29
Group total	**8,154**	9,546	**6,352**	7,050

3. OPERATING PROFIT

Operating profit is arrived at:

	Six months ended 30 June	
	2018	2017
	HK$ Million	*HK$ Million*
After charging/(crediting):		
Depreciation and amortisation on		
— hotel and club properties, plant and equipment	**144**	69
— leasehold land	**4**	4
Total depreciation and amortisation	**148**	73
Staff cost (Note (i))	**478**	368
Cost of trading properties for recognised sales	**96**	999
Gross rental revenue from investment properties (Note (ii))	**(7,123)**	(6,601)
Direct operating expenses of investment properties	**760**	664
Interest income	**(13)**	(27)
Dividend income from investments	**(46)**	(44)

Notes:

(i) Staff costs included contributions to defined contribution pension schemes of HK$28 million (2017: HK$21 million).

(ii) Rental income included contingent rentals of HK$676 million (2017: HK$354 million).

4. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	HK$ Million	*HK$ Million*
Interest charged on:		
Bank loans and overdrafts	**234**	23
Other borrowings	**62**	–
Loans from fellow subsidiaries	**–**	483
Total interest charge	**296**	506
Other finance costs	**29**	22
Less: Amount capitalised	**(5)**	(2)
Total	**320**	526

a. The Group's average effective borrowing rate for the period was 1.5% p.a. (2017: 3.7% p.a.)

b. The above interest charge has taken into account the interest paid/receipts in respect of interest rate swaps and cross currency interest rate swaps.

5. INCOME TAX

Taxation charged to the consolidated statement of profit or loss represents:

	Six months ended June	
	2018	2017
	HK$ Million	*HK$ Million*
Current income tax		
Hong Kong		
— provision for the period	**970**	825
Outside Hong Kong		
— provision for the period	**(3)**	237
	967	1,062
Land appreciation tax ("LAT") in China	**2**	433
Deferred tax		
Origination and reversal of temporary differences	**49**	58
Total	**1,018**	1,553

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% (2017: 16.5%).

b. Income tax on profits assessable outside Hong Kong is mainly China corporate income tax calculated at a rate of 25% (2017: 25%) and China withholding income tax at a rate of up to 10%.

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 of sales of properties less deductible expenditures including cost of land use rights, borrowings costs and all property development expenditures.

d. Tax attributable to associates and joint ventures for the six months ended 30 June 2018 of HK$43 million (2017: HK$9 million) is included in the share of results of associates and joint ventures.

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders for the period of HK$10,179 million (2017: HK$4,900 million) and the weighted average of 3,036 million ordinary shares in issue which has been taken into account the shares issued pursuant to the distribution in specie of 3,036,227,327 ordinary shares of the Company as if it had been effective on 1 January 2017.

There are no potential dilutive ordinary shares in issue during the period ended 30 June 2018 and 2017.

7. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

		Six months ended 30 June		
	2018 ***HK$ Per share***	**2018** ***HK$ Million***	2017 *HK$ Per share*	2017 *HK$ Million*
First interim dividend declared after the end of the reporting period	**1.05**	**3,188**	N/A	N/A

a. The first interim dividend based on 3,036 million 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 interim dividend of HK$2,884 million for 2017 was approved and paid in 2018.

8. 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 the invoice date as at 30 June 2018 as follows:

	30 June 2018 ***HK$ Million***	31 December 2017 *HK$ Million*
Trade receivables		
0–30 days	**288**	254
31–60 days	**19**	27
61–90 days	**3**	3
Over 90 days	**8**	7
	318	291
Other receivables and prepayments	**686**	344
	1,004	635

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

9. TRADE AND OTHER PAYABLES

Included in this item are trade payables with an ageing analysis based on the invoice date as at 30 June 2018 as follows:

	30 June 2018 *HK$ Million*	31 December 2017 *HK$ Million*
Trade payables		
0–30 days	**149**	107
31–60 days	**22**	16
61–90 days	**5**	2
Over 90 days	**13**	5
	189	130
Rental and customer deposits	**3,447**	3,393
Construction costs payable	**716**	1,310
Amount due to joint ventures	**1,611**	1,514
Other payables	**1,902**	2,458
	7,865	8,805

10. BANK LOANS AND OTHER BORROWINGS

	30 June 2018 HK$ Million	31 December 2017 HK$ Million
Notes (unsecured)	7,071	–
Bank loans (secured)	313	2
Bank loans (unsecured)	35,520	45,550
Total bank loans and other borrowings	42,904	45,552
Analysis of maturities of the above borrowings:		
Current borrowings		
Due within 1 year	7,570	20,800
Non-current borrowings		
Due after more than 1 year but not exceeding 5 years	28,263	24,752
Due after more than 5 years	7,071	–
	35,334	24,752
Total bank loans and other borrowings	42,904	45,552

11. SHARE CAPITAL

	30 June 2018 No. of shares Million	31 December 2017 No. of shares Million	30 June 2018 HK$ Million	31 December 2017 HK$ Million
Authorised ordinary shares of HK$0.1 each	5,000	5,000	500	500
Issued and fully paid ordinary shares				
At 30 June/31 December	3,036	3,036	304	304

12. FAIR VALUES MEASUREMENT OF FINANCIAL INSTRUMENTS

a. 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 ("HKFRS13"). 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 as follows:

- 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.

	At 30 June 2018			At 31 December 2017		
	Level 1 *HK$ Million*	Level 2 *HK$ Million*	Total *HK$ Million*	Level 1 *HK$ Million*	Level 2 *HK$ Million*	Total *HK$ Million*
Assets						
Equity investments						
— Listed investments	2,675	–	2,675	2,708	–	2,708
Derivative financial instruments:						
— Interest rate swaps	–	9	9	–	–	–
— Cross currency interest rate swaps	–	25	25	–	–	–
	2,675	34	2,709	2,708	–	2,708
Liabilities						
Derivative financial instruments:						
— Interest rate swaps	–	62	62	–	–	–
— Cross currency interest rate swaps	–	170	170	–	–	–
Bank loans and other borrowings:						
— Unsecured notes	–	7,071	7,071	–	–	–
	–	7,303	7,303	–	–	–

During the six months ended 30 June 2018, there were no transfers of instruments between Level 1 and Level 2, or transfers into or out of Level 3.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels 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 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 values of bank loans and other borrowings in Level 2 is 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 2018 and 31 December 2017.

13. MATERIAL RELATED PARTY TRANSACTION

Transactions between the Company and its subsidiaries have been eliminated on consolidation. The Group has entered into the following material related party transactions during the period ended 30 June 2018:

a. For the period ended 30 June 2018, the Group earned rental income totalling HK$539 million.

(i) There was HK$477 million from 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 Wheelock and Company Limited ("Wheelock").

(ii) There was an amount HK$62 million from various tenants which are subsidiaries of Wheelock and The Wharf (Holdings) Limited ("Wharf"). Such transaction also constitute a connected transaction as defined under Listing Rules.

b. There were in existence agreements with a subsidiary of Wharf for the management, marketing, project management and technical services of the Group's hotel operations. For the period ended 30 June 2018, total fees payable under this arrangement amounted to HK$47 million. Such transaction also constitute a connected transaction as defined under Listing Rules.

c. There were in existence agreements with subsidiaries of Wheelock and Wharf for the property services in respect of the Group's property projects. For the period ended 30 June 2018, total fees payable under this arrangement amounted to HK$10 million. Such transaction also constitute a connected transaction as defined under Listing Rules.

14. CONTINGENT LIABILITIES

As at 30 June 2018, there were contingent liabilities in respect of guarantees given by the Company on behalf of subsidiaries relating to overdrafts, short term loans and credit facilities and notes of up to HK$44,470 million (31 December 2017: HK$48,300 million).

As at 30 June 2018, there were guarantees of HK$378 million (31 December 2017: HK$1,936 million) provided by the 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 the Group's development properties. There were no mortgage loan guarantees (31 December 2017: HK$2 million) provided by joint ventures and associates of the Group to the banks in favour of their customers.

The Group and the Company have not recognised any deferred income of the above guarantees for subsidiaries, joint ventures and associates as their fair value cannot be reliably measured and their transaction price was HK$Nil.

As at the end of the reporting period, the Directors do not consider it is probable that a claim will be made against the Group and the Company under any of the guarantees.

15. COMMITMENTS

The Group's outstanding commitments as at 30 June 2018 are detailed as below:

Planned expenditure

	30 June 2018			31 December 2017		
	Committed *HK$ Million*	Uncommitted *HK$ Million*	Total *HK$ Million*	Committed *HK$ Million*	Uncommitted *HK$ Million*	Total *HK$ Million*
(I) Properties						
Investment properties						
Hong Kong	341	506	847	343	468	811
Mainland China	1,226	2,913	4,139	1,214	2,903	4,117
	1,567	3,419	4,986	1,557	3,371	4,928
Development properties						
Mainland China	119	2,090	2,209	119	2,113	2,232
Properties total						
Hong Kong	341	506	847	343	468	811
Mainland China	1,345	5,003	6,348	1,333	5,016	6,349
	1,686	5,509	7,195	1,676	5,484	7,160
(II) Hotels	24	124	148	16	120	136
Group total	1,710	5,633	7,343	1,692	5,604	7,296

(i) Properties commitments are mainly for construction costs to be incurred in the forthcoming years.

(ii) The expenditure for development properties included attributable amounts for developments undertaken by joint ventures of HK$2,209 million (31 December 2017: HK$2,232 million) in Mainland China.

16. REVIEW OF UNAUDITED INTERIM FINANCIAL INFORMATION

The unaudited interim financial information for the six months ended 30 June 2018 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 one exception as regards Code Provision A.2.1 providing for the roles of the chairman and chief executive to be performed by different individuals.

Such deviation is deemed appropriate as it is considered to be more efficient to have one single person to be Chairman of the Company as well as to discharge the executive functions of a chief executive thereby enabling more effective planning and better execution of long-term strategies. 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 half of them being Independent Non-executive Directors.

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 2017 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 (the "Model Code") 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

At 30 June 2018, Directors of the Company had the following beneficial interests, all being long positions, in the shares of the Company, Wheelock and Company Limited ("Wheelock") (the Company's parent company) and The Wharf (Holdings) Limited ("Wharf") (the Company's fellow subsidiary). The percentages (where applicable) which the relevant shares represented to the respective number of shares in issue of the three companies are also set out below:

	Quantity held (percentage, where applicable)	Nature of Interest
The Company		
Stephen T H Ng	1,009,445 (0.0332%)	Personal Interest
Andrew K Y Leung	6,629 (0.0002%)	Family Interest
E K Yeoh	20,000 (0.0007%)	Personal Interest
Wheelock		
Stephen T H Ng	176,000 (0.0086%)	Personal Interest
Paul Y C Tsui	300,000 (0.0147%)	Personal Interest
Wharf		
Stephen T H Ng	1,509,445 (0.0495%)	Personal Interest
Y T Leng	750,000 (0.0246%)	Personal Interest
Alexander S K Au	100,000 (0.0033%)	Personal Interest
Andrew K Y Leung	6,629 (0.0002%)	Family Interest
E K Yeoh	20,000 (0.0007%)	Personal Interest

Note: *The interests in shares disclosed above do not include interests in share options of the Company's associated corporation(s) held by Directors as at 30 June 2018. Details of such interests in share options are separately set out below under the sub-sections headed "(B) Interests in Share Options of Wharf" and "(C) Interests in Share Options of Wheelock".*

(B) Interests in Share Options of Wharf

Set out below are particulars of all interests (all being personal interests) in options held by Director(s) of the Company during the six months ended 30 June 2018 to subscribe for ordinary shares of Wharf granted/exercisable under the share option scheme of Wharf:

		No. of Wharf's shares under option					
Name of Director	**Date of grant** (Day/Month/Year)	**As at 1 January 2018**	**Exercised during the period**	**As at 30 June 2018** (percentage based on no. of shares in issue)		**Subscription price per share** (HK$)	**Vesting/Exercise period** (Day/Month/Year)
Stephen T H Ng	05/06/2013	200,000	(200,000)	–		23.83	06/06/2015–05/06/2018
		400,000	(400,000)	–			06/06/2016–05/06/2018
		400,000	(400,000)	–			06/06/2017–05/06/2018
	Sub-total	1,000,000	(1,000,000)	–			
	07/07/2016	1,000,000	(500,000)	500,000		15.92	08/07/2017–07/07/2021
		1,000,000	–	1,000,000			08/07/2018–07/07/2021
		1,000,000	–	1,000,000			08/07/2019–07/07/2021
		1,000,000	–	1,000,000			08/07/2020–07/07/2021
	Sub-total	4,000,000	(500,000)	3,500,000			
	Total	**5,000,000**	**(1,500,000)**	**3,500,000**	(0.11%)		
Doreen Y F Lee	05/06/2013	400,000	(400,000)	–		23.83	06/06/2013–05/06/2018
		400,000	(400,000)	–			06/06/2014–05/06/2018
		400,000	(400,000)	–			06/06/2015–05/06/2018
		400,000	(400,000)	–			06/06/2016–05/06/2018
		400,000	(400,000)	–			06/06/2017–05/06/2018
	Sub-total	2,000,000	(2,000,000)	–			
	07/07/2016	600,000	–	600,000		15.92	08/07/2018–07/07/2021
		600,000	–	600,000			08/07/2019–07/07/2021
		600,000	–	600,000			08/07/2020–07/07/2021
	Sub-total	1,800,000	–	1,800,000			
	Total	**3,800,000**	**(2,000,000)**	**1,800,000**	(0.06%)		

Name of Director	Date of grant (Day/Month/Year)	No. of Wharf's shares under option: As at 1 January 2018	Exercised during the period	As at 30 June 2018 (percentage based on no. of shares in issue)		Subscription price per share (HK$)	Vesting/Exercise period (Day/Month/Year)
Paul Y C Tsui	05/06/2013	200,000	(200,000)	–		23.83	06/06/2013–05/06/2018
		200,000	(200,000)	–			06/06/2014–05/06/2018
		200,000	(200,000)	–			06/06/2015–05/06/2018
		200,000	(200,000)	–			06/06/2016–05/06/2018
		200,000	(200,000)	–			06/06/2017–05/06/2018
	Sub-total	1,000,000	(1,000,000)	–			
	07/07/2016	300,000	–	300,000		15.92	08/07/2018–07/07/2021
		300,000	–	300,000			08/07/2019–07/07/2021
		300,000	–	300,000			08/07/2020–07/07/2021
	Sub-total	900,000	–	900,000			
	Total	**1,900,000**	**(1,000,000)**	**900,000**	(0.03%)		
Y T Leng	05/06/2013	150,000	(150,000)	–		23.83	06/06/2013–05/06/2018
		150,000	(150,000)	–			06/06/2014–05/06/2018
		150,000	(150,000)	–			06/06/2015–05/06/2018
		150,000	(150,000)	–			06/06/2016–05/06/2018
		150,000	(150,000)	–			06/06/2017–05/06/2018
	Sub-total	750,000	(750,000)	–			
	07/07/2016	200,000	–	200,000		15.92	08/07/2018–07/07/2021
		200,000	–	200,000			08/07/2019–07/07/2021
		200,000	–	200,000			08/07/2020–07/07/2021
	Sub-total	600,000	–	600,000			
	Total	**1,350,000**	**(750,000)**	**600,000**	(0.02%)		
	Grand Total	**12,050,000**	**(5,250,000)**	**6,800,000**			

Note: Except as disclosed above, no Wharf's share option held by Directors of the Company and/or their associate(s) lapsed or was exercised or cancelled during the financial period and no Wharf's share option was granted to any Director of the Company and/or their associate(s) during the financial period.

(C) Interests in Share Options of Wheelock

Set out below are particulars of all interests (all being personal interests) in options held by Director(s) of the Company during the six months ended 30 June 2018 to subscribe for ordinary shares of Wheelock granted/exercisable under the share option scheme of Wheelock:

Name of Director	Date of grant (Day/Month/Year)	No. of Wheelock's shares under option: As at 1 January 2018	Exercised during the period	As at 30 June 2018 (percentage based on no. of shares in issue)	Subscription price per share (HK$)	Vesting/Exercise period (Day/Month/Year)
Paul Y C Tsui	07/07/2016	300,000	–	300,000	36.60	08/07/2018–07/07/2021
		300,000	–	300,000		08/07/2019–07/07/2021
		300,000	–	300,000		08/07/2020–07/07/2021
	Total	**900,000**	**–**	**900,000** (0.04%)		

Note: *Except as disclosed above, no Wheelock's share option held by Directors of the Company and/or their associate(s) lapsed or was exercised or cancelled during the financial period and no Wheelock's share option was granted to any Director of the Company and/or 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 (Cap. 571 of the Laws of Hong Kong) (the "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 the Model Code (or any other applicable code), there were no interests, whether long or short positions, held or deemed to be interested as at 30 June 2018 by any of 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 or deemed to be interested by any of them as at 30 June 2018.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties, other than person(s) who is/are Director(s), who/which were, directly or indirectly, interested in 5% or more of any class of voting shares of the Company as at 30 June 2018, the respective relevant numbers of 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	No. of Ordinary Shares (percentage based on number of shares in issue)
(i)	Wheelock and Company Limited	1,869,956,608 (61.59%)
(ii)	HSBC Trustee (C.I.) Limited	1,869,956,608 (61.59%)

Notes:

(1) For the avoidance of doubt and double counting, it should be noted that the shareholdings stated against parties (i) and (ii) represented the same block of shares.

(2) Wheelock's deemed shareholding interests stated above included interests held through its wholly-owned subsidiaries, namely Lynchpin Limited ("LL"), WF Investment Partners Limited ("WIPL"), High Fame Investments Limited ("HFIL") and Wheelock Investments Limited ("WIL"), with 253,779,072 shares (8.36%) being the deemed interests held by LL, 1,365,314,536 shares (44.97%) being the deemed interests held by WIPL, 250,863,000 shares (8.26%) being the deemed interests held by HFIL and 1,869,956,608 shares (61.59%) being the deemed interests held by WIL.

All the interests stated above represented long positions. As at 30 June 2018, there were no short position interests recorded in the Register.

CHANGES IN INFORMATION OF DIRECTORS

(I) Given below is the latest information regarding annual emoluments, exclusive of any and all amounts which would be borne by Wheelock, Wharf and/or their respective wholly-owned subsidiary(ies) and calculated on an annualised basis, of all those Directors for whom there have been changes of amounts of emoluments during the course of their respective terms of office since the publication of the last annual report of the Company:

Director(s)	[1]Salary and various allowances *HK$'000*		[2]Discretionary annual bonus in cash *HK$'000*	
Stephen T H Ng	3,357	*(2017: 1,343)*	17,868	*(2017: 0)*
Doreen Y F Lee	4,801	*(2017: 4,616)*	24,879	*(2017: 6,000)*
Paul Y C Tsui[3]	2,193	*(2017: N/A)*	0	*(2017: N/A)*
Y T Leng	4,503	*(2017: 4,012)*	13,310	*(2017: 6,000)*
K H Leung	1,120	*(2017: 420)*	1,258	*(2017: 0)*

(1) Not including the Chairman's fee of HK$250,000 per annum (2017: HK$250,000) and the Remuneration Committee Member's fee of HK$50,000 per annum (2017: HK$50,000) payable to Chairman and the Director's fee of HK$200,000 per annum (2017: HK$200,000) payable to each of the other Directors of the Company.

(2) The amounts of such discretionary annual bonuses were fixed/decided unilaterally by the employers.

(3) Mr Paul Y C Tsui was appointed as a Vice Chairman and Executive Director on 1 June 2018.

(II) Given below are changes in other information of the Director(s) of the Company required to be disclosed pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) under the Listing Rules since the publication of the last annual report of the Company:

	Effective Date
Stephen T H Ng	
• Hong Kong General Chamber of Commerce — retired as chairman	18 May 2018
• Hong Kong Trade Development Council — ceased to be council member	18 May 2018
• Employers' Federation of Hong Kong — appointed as vice chairman of council, vice chairman of general committee and executive committee member	25 May 2018
Alexander S K Au	
• The Independent Schools Foundation Limited — appointed as chairman of audit committee	31 May 2018

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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.

RELEVANT DATES FOR INTERIM DIVIDEND

Ex-entitlement date	22 August 2018 (Wed)
Latest time to lodge share transfer	4:30 p.m., 23 August 2018 (Thu)
Record date/ time	6:00 p.m., 23 August 2018 (Thu)
Payment date	10 September 2018 (Mon)

In order to qualify for the above-mentioned interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Thursday, 23 August 2018.

By Order of the Board
Kevin C Y Hui
Company Secretary

Hong Kong, 7 August 2018

As at the date of this interim report, the Board of Directors of the Company comprises Mr Stephen T H Ng, Ms Doreen Y F Lee, Mr Paul Y C Tsui, Ms Y T Leng and Mr K H Leung, together with five Independent Non-executive Directors, namely Mr Alexander S K Au, Hon Andrew K Y Leung, Mr Andrew J Seaton, Mr R Gareth Williams and Professor E K Yeoh.

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) is/are given the option (which may be exercised at any time by giving reasonable prior notice to the Company) of changing his/her/their 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 regarding the request for the change of choice, and should be sent to the Company, c/o the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by post or by hand delivery, or via email to wharfreic-ecom@hk.tricorglobal.com.