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## **WHEELOCK AND COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

Stock Code: 20

### Interim Results Announcement for the half-year period ended 30 June 2016

#### **Core business in progress in a challenging environment**

##### **Hong Kong Development Properties Highlights**

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

## Wheelock Group Consolidated Highlights

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

## GROUP RESULTS (unaudited)

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

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

## INTERIM DIVIDEND

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

## BUSINESS REVIEW

### Core Business – Hong Kong Development Properties (“DP”)

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

Following the O'South successes of The Parkside and CAPRI, Savannah was launched for presale in May 2016 and attracted positive response. A total of 550 residential units or 82% of launched units were presold in 1.5 months for HK\$3.0 billion (632 units or 90% of launched units for HK\$3.7 billion as at 14 August 2016). This encouraging result once again demonstrated that O'South's low living density, south-facing harbour view, green lifestyle and MTR connectivity have been well received by potential buyers. The three residential developments in O'South have already generated HK\$12 billion of sales in just under two years. The fourth development in O'South, TKOTL126, is planned for presale within the next twelve months.

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

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

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

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

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

#### **Corporate Social Responsibility ("CSR") and Business-in-Community**

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

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

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

On **quality and innovation**, WPL was named one of the '*Top 10 Developers*' by BCI Asia for the fifth consecutive year, in recognition of our achievement in product quality. In addition, three web marketing awards were received for WPL's new website, which was re-launched in January 2016. These awards included a Silver Winner by W<sup>3</sup> Awards, '*Best Real Estate Mobile Website*' by MobileWebAwards and '*Award of Distinction in Website*' by Communicator Awards.

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

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

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

**China IP** produced a solid performance although currency movements impacted the growth pace on translation to HK dollars. Revenue increased by 7% to HK\$1.2 billion and operating profit by 17% to HK\$0.7 billion. In particular, Chengdu International Finance Square (“IFS”) is firmly positioned to stand above the competition. Its retail revenue increased by 9% to RMB0.3 billion while tenants’ sales increased by 13% to RMB1.8 billion. Included in a series of its accolades received is ‘*2016 VIVA Best-of-the-Best Design and Development Award*’ presented by International Council of Shopping Centers in May 2016, signifying the first Hong Kong developer and China’s first-ever commercial project winning this prestigious global title. Demand for the three top-notch Grade A office towers remains positive. At the end of June 2016, 98,600 square metres or 36% of the total GFA have been leased. Achieved rental rates were among the highest in the city.

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

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

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

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

## FINANCIAL REVIEW

### (I) Review of 2016 Interim Results

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

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

#### **Wheelock Group**

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

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

#### **Revenue and Operating Profit**

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

#### ***Investment Property***

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

#### ***Development Property***

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

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

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

#### ***Hotels***

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

#### ***Logistics***

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

### ***Communications, Media and Entertainment (“CME”)***

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

### ***Investment and Others***

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

### **Fair Value Gain of IP**

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

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

### **Finance Costs**

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

### **Share of Results of Associates and Joint Ventures**

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

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

### **Income Tax**

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

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

### **Non-controlling Interests (“NCI”)**

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

### Profit attributable to Equity Shareholders

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

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

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

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

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

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

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

### Early adoption of HKFRS 9 "Financial Instruments"

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

## (II) Liquidity, Financial Resources and Capital Commitments

### **Shareholders' and Total Equity**

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

Including the non-controlling interests, the Group's total equity increased to HK\$341.7 billion (2015: HK\$340.9 billion).

### **Assets and Liabilities**

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

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

### ***Investment properties***

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

### ***Properties for sale***

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

### ***Interests in associates and joint ventures***

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

### ***Deposits from sale of properties***

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

### **Debt and Gearing**

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

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

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

### **Finance and Availability of Facilities**

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

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

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

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

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

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

### **Cash Flows from the Group's Operating and Investing Activities**

For the period under review, the Group's operating cash inflow before changes in working capital was HK\$10.4 billion (2015: HK\$11.8 billion). The changes in working capital and others of HK\$4.6 billion (2015: HK\$1.6 billion) increased / decreased the net cash inflow from operating activities to HK\$15.0 billion (2015: HK\$10.2 billion), supported by the

favourable increase from DP sales. For investing activities, the Group recorded a net cash outflow of HK\$8.0 billion (2015: HK\$9.5 billion), mainly for construction costs for IP projects in the Mainland and increase in interest in Wharf.

### Major Capital and Development Expenditure and Commitments

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

#### A. Major capital and development expenditure

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

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

B. Commitments to capital and development expenditure

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

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

- i. Wheelock's own commitments of HK\$25.8 billion mainly relate to construction costs for DP in Hong Kong.
- ii. WPSL's commitments of HK\$2.3 billion mainly relate to construction costs of HK\$0.7 billion for DP in Singapore and HK\$1.6 billion for DP in the Mainland.
- iii. Wharf's commitments of HK\$42.2 billion mainly comprise expenditure of HK\$14.0 billion for IP, HK\$25.3 billion land and construction costs for DP and HK\$2.9 billion for Hotels, Modern Terminals, Wharf T&T and i-CABLE.

- iv. The above commitments and planned expenditure will be funded by the respective group's own internal financial resources including surplus cash, cash flow from operations as well as bank and other financing with construction costs self-financed mainly by pre-sale proceeds and project loans. Other available resources include equity and bond investments.

### **(III) Human Resources**

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

**CONSOLIDATED INCOME STATEMENT**  
**For the six months ended 30 June 2016 - Unaudited**

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the six months ended 30 June 2016 - Unaudited**

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2016 - Unaudited**

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

# 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.

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

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

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

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

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

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

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

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

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

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

## **2. SEGMENT INFORMATION**

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

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

Development property segment encompasses activities relating to the acquisition, development, design, construction, sale and marketing of the Group's trading properties, which are primarily 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, Hong Kong Air Cargo Terminals Limited and other public transport operations.

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

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 investments, deferred tax assets and derivative financial assets.

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

**(a) Analysis of segment revenue and results**

	Revenue HK\$ Million	Operating profit HK\$ Million	Investment properties fair value HK\$ Million	Other net charge HK\$ Million	Finance costs HK\$ Million	Associates HK\$ Million	Joint ventures HK\$ Million	Profit before taxation HK\$ Million
For the six months ended 30 June 2016								
Investment property	7,889	6,537	495	(68)	(612)	-	-	6,352
Hong Kong	6,516	5,742	132	-	(612)	-	-	5,262
Mainland China	1,197	689	363	(68)	-	-	-	984
Singapore	176	106	-	-	-	-	-	106
Development property	15,232	3,056	-	(496)	(121)	400	483	3,322
Hong Kong	5,858	1,617	-	-	(73)	1	283	1,828
Mainland China	8,409	1,307	-	(496)	(38)	399	200	1,372
Singapore	965	132	-	-	(10)	-	-	122
Hotels	740	104	-	-	(1)	-	-	103
Logistics	1,286	293	-	(70)	(60)	123	6	292
Terminals	1,234	290	-	(49)	(60)	95	6	282
Others	52	3	-	(21)	-	28	-	10
CME	1,715	78	-	-	(16)	-	-	62
i-CABLE	710	(133)	-	-	(2)	-	-	(135)
Telecommunications	1,005	214	-	-	(14)	-	-	200
Others	-	(3)	-	-	-	-	-	(3)
Inter-segment revenue	(219)	-	-	-	-	-	-	-
Segment total	26,643	10,068	495	(634)	(810)	523	489	10,131
Investment and others	553	321	-	66	479	13	-	879
Corporate expenses	-	(330)	-	-	-	-	-	(330)
Group total	27,196	10,059	495	(568)	(331)	536	489	10,680
For the six months ended 30 June 2015								
Investment property	7,472	6,111	4,190	53	(662)	-	-	9,692
Hong Kong	6,164	5,393	3,414	-	(657)	-	-	8,150
Mainland China	1,121	589	776	53	(5)	-	-	1,413
Singapore	187	129	-	-	-	-	-	129
Development property	16,866	4,703	-	(1,479)	(51)	298	(230)	3,241
Hong Kong	10,217	3,546	-	-	-	-	(49)	3,497
Mainland China	6,562	1,134	-	(1,479)	(42)	298	(181)	(270)
Singapore	87	23	-	-	(9)	-	-	14
Hotels	718	115	-	-	(3)	-	-	112
Logistics	1,434	333	-	(16)	(125)	148	29	369
Terminals	1,382	327	-	5	(125)	112	29	348
Others	52	6	-	(21)	-	36	-	21
CME	1,750	38	-	1	(18)	-	-	21
i-CABLE	760	(129)	-	1	(1)	-	-	(129)
Telecommunications	990	173	-	-	(17)	-	-	156
Others	-	(6)	-	-	-	-	-	(6)
Inter-segment revenue	(202)	-	-	-	-	-	-	-
Segment total	28,038	11,300	4,190	(1,441)	(859)	446	(201)	13,435
Investment and others	610	396	-	357	28	8	-	789
Corporate expenses	-	(319)	-	-	-	-	-	(319)
Group total	28,648	11,377	4,190	(1,084)	(831)	454	(201)	13,905

## (b) Analysis of inter-segment revenue

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

## (c) Geographical information

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

## 3. OPERATING PROFIT

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

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

## 4. OTHER NET CHARGE

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

- (a) Net foreign exchange loss of HK\$74 million (2015: gain of HK\$162 million) which included the impact of forward foreign exchange contracts.

- (b) Impairment provision of HK\$496 million made for certain development projects in Mainland China.

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

## 5. FINANCE COSTS

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

The Group's average effective borrowing rate for the period was 2.9% (2015: 2.8%) per annum.

## 6. INCOME TAX

Taxation charged to the consolidated income statement includes:

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

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

## 7. EARNINGS PER SHARE

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

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

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

- (b) Weighted average number of ordinary shares

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

## 8. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

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

- (a) The first interim dividend declared after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(b) The second interim dividend of HK\$1,473 million for 2015 was approved and paid in 2016.

## 9. TRADE AND OTHER RECEIVABLES

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

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

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

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

## 10. TRADE AND OTHER PAYABLES

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

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

## 11. REVIEW OF UNAUDITED INTERIM FINANCIAL INFORMATION

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

## **CORPORATE GOVERNANCE CODE**

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

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

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the financial period under review.

## **BOOK CLOSURE**

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

By Order of the Board  
**Wilson W S Chan**  
*Company Secretary*

Hong Kong, 15 August 2016

*As at the date of this Announcement, 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.*