



**WHEELOCK**

*Founded 1857*

## WHEELOCK AND COMPANY LIMITED

INTERIM REPORT 2019

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## MACRO HEADWIND PERSISTS

### MACRO ENVIRONMENT

- Uncertainties stemming from Sino-US trade tension, Brexit as well as global economic slowdown continue.

### HONG KONG PROPERTIES HIGHLIGHTS

- **Contracted residential sales** reached HK\$16.2 billion with 1,282 units sold or presold and included:
  - **MONTARA** and **GRAND MONTARA** presold 1,120 units for a total of HK\$9.8 billion.
  - **O'SOUTH VILLAS** portfolio, comprising exquisite residences at GRAND MONTEREY, SAVANNAH and CAPRI, sold 29 villas for HK\$1.7 billion, contributing to a sell-through rate of 98%.
  - **MOUNT NICHOLSON** sold four houses and two apartments for HK\$3.6 billion, or HK\$1.8 billion on an attributable basis.
- **Net order book** grew to HK\$34.9 billion, providing revenue visibility over the forthcoming years.
- As of 30 June 2019, the **land bank under management** was 6.3 million square feet, after successful acquisition of three Kai Tak sites (excluding a fourth acquired subsequent to the period) and presale of MONTARA and GRAND MONTARA.

### GROUP FINANCIALS

- **Group underlying net profit** increased by 35% to HK\$7.0 billion, mainly contributed by satisfactory revenue growth of 24% to HK\$21.7 billion. Group operating profit increased by 31% to HK\$12.7 billion.

(If there were no HKFRS 15\*, Group revenue would have been HK\$21.7 billion for a decrease of 17% instead. Group operating profit would have increased by 6% to HK\$12.9 billion instead of 31% as reported.)

- Wheelock-Own's **net gearing** was well-maintained at 15.8%.
- The attributable underlying net profit from Wharf REIC increased by 5% to HK\$3.3 billion.

\* *HKFRS 15 – Starting from January 2018, revenue from sale of properties is recognised when the legal assignment is completed instead of issue of occupation permit. As such, the sales recognition could be deferred by over half a year. As an effect of this new accounting policy, Wheelock Group's revenue for the first half of 2018 would have been understated by HK\$8.6 billion due to deferral of recognition.*

### GROUP RESULTS (UNAUDITED)

Excluding investment property revaluation gain and exceptional items, the underlying net profit was HK\$6,977 million (2018: HK\$5,160 million).

Group profit attributable to equity shareholders was HK\$8,327 million (2018: HK\$8,604 million). Earnings per share were HK\$4.07 (2018: HK\$4.21).

### INTERIM DIVIDEND

An interim dividend of 52.5 cents (2018: 50.0 cents) per share will be paid on 17 September 2019 to Shareholders, absorbing a total amount of HK\$1,075 million (2018: HK\$1,024 million).

## BUSINESS REVIEW

### HONG KONG PROPERTIES

During the six months ended 30 June 2019, sales of development properties performed satisfactorily amidst a complex environment shaped by global economic uncertainties and continual trade tension.

Contracted residential sales amounted to HK\$16.2 billion, with a total of 1,282 units sold or presold, albeit down from the record high comparison base of HK\$23.4 billion in the first half of 2018, which was driven by the presale of MALIBU, a large scale project. The sell-through rate was 94% on launched units. No commercial sales were conducted during the period under review.

**MONTARA** and **GRAND MONTARA**, the second development in the O'EAST portfolio and comprising of two high rise residential towers, were launched for presale in the second quarter. The presale achieved 100% sell-through rate, reflecting our long-established reputation for superior quality. 1,120 units were presold for HK\$9.8 billion within three days, with an average selling price of HK\$15,200 per square foot. The good result accounted for 60% of total contracted sales during first half. Embracing the convenience of cosmopolitan life, the development is atop the upcoming 480,000 square feet MTR mall, "The Lohas", and is only five minutes' walk from LOHAS Park MTR station. Moreover, the exclusive, 40,000 square feet Club MONTARA features a 24-hour gymnasium, and an outdoor swimming pool that is surrounded by lush green gardens.

The inventory sales progressed satisfactorily and recorded contracted sales of HK\$6.4 billion from previously launched developments, in particular the successful selling of **CAPRI** and **GRAND NAPA** villas. The **O'SOUTH VILLAS** portfolio, comprising exquisite residences at **GRAND MONTEREY**, **SAVANNAH** and **CAPRI**, sold 29 villas for HK\$1.7 billion, contributing to a sell-through rate of 98% on the total number of units.

**MOUNT NICHOLSON**, an ultra-luxury residential development on the Peak, sold four houses and two apartments for HK\$3.6 billion during the period under review, of which HK\$1.8 billion was attributable to the Group.

**Net order book** (i.e. presold and pending recognition) grew to HK\$34.9 billion, from HK\$26.7 billion at 2018 year-end. The increase in net order book was mainly driven by successful launches of MONTARA and GRAND MONTARA.

## Land Bank

The land bank under management was 6.3 million square feet as of 30 June 2019, after preselling 0.8 million square feet from MONTARA and GRAND MONTARA and increased to 6.7 million square feet in July 2019. The O'EAST and Kai Tak portfolios account for a significant portion of our urban-focused land bank. This diverse land bank provides a wide variety of product offerings, ranging from MTR residences and waterfront living, to suburban houses and the Peak collection.

Covering seven sites, the Kai Tak land bank available for sales pipeline encompassed 1.9 million square feet on an attributable basis, of which the four harbour-front sites along the former runway are jointly developed and managed with project partners. With a cluster of residential projects progressing, we will seek to maximise synergies across planning and development stages in the area, which is poised to benefit from extensive infrastructural developments, including the future Kai Tak Sports Park and transport links.

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

Community well-being is prioritised as one of the key considerations in our business decision making. We support a wide range of CSR programmes and community initiatives, spanning sustainable development, education, and art and culture.

### Sustainable development

In March, we have secured a five-year **sustainability-linked loan facility** (“Facility”) in the amount of HK\$2.0 billion. The Facility is the first sustainability performance-linked loan in Hong Kong. The Facility, granted for general corporate funding requirements, illustrates our commitment to advancing our sustainability agenda in corporate practices.

Wheelock Properties Limited and the OASIS KAI TAK project were named “Corporate Social Responsibility Project of the Year” and “Residential Team of the Year” respectively by the Royal Institution of Chartered Surveyors Hong Kong, reflecting our commitment to the society and pursuit of excellence.

Demonstrating our commitment to green building standards, we aim to integrate BEAM Plus Standard and practices into all buildings. During the period under review, SAVANNAH and NAPA obtained BEAM Plus final certifications, whilst the Sin Fat Road project was given a BEAM Plus pre-certification.

## Education

**Project WeCan** is our key BIC initiative, supporting secondary school students in widening their horizon and equipping them for future careers. With the support of 68 partners, the programme currently has 76 secondary schools participating, benefitting over 66,000 students in Hong Kong.

We attended a Project *WeCan* Partners Appreciation Reception at the Government House in May, with The Hon. Mrs Carrie Lam Cheng Yuet-ngor, the Chief Executive of HKSAR, as Guest of Honour. The event was well attended by representatives from partners, volunteers, principals and students from Project *WeCan* schools.

In July 2019, through the Project *WeCan* Job Tasting Programme, we offered students internship opportunities to work in different departments according to their interests. This annual programme enables students to develop social skills in the workplace and enhance their competitiveness through practical work experience.

## Innovation

In March 2019, we announced an extension of our partnership with Hong Kong Science and Technology Parks Corporation (HKSTP) until 2020. Since its establishment in April 2018, HKSTP@Wheelock Gallery has provided a platform for technology innovators and start-ups to convey their innovative ideas to potential investors and business partners. The event featured a sharing session with the theme, "Disrupt or Be disrupted. A.I. x Traditional Industries".

Innovation also serves a major role when it comes to improving customer interaction. During the period under review, we launched a new *W-Living* app to streamline the handover process, helping to deliver a superior customer experience and achieve a paperless environment.

## Lifestyle

As a move to enhance customers' leisure and social life, a Wheelock Lounge was launched at The Gateway, Harbour City, providing CLUB WHEELLOCK members with an interactive lifestyle space to relax and mingle.

An exhibition of winning works from the National Geographic Wheelock Hong Kong Photo Contest 2018 was held in early 2019. With the theme "Hong Kong Story", the contest received more than 4,000 submissions from both photography enthusiasts and professional photographers from 19 countries and regions.

## SUBSIDIARIES

Wheelock and Company Limited is the majority shareholder of The Wharf (Holdings) Limited, Wharf Real Estate Investment Company Limited and Wheelock Properties (Singapore) Limited. Page 6-7 carry a report on their operations and achievements during the period under review.

### The Wharf (Holdings) Limited (“WHL”)

WHL, a major listed subsidiary of Wheelock, is mainly engaged in property-focused businesses, comprising Investment Properties (“IP”), Development Properties (“DP”) and Hotel in Hong Kong and Mainland China.

WHL’s revenue and underlying net profit were HK\$8.1 billion and HK\$2.2 billion respectively. Property businesses contributed to 67% of revenue and 84% of underlying net profit.

Mainland DP operating profit (inclusive of joint ventures and associates on an attributable basis) decreased slightly to HK\$1.8 billion, with operating margin lifting 3 percentage points to 35%. WHL’s attributable contracted sales decreased by 10% to RMB6.5 billion. As at 30 June 2019, the Mainland DP land bank totalled 3.6 million square metres, spanning top tier cities and the net order book was RMB23.5 billion.

For Mainland IP, WHL continued to enjoy steady contributions from the International Finance Square (“IFS”) series. With Changsha IFS added to the portfolio in 2018, revenue and operating profit increased by 22% and 30%, to HK\$2.0 billion and HK\$1.2 billion respectively. As an iconic landmark in the heart of the city, award-winning Changsha IFS mall has achieved impressive performance and houses over 370 brands with an occupancy rate of 98%. Another flagship mall, Chengdu IFS, continued its growth momentum with revenue increasing by 14% to HK\$859 million, and operating profit by 28% to HK\$463 million.

Currently, WHL manages 17 hotels in Mainland China, Hong Kong and The Philippines, under the 5-star Marco Polo and luxury Niccolo brands.

### Wharf Real Estate Investment Company Limited (“Wharf REIC”)

Wharf REIC, another major listed subsidiary of Wheelock, is a premium Hong Kong IP company with a focus on landmark retail properties. Its portfolio of premium quality IPs in Hong Kong, includes Harbour City, Times Square, Plaza Hollywood, Crawford House and Wheelock House.

Wharf REIC’s underlying net profit achieved a moderate growth of 3% to HK\$5.2 billion during the period under review.

Revenue from Hong Kong IP increased by 4% to HK\$7.4 billion, and operating profit by 4% to HK\$6.6 billion. Harbour City, the largest revenue contributor of Wharf REIC, reported total revenue (including hotels) of HK\$6.2 billion, representing 5% growth. Revenue from Times Square and Plaza Hollywood remained resilient at HK\$1.4 billion and HK\$284 million respectively.

On the other hand, revenue from office premises increased by 6% to HK\$1.4 billion on the back of positive rental reversions. Office demand for Wheelock House and Crawford House in Central remained firm. The Central Portfolio’s revenue increased by 4% to HK\$243 million and operating profit increased by 4% to HK\$211 million.

Total revenue generated from the three hotels in Harbour City – Marco Polo Hongkong, Gateway and Prince – increased slightly to HK\$617 million.

The Murray, Hong Kong, which commenced full operation in August 2018, received a host of industry awards during the period under review. However, start-up losses including full depreciation of land and building costs over a 50-year lease term, as well as interest cost, still weigh on profitability in the early years.

### Wheelock Properties (Singapore) Limited (“WPSL”)

WPSL delivered a stable performance. Wheelock Place and Scotts Square, both situated at the crossroads of the Orchard and Scotts shopping belt in Singapore, maintained high occupancy.

## FINANCIAL REVIEW

### (I) REVIEW OF 2019 INTERIM RESULTS

#### Wheelock-Own (before consolidation of WHL, Wharf REIC and WPSL)

Wheelock-Own's revenue for the period was HK\$4,587 million, HK\$3,702 million or 418% higher than the last corresponding period. Underlying net profit was HK\$1,908 million, increasing by 864% (2018: HK\$198 million), partly due to distortion in timing of recognition as a result of adoption of HKFRS 15. HKFRS 15 is a new accounting policy focused on the timing of sales recognition and in effect since January 2018. It is a transition from recognising sales at the issue of occupation permit to legal assignment. This could mean a deferral of over half a year in recognition.

#### Wheelock Group

Group underlying net profit was HK\$6,977 million or increased by 35% (2018: HK\$5,160 million), mainly attributable to higher contribution from investment properties in both Hong Kong and Mainland China, the gain on disposal of the O'South malls and impact of HKFRS 15, partly offset by less profit contribution from associates and joint ventures.

Group profit attributable to equity shareholders decreased by 3% to HK\$8,327 million (2018: HK\$8,604 million). Excluding the decrease in fair value gain of investment properties, Group attributable profit increased by 39% to HK\$7,161 million (2018: HK\$5,139 million), mainly contributed by the increase in Group underlying net profit.

#### Revenue and Operating Profit

Group revenue and Group operating profit increased by 24% to HK\$21,713 million (2018: HK\$17,577 million) and by 31% to HK\$12,679 million (2018: HK\$9,648 million) respectively, primarily driven by the investment properties in Hong Kong and Mainland China, and HKFRS 15 impact as mentioned above. If there were no HKFRS 15: Group operating profit for the period under review would have become HK\$12,853 million or increased by 6% instead.

### *Investment Property (“IP”)*

Investment property revenue and operating profit both increased by 7% to HK\$9,681 million (2018: HK\$9,021 million) and HK\$7,950 million (2018: HK\$7,408 million) respectively. In Hong Kong, revenue and operating profit both increased by 4%. Harbour City recorded both revenue and operating profit growth of 6%. In Mainland China, revenue and operating profit increased by 22% and 30% respectively, mainly driven by the maturing Chengdu International Finance Square (“IFS”) and the newly-opened Changsha IFS.

### *Development Property (“DP”)*

Development property revenue and operating profit increased by 50% and 104% to HK\$7,838 million (2018: HK\$5,234 million) and HK\$3,173 million (2018: HK\$1,552 million) respectively.

In Hong Kong, recognised property sales increased by 472% to HK\$4,454 million (2018: HK\$779 million) while operating profit increased by 790% to HK\$1,763 million (2018: HK\$198 million), mainly driven by the delivery of residential units in MONTEREY and ONE HOMANTIN.

In Mainland China, recognised property sales decreased by 30% to HK\$3,116 million (2018: HK\$4,455 million), while operating profit decreased by 5% to HK\$1,291 million (2018: HK\$1,361 million) due to improved profit margins.

### *Hotels*

Hotel revenue increased by 11% to HK\$1,173 million (2018: HK\$1,056 million) underpinned by the continuous start-up improvement in the performance of The Murray, Hong Kong. Operating profit increased by 36% to HK\$170 million (2018: HK\$125 million), mainly due to the increase in revenue and the reduced operating loss of The Murray. Operating profit for the three Marco Polo Hotels and club at Harbour City, however, retreated by 6%.

### *Logistics*

Logistic revenue decreased slightly by 0.2% to HK\$1,253 million (2018: HK\$1,256 million) while operating profit decreased by 9% to HK\$224 million (2018: HK\$247 million).

### *Investment and Others*

Investment and others revenue and operating profit increased by 78% to HK\$1,900 million (2018: HK\$1,068 million) and 119% to HK\$1,589 million (2018: HK\$726 million) respectively due to the increase in dividend income and interest income from the Group’s enlarged investment portfolio.

### Fair Value Gain of Investment Properties

The carrying value of the Group's investment property portfolio as at 30 June 2019 increased to HK\$344.0 billion (2018: HK\$341.5 billion), with substantially all stated at fair value based on independent valuation as at that date. Revaluation gain of HK\$2,249 million for the period (2018: HK\$6,007 million) was credited to the consolidated income statement.

### Other Net Income/(Charge)

Other net income amounted to HK\$186 million (2018: charge of HK\$74 million), primarily contributed from the gain on disposal of the O'South malls and net exchange gain, partly offset by provision for diminution for certain Mainland China development property projects.

### Finance Costs

Finance costs amounted to HK\$881 million (2018: HK\$646 million). Excluding the unrealised mark-to-market gain of HK\$101 million (2018: HK\$155 million) on cross currency and interest rate swaps, finance costs increased by 25% to HK\$1,717 million (2018: HK\$1,378 million) before capitalisation of HK\$735 million (2018: HK\$577 million), and by 23% to HK\$982 million (2018: HK\$801 million) after capitalisation. The Group's effective borrowing rate for the period was 2.9% (2018: 2.3%) per annum.

### Share of Results of Associates and Joint Ventures

Share of profits of associates decreased by 50% to HK\$302 million (2018: HK\$605 million), mainly due to absence of profit contribution from Hotel Properties Limited, a former associate of WPSL, since its reclassification to other long term investments in late 2018 and lower profit contribution from development property projects in Mainland China.

Share of profits of joint ventures decreased by 80% to HK\$161 million (2018: HK\$813 million), mainly due to lower profit contribution from MOUNT NICHOLSON in Hong Kong and increase in pre-operating loss for certain development property projects.

### Income Tax

Taxation charge was HK\$2,827 million (2018: HK\$2,581 million), which included deferred taxation of HK\$388 million (2018: HK\$369 million) provided for the fair value gain of investment properties located in Mainland China.

Excluding the above deferred taxation, taxation charge increased by 10% to HK\$2,439 million (2018: HK\$2,212 million), mainly due to increase in operating profit from development properties in Hong Kong and investment properties in Hong Kong and Mainland China, partly offset by the decrease in operating profits from development properties in Mainland China.

### Non-controlling Interests ("NCI")

Profit attributable to NCI decreased by 31% to HK\$3,542 million (2018: HK\$5,168 million).

Excluding net revaluation gain of investment properties of HK\$706 million (2018: HK\$2,173 million), NCI decreased by 5% to HK\$2,836 million (2018: HK\$2,995 million).

## Profit attributable to Equity Shareholders

Group profit attributable to equity shareholders decreased by 3% to HK\$8,327 million (2018: HK\$8,604 million). Earnings per share were HK\$4.07 based on weighted average of 2,048 million issued ordinary shares (2018: HK\$4.21 based on 2,045 million issued ordinary shares).

Excluding the attributable net revaluation gain of investment properties of HK\$1,166 million (2018: HK\$3,465 million), Group profit attributable to equity shareholders increased by 39% to HK\$7,161 million (2018: HK\$5,139 million).

Set out below is an analysis of Group profit attributable to equity shareholders as contributed by each sub-group of Wheelock and Company.

	<b>2019</b>	2018
	<b>HK\$ Million</b>	HK\$ Million
<b>Underlying net profit attributable to:</b>		
Wheelock-Own	<b>1,908</b>	198
WHL group	<b>1,457</b>	1,600
Wharf REIC group	<b>3,265</b>	3,100
Others	<b>347</b>	262
<b>Underlying net profit</b>	<b>6,977</b>	5,160
Attributable amount of exceptional items (e.g. mark-to-market and exchange gain/(loss) on certain financial instruments, etc.)	<b>184</b>	(21)
<b>Profit before IP revaluation gain</b>	<b>7,161</b>	5,139
IP valuation gain (net of deferred tax)	<b>1,166</b>	3,465
<b>Profit attributable to equity shareholders</b>	<b>8,327</b>	8,604

WHL's profit attributable to its equity shareholders for the period decreased to HK\$2,450 million (2018: HK\$2,860 million).

Wharf REIC's profit attributable to its equity shareholders for the period was HK\$6,989 million (2018: HK\$10,179 million).

## (II) LIQUIDITY, FINANCIAL RESOURCES AND COMMITMENTS

### Shareholders' and Total Equity

As of 30 June 2019, shareholders' equity increased by 5% to HK\$264.3 billion (2018: HK\$251.1 billion), or HK\$129.03 per share based on 2,049 million issued shares (2018: HK\$122.60 per share based on 2,048 million issued shares).

Including NCI, the Group's total equity increased by 3% to HK\$402.4 billion (2018: HK\$389.5 billion).

### Assets and Liabilities

The Group's total assets were HK\$614.0 billion (2018: HK\$592.6 billion). Total business assets, i.e. excluding bank deposits and cash, financial assets and deferred tax assets, increased to HK\$535.2 billion (2018: HK\$521.8 billion).

Geographically, the Group's business assets in Mainland China, mainly properties and terminals, decreased slightly to HK\$143.4 billion (2018: HK\$144.5 billion), representing 27% (2018: 28%) of the Group's total business assets.

### Investment Properties

The Group's investment property portfolio, included in the Group's total assets, slightly increased by 1% to HK\$344.0 billion (2018: HK\$341.5 billion), representing 64% (2018: 65%) of total business assets. Harbour City (excluding the three hotels) and Times Square in Hong Kong were valued at HK\$236.2 billion, representing 69% of the value of the portfolio.

### *Properties for Sale*

Properties for sale amounted to HK\$96.8 billion (2018: HK\$91.4 billion), mainly comprising properties in Hong Kong of HK\$60.2 billion, in Mainland China of HK\$36.4 billion and in Singapore of HK\$0.2 billion, which were under development or held for sale as at 30 June 2019.

### *Interests in Associates and Joint Ventures*

Interests in associates and joint ventures amounted to HK\$54.6 billion (2018: HK\$50.6 billion), mainly represented by various development property projects undertaken in Mainland China and Hong Kong.

### *Deposits from Sale of Properties*

Deposits from sale of properties amounted to HK\$31.5 billion (2018: HK\$24.8 billion) which represented deposits from contracted sales in Hong Kong, Mainland China and Singapore pending revenue recognition.

### *Other Long Term Investments*

Other long term investments amounted to HK\$52.9 billion (2018: HK\$42.6 billion), including mainly the Group's strategic investment in Greentown China Holdings Limited of HK\$3.0 billion and a portfolio of blue chips and bonds of HK\$49.9 billion. The portfolio performed overall in line with the market and no single investment is individually material to the Group's total assets. Marking these investments to market produced an attributable net surplus of HK\$5.6 billion (2018: HK\$0.4 billion) as reflected in the other comprehensive income, reversing attributable accumulated deficit balance of HK\$3.2 billion at 2018 year end to surplus HK\$2.4 billion at end of June 2019.

## Debt and Gearing

The Group's net debt increased by 8% or HK\$7.7 billion to HK\$100.7 billion (2018: HK\$93.0 billion) as at 30 June 2019. It comprised debt of HK\$126.5 billion less bank deposits and cash of HK\$25.8 billion. An analysis of the net debt by each sub-group is shown below:

<b>Net debt/(cash)</b>	<b>30 June 2019</b>	31 December 2018
	<b>HK\$ Million</b>	HK\$ Million
Wheelock-Own	<b>41,658</b>	32,552
WHL group	<b>24,647</b>	25,638
Wharf REIC group	<b>36,423</b>	39,422
Others	<b>(1,989)</b>	(4,605)
Group total	<b>100,739</b>	93,007

Excluding the net debt of WHL group and Wharf REIC group and net cash of other groups, all of which non-recourse to the Company and its wholly-owned subsidiaries, Wheelock-Own's net debt increased by HK\$9.1 billion to HK\$41.7 billion (2018: HK\$32.6 billion).

As at 30 June 2019, the ratio of net debt to total equity (on a consolidated basis) increased to 25.0% (2018: 23.9%). Excluding the net debt/cash of WHL group, Wharf REIC group and other groups, Wheelock-Own's net debt to shareholders' equity (on an attributable net asset value basis) increased to 15.8% (2018: 13.0%).

## Finance and Availability of Facilities

As at 30 June 2019, the Group's available loan facilities and issued debt securities amounted to HK\$191.1 billion (2018: HK\$184.7 billion), of which HK\$126.5 billion were utilised. An analysis is shown below:

	<b>Available Facilities HK\$ Billion</b>	<b>Total Debt HK\$ Billion</b>	<b>Undrawn HK\$ Billion</b>
Wheelock-Own	69.8	43.1	26.7
WHL group	74.9	43.6	31.3
Wharf REIC group	46.4	39.8	6.6
Group total	191.1	126.5	64.6

Of the above debt, HK\$16.1 billion (2018: HK\$16.7 billion) was secured by mortgages over certain development and investment properties and property, plant and equipment with a total carrying value of HK\$51.8 billion (2018: HK\$50.6 billion).

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

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

The Group continued to maintain a strong financial position with ample surplus cash denominated principally in RMB, HKD, USD and Singapore dollars, and undrawn committed facilities to facilitate the Group's business and investment activities.

The Group also maintained a portfolio of listed investments with an aggregate market value of HK\$51.2 billion (2018: HK\$41.3 billion) as at 30 June 2019, which is readily available 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 was HK\$11.6 billion (2018: HK\$9.4 billion). Together with the changes in working capital and others of HK\$7.7 billion (2018: HK\$26.1 billion), the net cash inflow from operating activities amounted to HK\$3.9 billion (2018: outflow of HK\$16.7 billion). For investing activities, the Group recorded a net cash outflow of HK\$4.9 billion (2018: HK\$18.3 billion), mainly for cash used in the addition of investment properties, other long term investments and interests in subsidiaries and joint ventures, net of the proceeds from disposal of investment properties.

## Major Capital and Development Expenditures and Commitments

The Group's major capital and development expenditures incurred, inclusive of associates and joint ventures' attributable expenditures, in the first half of 2019 is analysed as follows:

### A. Major Capital and Development Expenditure during the first half of 2019

	Hong Kong/ Singapore HK\$ Million	Mainland China HK\$ Million	Total HK\$ Million
<b>Wheelock-Own</b>			
IP	97	—	97
DP	20,500	—	20,500
	20,597	—	20,597
<b>WHL group</b>			
IP	174	34	208
DP	82	4,082	4,164
Non-property and others	53	1	54
	309	4,117	4,426
<b>Wharf REIC group</b>			
IP	172	63	235
DP	—	568	568
Non-property and others	19	7	26
	191	638	829
<b>Others</b>			
IP	37	—	37
DP	—	495	495
	37	495	532
<b>Analysis by segment:</b>			
IP	480	97	577
DP	20,582	5,145	25,727
Non-property and others	72	8	80
<b>Group total</b>	<b>21,134</b>	<b>5,250</b>	<b>26,384</b>

- i. Wheelock-Own's expenditures for property projects amounted to HK\$20.6 billion, mainly comprising expenditures for construction costs of property projects in Hong Kong.
- ii. WHL's expenditures totalled HK\$4.4 billion, mainly comprising expenditures for land and construction costs of property projects in Hong Kong and Mainland China.
- iii. Wharf REIC's expenditure amounted to HK\$0.8 billion, mainly comprising expenditures for construction costs of property projects in Hong Kong and Mainland China.

**B. Commitments to Capital and Development Expenditure**

As at 30 June 2019, the Group's major commitments to capital and development expenditures to be incurred in the forthcoming years were estimated at HK\$46.6 billion, of which HK\$26.8 billion was committed. Commitments by segments, inclusive of associates and joint ventures' attributable commitments, are analysed as follows:

	<b>As at 30 June 2019</b>		
	<b>Committed HK\$ Million</b>	<b>Uncommitted HK\$ Million</b>	<b>Total HK\$ Million</b>
<b>Wheelock-Own</b>			
DP	9,296	4,019	13,315
	9,296	4,019	13,315
<b>WHL group</b>			
IP	822	265	1,087
DP	10,970	9,783	20,753
Non-property and others	3,821	62	3,883
	15,613	10,110	25,723
<b>Wharf REIC group</b>			
IP	245	962	1,207
DP	1,243	3,572	4,815
Non-property and others	13	113	126
	1,501	4,647	6,148
<b>Others</b>			
IP	3	—	3
DP	410	1,029	1,439
	413	1,029	1,442
<b>Analysis by business segment:</b>			
IP	1,070	1,227	2,297
DP	21,919	18,403	40,322
Non-property and others	3,834	175	4,009
<b>Group total</b>	<b>26,823</b>	<b>19,805</b>	<b>46,628</b>
<b>Analysis by geographical segment:</b>			
Hong Kong IP	884	757	1,641
Hong Kong DP	9,923	4,019	13,942
Mainland IP	183	470	653
Mainland DP	11,996	14,384	26,380
Singapore	3	—	3
Properties total	22,989	19,630	42,619
Non-property and others	3,834	175	4,009
<b>Group total</b>	<b>26,823</b>	<b>19,805</b>	<b>46,628</b>

- i. Wheelock-Own's commitments of HK\$13.3 billion are mainly related to land and construction costs of development properties in Hong Kong.
- ii. WHL's commitments of HK\$25.7 billion are mainly comprised of land and construction costs of development and investment properties of HK\$21.8 billion and HK\$3.8 billion for financial investments.
- iii. Wharf REIC's commitments of HK\$6.1 billion are mainly comprised of HK\$6.0 billion for construction costs of development and investment properties, and HK\$0.1 billion for hotels.
- iv. The commitments and planned expenditure will be funded by the respective group's own internal financial resources including surplus cash, cash flows from operations as well as bank and other borrowings and pre-sale proceeds. Other available resources include other long term investments.

### (III) HUMAN RESOURCES

The Group had approximately 12,500 employees as at 30 June 2019, 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 2019 – Unaudited

	Note	Six months ended 30 June	
		2019 HK\$ Million	2018 HK\$ Million
<b>Revenue</b>	2	<b>21,713</b>	17,577
Direct costs and operating expenses		<b>(7,024)</b>	(6,048)
Selling and marketing expenses		<b>(649)</b>	(504)
Administrative and corporate expenses		<b>(868)</b>	(899)
Operating profit before depreciation, amortisation, interest and tax		<b>13,172</b>	10,126
Depreciation and amortisation	3	<b>(493)</b>	(478)
<b>Operating profit</b>	2 & 3	<b>12,679</b>	9,648
Increase in fair value of investment properties		<b>2,249</b>	6,007
Other net income/(charge)	4	<b>186</b>	(74)
Finance costs	5	<b>(881)</b>	(646)
Share of results after tax of:			
Associates		<b>302</b>	605
Joint ventures		<b>161</b>	813
Profit before taxation		<b>14,696</b>	16,353
Income tax	6	<b>(2,827)</b>	(2,581)
<b>Profit for the period</b>		<b>11,869</b>	13,772
<b>Profit attributable to:</b>			
Equity shareholders		<b>8,327</b>	8,604
Non-controlling interests		<b>3,542</b>	5,168
		<b>11,869</b>	13,772
<b>Earnings per share</b>	7		
Basic		<b>HK\$4.07</b>	HK\$4.21
Diluted		<b>HK\$4.06</b>	HK\$4.20

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019 – Unaudited

	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>HK\$ Million</b>	HK\$ Million
<b>Profit for the period</b>	<b>11,869</b>	13,772
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange losses on translation of foreign operations	<b>(347)</b>	(1,106)
Share of other comprehensive income of associates and joint ventures	<b>(145)</b>	(253)
Net surplus/(deficit) on bond investments:	<b>35</b>	(10)
Fair value changes	<b>32</b>	(16)
Transfer from investments revaluation reserve to profit or loss on disposal	<b>3</b>	6
Others	–	3
<b>Items that will not be reclassified to profit or loss:</b>		
Fair value changes on listed equity investments	<b>7,892</b>	955
<b>Other comprehensive income for the period</b>	<b>7,435</b>	(411)
<b>Total comprehensive income for the period</b>	<b>19,304</b>	13,361
<b>Total comprehensive income attributable to:</b>		
Equity shareholders	<b>13,702</b>	8,228
Non-controlling interests	<b>5,602</b>	5,133
	<b>19,304</b>	13,361

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019 – Unaudited

	Note	30 June 2019 HK\$ Million	31 December 2018 HK\$ Million
<b>Non-current assets</b>			
Investment properties	9	344,035	341,466
Property, plant and equipment		21,576	21,970
Interest in associates		21,568	21,390
Interest in joint ventures		32,997	29,161
Other long term investments		52,930	42,645
Goodwill and other intangible assets		298	298
Deferred tax assets		1,380	1,116
Derivative financial assets		616	282
Other non-current assets		867	1,032
		<b>476,267</b>	459,360
<b>Current assets</b>			
Properties for sale		96,823	91,433
Inventories		14	13
Trade and other receivables	10	14,958	10,002
Derivative financial assets		73	171
Bank deposits and cash		25,829	28,824
		<b>137,697</b>	130,443
Non-current assets classified as held for sale		–	2,821
		<b>137,697</b>	133,264
<b>Total assets</b>		<b>613,964</b>	592,624
<b>Non-current liabilities</b>			
Derivative financial liabilities		(611)	(682)
Deferred tax liabilities		(14,727)	(13,984)
Other deferred liabilities		(331)	(331)
Bank loans and other borrowings	12	(114,362)	(106,863)
		<b>(130,031)</b>	(121,860)
<b>Current liabilities</b>			
Liabilities directly associated with the non-current assets classified as held for sale		–	(11)
Trade and other payables	11	(32,124)	(34,916)
Deposits from sale of properties		(31,487)	(24,780)
Derivative financial liabilities		(212)	(490)
Taxation payable		(5,541)	(6,121)
Bank loans and other borrowings	12	(12,206)	(14,968)
		<b>(81,570)</b>	(81,286)
<b>Total liabilities</b>		<b>(211,601)</b>	(203,146)
<b>NET ASSETS</b>		<b>402,363</b>	389,478
<b>Capital and reserves</b>			
Share capital	13	3,751	3,724
Reserves		260,569	247,353
<b>Shareholders' equity</b>		<b>264,320</b>	251,077
<b>Non-controlling interests</b>		<b>138,043</b>	138,401
<b>TOTAL EQUITY</b>		<b>402,363</b>	389,478

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019 – Unaudited

	Shareholders' equity						
	Share capital HK\$ Million	Investments revaluation and other reserves HK\$ Million	Exchange reserves HK\$ Million	Revenue reserves HK\$ Million	Total shareholders' equity HK\$ Million	Non- controlling interests HK\$ Million	Total equity HK\$ Million
<b>At 1 January 2019</b>	3,724	(3,203)	(2,369)	252,925	251,077	138,401	389,478
Changes in equity for the period:							
Profit	-	-	-	8,327	8,327	3,542	11,869
Other comprehensive income	-	5,634	(260)	1	5,375	2,060	7,435
Total comprehensive income	-	5,634	(260)	8,328	13,702	5,602	19,304
Shares issued under the share option scheme	27	(5)	-	-	22	-	22
Equity settled share-based payments	-	7	-	-	7	2	9
Acquisition of additional interest in subsidiaries	-	-	-	1,663	1,663	(4,582)	(2,919)
Capital contribution from non-controlling interests of a subsidiary	-	-	-	-	-	320	320
2018 second interim dividend paid (Note 8(b))	-	-	-	(2,151)	(2,151)	-	(2,151)
Dividends paid to non-controlling interests	-	-	-	-	-	(1,700)	(1,700)
<b>At 30 June 2019</b>	<b>3,751</b>	<b>2,433</b>	<b>(2,629)</b>	<b>260,765</b>	<b>264,320</b>	<b>138,043</b>	<b>402,363</b>
<b>At 1 January 2018</b>	3,418	1,888	734	235,644	241,684	146,139	387,823
Changes in equity for the period:							
Profit	-	-	-	8,604	8,604	5,168	13,772
Other comprehensive income	-	463	(839)	-	(376)	(35)	(411)
Total comprehensive income	-	463	(839)	8,604	8,228	5,133	13,361
Shares issued under the share option scheme	280	(56)	-	-	224	-	224
Equity settled share-based payments	-	15	-	-	15	3	18
Shares issued by a subsidiary	-	(108)	-	-	(108)	337	229
Acquisition of additional interest in subsidiaries	-	-	-	638	638	(1,638)	(1,000)
2017 second interim dividend paid	-	-	-	(1,945)	(1,945)	-	(1,945)
Dividends paid to non-controlling interests	-	-	-	-	-	(2,422)	(2,422)
<b>At 30 June 2018</b>	<b>3,698</b>	<b>2,202</b>	<b>(105)</b>	<b>242,941</b>	<b>248,736</b>	<b>147,552</b>	<b>396,288</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019 – Unaudited

	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>HK\$ Million</b>	HK\$ Million
Operating cash inflow	<b>11,596</b>	9,446
Changes in working capital/others	<b>(4,842)</b>	(23,801)
Tax paid	<b>(2,855)</b>	(2,357)
Net cash generated from/(used in) operating activities	<b>3,899</b>	(16,712)
<b>Investing activities</b>		
Additions to investment properties and property, plant and equipment	<b>(1,471)</b>	(2,025)
Acquisition of additional interest in subsidiaries	<b>(2,859)</b>	(1,000)
Net cash used in other investing activities	<b>(531)</b>	(15,314)
Net cash used in investing activities	<b>(4,861)</b>	(18,339)
<b>Financing activities</b>		
Dividends paid to equity shareholders	<b>(2,151)</b>	(1,945)
Dividends paid to non-controlling interests	<b>(1,700)</b>	(2,422)
Net cash generated from other financing activities	<b>4,533</b>	11,194
Net cash generated from financing activities	<b>682</b>	6,827
<b>Net decrease in cash and cash equivalents</b>	<b>(280)</b>	(28,224)
Cash and cash equivalents at 1 January	<b>26,129</b>	52,244
Effect of exchange rate changes	<b>(20)</b>	(180)
<b>Cash and cash equivalents at 30 June (Note)</b>	<b>25,829</b>	23,840
<b>Note: Cash and cash equivalents</b>		
Bank deposits and cash in the consolidated statement of financial position	<b>25,829</b>	24,650
Less: Bank deposits with maturity greater than three months	-	(702)
Pledged bank deposits	-	(108)
Cash and cash equivalents in the condensed consolidated statement of cash flows	<b>25,829</b>	23,840

## 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 “Listing Rules”).

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 2018. 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 2018 except for the changes mentioned below.

The HKICPA has issued a number of new HKFRSs 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 consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) 23	Uncertainty over income tax treatments
Amendments to HKAS 28	Long-term interests in associates and joint ventures
Annual improvements to HKFRSs 2015-2017 Cycle	

The Group has assessed the impact of the adoption of the above new standards and amendments to HKFRSs and considered that there was no significant financial impact on the Group’s results and financial position.

## HKFRS 16, Leases

Under HKFRS 16, the lessees no longer distinguish between operating and finance leases. Instead, subject to practical expedients, a lease liability in respect of the present value of the minimum future lease payments and a corresponding right of use asset are recognised in the consolidated statement of financial position for all lease arrangements of more than 12 months by lessees. HKFRS 16 does not significantly change the way that lessors account for their rights and obligations under a lease.

At the commencement date of the lease, the Group as lessee recognises and measures a lease liability at the present value of the minimum future lease payment and recognises a corresponding “right-of-use” asset. After initial recognition of this asset and liability, the Group recognises interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset and impairment losses (if any), instead of the previous accounting policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term.

Given the Group does not have material lease arrangements as a lessee, the Group considers that there is no significant financial impact on the consolidated financial statements of the Group upon the adoption of HKFRS 16.

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

The financial information relating to the financial year ended 31 December 2018 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) (the “Companies Ordinance”) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2018 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

## 2. SEGMENT INFORMATION

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

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

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

Hotels segment includes hotel operations in the Asia Pacific region which are operated by The Wharf (Holdings) Limited ("WHL") and Wharf Real Estate Investment Company Limited ("Wharf REIC").

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

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 other long term investments, deferred tax assets and other 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	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 associates HK\$ Million	Share of results after tax of joint ventures HK\$ Million	Profit before taxation HK\$ Million
For the six months ended 30 June 2019								
Investment property	9,681	7,950	2,249	561	(564)	-	31	10,227
Hong Kong	7,560	6,677	1,854	559	(462)	-	-	8,628
Mainland China	1,958	1,162	395	2	(102)	-	31	1,488
Singapore	163	111	-	-	-	-	-	111
Development property	7,838	3,173	-	(371)	(168)	187	129	2,950
Hong Kong	4,454	1,763	-	-	(141)	1	149	1,772
Mainland China	3,116	1,291	-	(371)	(27)	186	(20)	1,059
Singapore	268	119	-	-	-	-	-	119
Hotels	1,173	170	-	2	(19)	-	-	153
Logistics	1,253	224	-	(27)	(101)	115	1	212
Terminals	1,247	218	-	(6)	(101)	79	1	191
Others	6	6	-	(21)	-	36	-	21
Inter-segment revenue	(132)	-	-	-	-	-	-	-
Segment total	19,813	11,517	2,249	165	(852)	302	161	13,542
Investment and others	1,900	1,589	-	21	(29)	-	-	1,581
Corporate expenses	-	(427)	-	-	-	-	-	(427)
Group total	21,713	12,679	2,249	186	(881)	302	161	14,696
For the six months ended 30 June 2018								
Investment property	9,021	7,408	6,007	25	(411)	-	-	13,029
Hong Kong	7,240	6,395	5,603	-	(319)	-	-	11,679
Mainland China	1,606	897	404	25	(92)	-	-	1,234
Singapore	175	116	-	-	-	-	-	116
Development property	5,234	1,552	-	95	(209)	316	807	2,561
Hong Kong	779	198	-	-	(120)	-	776	854
Mainland China	4,455	1,361	-	95	(89)	316	31	1,714
Singapore	-	(7)	-	-	-	-	-	(7)
Hotels	1,056	125	-	-	(15)	-	-	110
Logistics	1,256	247	-	(15)	(88)	141	6	291
Terminals	1,251	242	-	6	(88)	95	6	261
Others	5	5	-	(21)	-	46	-	30
Inter-segment revenue	(58)	-	-	-	-	-	-	-
Segment total	16,509	9,332	6,007	105	(723)	457	813	15,991
Investment and others	1,068	726	-	(179)	77	148	-	772
Corporate expenses	-	(410)	-	-	-	-	-	(410)
Group total	17,577	9,648	6,007	(74)	(646)	605	813	16,353

**(b) Analysis of inter-segment revenue**

Six months ended 30 June	2019			2018		
	Total revenue HK\$ Million	Inter-segment revenue HK\$ Million	Group revenue HK\$ Million	Total revenue HK\$ Million	Inter-segment revenue HK\$ Million	Group revenue HK\$ Million
Investment property	9,681	(68)	9,613	9,021	(44)	8,977
Development property	7,838	-	7,838	5,234	-	5,234
Hotels	1,173	(47)	1,126	1,056	-	1,056
Logistics	1,253	-	1,253	1,256	-	1,256
Investment and others	1,900	(17)	1,883	1,068	(14)	1,054
	<b>21,845</b>	<b>(132)</b>	<b>21,713</b>	17,635	(58)	17,577

**(c) Disaggregation of revenue**

Six months ended 30 June	2019 HK\$ Million	2018 HK\$ Million
<b>Revenue recognised under HKFRS 15</b>		
Sales of development properties	7,838	5,234
Management and service income	870	827
Other rental related income	160	100
Hotel and club operations	1,126	1,056
Logistic service income	1,253	1,256
	<b>11,247</b>	8,473
<b>Revenue recognised under other accounting standards</b>		
Rental income	8,626	8,093
Investment and others	1,840	1,011
	<b>10,466</b>	9,104
Group total	<b>21,713</b>	17,577

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to revenue from hotels, logistics and management fee under investment property such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts with customers that had an original expected duration of one year or less.

## (d) Geographical information

Six months ended 30 June	Revenue		Operating profit	
	2019 HK\$ Million	2018 HK\$ Million	2019 HK\$ Million	2018 HK\$ Million
Hong Kong	14,537	10,658	9,316	7,216
Mainland China	6,482	6,602	2,893	2,206
Singapore	694	317	470	226
Group total	21,713	17,577	12,679	9,648

## 3. OPERATING PROFIT

	Six months ended 30 June	
	2019 HK\$ Million	2018 HK\$ Million
<b>Operating profit is arrived at after charging/(crediting):</b>		
Depreciation and amortisation on		
– assets held for use under operating leases	81	78
– property, plant and equipment	381	364
– leasehold land	31	36
Total depreciation and amortisation	493	478
Staff costs (Note (a))	1,800	1,824
Cost of trading properties for recognised sales	4,292	2,950
Gross rental revenue from investment properties (Note (b))	(9,681)	(8,200)
Direct operating expenses of investment properties	1,695	1,130
Interest income	(990)	(326)
Dividend income from other long term investments	(585)	(422)

## Notes:

(a) Staff costs included contributions to defined contribution pension schemes of HK\$143 million (2018: HK\$154 million) and equity settled share-based payment expenses of HK\$9 million (2018: HK\$18 million).

(b) Rental income included contingent rentals of HK\$1,256 million (2018: HK\$1,012 million).

#### 4. OTHER NET INCOME/(CHARGE)

Other net income for the period amounted to HK\$186 million (2018: charge of HK\$74 million) and mainly comprised:

- (a) Gain on disposal of investment properties of HK\$559 million (2018: Nil).
- (b) Net foreign exchange gain of HK\$57 million (2018: loss of HK\$45 million) which included the impact of foreign exchange contracts.

(c) Net fair value loss of HK\$38 million (2018: Nil) on other long term investments classified as financial assets at fair value through profit or loss.

(d) Provision for diminution in value of HK\$357 million (2018: Nil) was made in respect of certain development properties in Mainland China.

#### 5. FINANCE COSTS

	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>HK\$ Million</b>	HK\$ Million
Interest charged on:		
Bank loans and overdrafts	<b>1,041</b>	699
Other borrowings	<b>547</b>	543
Total interest charge	<b>1,588</b>	1,242
Other finance costs	<b>129</b>	136
Less: Amount capitalised	<b>(735)</b>	(577)
	<b>982</b>	801
Fair value gain:		
Cross currency interest rate swaps	<b>(91)</b>	(77)
Interest rate swaps	<b>(10)</b>	(78)
	<b>(101)</b>	(155)
Total	<b>881</b>	646

(a) The Group's average effective borrowing rate for the period was approximately 2.9% (2018: 2.3%) per annum.

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

## 6. INCOME TAX

Taxation charged to the consolidated income statement includes:

	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>HK\$ Million</b>	HK\$ Million
<b>Current income tax</b>		
Hong Kong		
– provision for the period	<b>1,420</b>	1,087
– over-provision in respect of prior years	<b>(8)</b>	(7)
Outside Hong Kong		
– provision for the period	<b>807</b>	308
– under-provision in respect of prior years	<b>47</b>	25
	<b>2,266</b>	1,413
<b>Land appreciation tax (“LAT”) in Mainland China</b>	<b>40</b>	260
<b>Deferred tax</b>		
Change in fair value of investment properties	<b>388</b>	369
Origination and reversal of temporary differences	<b>169</b>	539
Benefit of previously unrecognised tax losses now recognised	<b>(36)</b>	–
	<b>521</b>	908
<b>Total</b>	<b>2,827</b>	2,581

- (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% (2018: 16.5%).
- (b) Income tax on assessable profits outside Hong Kong is mainly corporate income tax calculated at a rate of 25% (2018: 25%) and withholding income tax at a rate of up to 10% in Mainland China, and Singapore income tax at a rate of 17% (2018: 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 expenditures including cost of land use rights, borrowing costs and all property development expenditures.
- (d) Tax attributable to associates and joint ventures for the six months ended 30 June 2019 of HK\$200 million (2018: HK\$396 million) is included in the share of results after tax of associates and joint ventures.

## 7. EARNINGS PER SHARE

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

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

	Six months ended 30 June	
	2019	2018
	HK\$ Million	HK\$ Million
Profit attributable to equity shareholders	<b>8,327</b>	8,604

### (b) Weighted average number of ordinary shares

	30 June 2019	30 June 2018
	No. of shares	No. of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>2,048,224,425</b>	2,044,677,464
Effect of dilutive potential shares – Share options	<b>2,557,846</b>	4,360,868
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>2,050,782,271</b>	2,049,038,332

## 8. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

	Six months ended 30 June			
	2019	2019	2018	2018
	HK\$ per share	HK\$ Million	HK\$ per share	HK\$ Million
First interim dividend declared after the end of the reporting period	<b>0.525</b>	<b>1,075</b>	0.500	1,024

(a) The first interim dividend based on 2,049 million (2018: 2,047 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 second interim dividend of HK\$2,151 million for 2018 was approved and paid in 2019.

## 9. INVESTMENT PROPERTIES

During the six months ended 30 June 2019, the Group recognised an increase in fair value of HK\$2,249 million (2018: HK\$6,007 million) on investment properties which were revalued by independent

professional surveyors as at 30 June 2019 on a market value basis and have taken into account the net rental income allowing for reversionary potential and the redevelopment potential of the properties where appropriate.

## 10. 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 dates as at 30 June 2019 as follows:

	<b>30 June 2019</b>	31 December 2018
	<b>HK\$ Million</b>	HK\$ Million
Trade receivables		
0 – 30 days	<b>440</b>	632
31 – 60 days	<b>50</b>	86
61 – 90 days	<b>28</b>	40
Over 90 days	<b>109</b>	100
	<b>627</b>	858
Accrued sales receivables	<b>4,159</b>	18
Other receivables and prepayments	<b>10,172</b>	9,126
	<b>14,958</b>	10,002

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.

## 11. TRADE AND OTHER PAYABLES

Included in this item are trade payables with an ageing analysis based on the invoice dates as at 30 June 2019 as follows:

	<b>30 June 2019</b>	31 December 2018
	<b>HK\$ Million</b>	HK\$ Million
Trade payables		
0 – 30 days	<b>320</b>	579
31 – 60 days	<b>199</b>	227
61 – 90 days	<b>90</b>	24
Over 90 days	<b>153</b>	73
	<b>762</b>	903
Rental and customer deposits	<b>4,879</b>	4,742
Construction costs payable	<b>9,944</b>	12,853
Amounts due to associates	<b>3,562</b>	2,709
Amounts due to joint ventures	<b>6,105</b>	5,707
Other payables	<b>6,872</b>	8,002
	<b>32,124</b>	34,916

## 12. BANK LOANS AND OTHER BORROWINGS

	<b>30 June 2019</b>	31 December 2018
	<b>HK\$ Million</b>	HK\$ Million
Bonds and notes (unsecured)	<b>30,600</b>	34,494
Bank loans (secured)	<b>16,148</b>	16,749
Bank loans (unsecured)	<b>79,820</b>	70,588
<b>Total bank loans and other borrowings</b>	<b>126,568</b>	121,831
<b>Analysis of maturities of the above borrowings:</b>		
<b>Current borrowings</b>		
Due within 1 year	<b>12,206</b>	14,968
<b>Non-current borrowings</b>		
Due after 1 year but within 5 years	<b>104,215</b>	95,776
Due after 5 years	<b>10,147</b>	11,087
	<b>114,362</b>	106,863
<b>Total bank loans and other borrowings</b>	<b>126,568</b>	121,831

## 13. SHARE CAPITAL

	<b>30 June 2019</b>	<b>30 June 2019</b>	31 December 2018	31 December 2018
	<b>No. of shares</b>	<b>HK\$ Million</b>	No. of shares	HK\$ Million
Issued and fully paid ordinary shares At 1 January	<b>2,047,949,287</b>	<b>3,724</b>	2,041,749,287	3,418
Shares issued under the share option scheme	<b>600,000</b>	<b>27</b>	6,200,000	306
At 30 June/31 December	<b>2,048,549,287</b>	<b>3,751</b>	2,047,949,287	3,724

## 14. FAIR VALUES MEASUREMENT OF FINANCIAL INSTRUMENTS

### (a) Financial assets and liabilities carried at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair value measurement" ("HKFRS 13"). The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique. The levels are defined 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 only Level 2 inputs i.e. observable inputs which fail to meet Level 1 and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3 valuations: Fair value measured using significant unobservable inputs.

*Financial instruments carried at fair value*

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

	Fair value measurements categorised into					
	At 30 June 2019			At 31 December 2018		
	Level 1 HK\$ Million	Level 2 HK\$ Million	Total HK\$ Million	Level 1 HK\$ Million	Level 2 HK\$ Million	Total HK\$ Million
<b>Assets</b>						
Other long term investments:						
– Listed investments	51,161	–	51,161	41,292	–	41,292
– Unlisted investments	–	1,769	1,769	–	1,353	1,353
Derivative financial instruments:						
– Interest rate swaps	–	365	365	–	188	188
– Cross currency interest rate swaps	–	220	220	–	137	137
– Forward foreign exchange contracts	–	104	104	–	128	128
	51,161	2,458	53,619	41,292	1,806	43,098
<b>Liabilities</b>						
Derivative financial instruments:						
– Interest rate swaps	–	(152)	(152)	–	(162)	(162)
– Cross currency interest rate swaps	–	(640)	(640)	–	(994)	(994)
– Forward foreign exchange contracts	–	(31)	(31)	–	(16)	(16)
Bank loans and other borrowings:						
– Bonds and notes	–	(18,490)	(18,490)	–	(21,644)	(21,644)
– Bank loans	–	(502)	(502)	–	(1,527)	(1,527)
	–	(19,815)	(19,815)	–	(24,343)	(24,343)

During the six months ended 30 June 2019, there were no transfers of financial instruments between Level 1 and Level 2, or transfers into or out of Level 3.

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

### *Valuation techniques and inputs used in Level 2 fair value measurements*

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

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

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

### **(b) Assets and liabilities carried at other than fair value**

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values as at 30 June 2019 and 31 December 2018.

## **15. MATERIAL RELATED PARTY TRANSACTIONS**

The Group has not been a party to any material related party transaction during the six months ended 30 June 2019 except for the rental income totalling HK\$579 million (2018: HK\$561 million) earned from various tenants which are wholly or partly

owned by companies which in turn are wholly-owned by the family interests of close family members of, or by a trust the settlor of which is a close family member of, the Chairman of the Company. These transactions are considered to be related party transactions, of which HK\$506 million (2018: HK\$482 million) also constitute connected transactions as defined under the Listing Rules.

## **16. CONTINGENT LIABILITIES**

(a) As at 30 June 2019, there were contingent liabilities in respect of guarantees given by the Group on behalf of certain associates and joint ventures of HK\$5,261 million (31 December 2018: HK\$1,998 million), of which HK\$3,549 million (31 December 2018: HK\$1,034 million) had been drawn.

(b) As at 30 June 2019, there were guarantees of HK\$2,711 million (31 December 2018: HK\$3,362 million) provided by WHL group and Wharf REIC group in aggregate 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 development properties of WHL group and Wharf REIC group. There were also mortgage loan guarantees of HK\$1,354 million (31 December 2018: HK\$1,780 million) provided by associates and joint ventures of WHL group to the banks in favour of their customers.

(c) 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.

## 17. COMMITMENTS

The Group's outstanding commitments as at 30 June 2019 are detailed below:

### Planned expenditure

	30 June 2019			31 December 2018		
	Committed HK\$ Million	Uncommitted HK\$ Million	Total HK\$ Million	Committed HK\$ Million	Uncommitted HK\$ Million	Total HK\$ Million
<b>(I) Properties</b>						
<b>Investment properties</b>						
Hong Kong	884	757	1,641	1,005	891	1,896
Mainland China	183	470	653	196	545	741
Singapore	3	-	3	1	-	1
	<b>1,070</b>	<b>1,227</b>	<b>2,297</b>	<b>1,202</b>	<b>1,436</b>	<b>2,638</b>
<b>Development properties</b>						
Hong Kong	9,923	4,019	13,942	8,415	7,528	15,943
Mainland China	11,996	14,384	26,380	10,565	18,120	28,685
	<b>21,919</b>	<b>18,403</b>	<b>40,322</b>	<b>18,980</b>	<b>25,648</b>	<b>44,628</b>
<b>Properties total</b>						
Hong Kong	10,807	4,776	15,583	9,420	8,419	17,839
Mainland China	12,179	14,854	27,033	10,761	18,665	29,426
Singapore	3	-	3	1	-	1
	<b>22,989</b>	<b>19,630</b>	<b>42,619</b>	<b>20,182</b>	<b>27,084</b>	<b>47,266</b>
<b>(II) Non-properties and others</b>						
Hotels	13	113	126	5	119	124
Modern Terminals	64	62	126	93	70	163
Others	3,757	-	3,757	3,519	-	3,519
	<b>3,834</b>	<b>175</b>	<b>4,009</b>	<b>3,617</b>	<b>189</b>	<b>3,806</b>
<b>Total</b>	<b>26,823</b>	<b>19,805</b>	<b>46,628</b>	<b>23,799</b>	<b>27,273</b>	<b>51,072</b>

- (i) Properties commitments are mainly for construction costs to be incurred in the forthcoming years including attributable land costs of HK\$0.3 billion (31 December 2018: HK\$1.3 billion).
- (ii) The expenditure for development properties includes attributable amounts for developments undertaken by associates and joint ventures of HK\$0.9 billion (31 December 2018: HK\$0.9 billion) in Hong Kong and HK\$10.8 billion (31 December 2018: HK\$12.6 billion) in Mainland China, respectively.

## 18. REVIEW OF UNAUDITED INTERIM FINANCIAL INFORMATION

The unaudited interim financial information for the six months ended 30 June 2019 has been reviewed with no disagreement by the Audit Committee of the Company.

## CORPORATE GOVERNANCE CODE

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

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

## CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

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

## DIRECTORS' INTERESTS IN SECURITIES

### (A) INTERESTS IN SHARES & DEBT SECURITIES

At 30 June 2019, Directors of the Company had the following interests, all being personal, beneficial and long position interests, in the shares and/or debt securities of the Company, of three subsidiaries of the Company, namely, The Wharf (Holdings) Limited ("WHL"), Wharf Real Estate Investment Company Limited ("Wharf REIC") and Wheelock Finance Limited, and also of Greentown China Holdings Limited, which is regarded as an associated corporation of the Company, and the percentages which the relevant shares represented as compared to the total number of shares in issue of the relevant companies respectively are also set out below:

	<b>Quantity</b> (percentage, where applicable) <b>held</b>
<b>The Company</b>	
Douglas C K Woo – Ordinary Shares	3,000,000 (0.15%)
Stephen T H Ng – Ordinary Shares	176,000 (0.01%)
Stewart C K Leung – Ordinary Shares	250,000 (0.01%)
Paul Y C Tsui – Ordinary Shares	300,000 (0.01%)
Ricky K Y Wong – Ordinary Shares	609,000 (0.03%)
<b>WHL</b>	
Stephen T H Ng – Ordinary Shares	1,509,445 (0.05%)
Kenneth W S Ting – Ordinary Shares	659,024 (0.02%)
<b>Wharf REIC</b>	
Stephen T H Ng – Ordinary Shares	1,009,445 (0.03%)
Kenneth W S Ting – Ordinary Shares	659,024 (0.02%)
<b>Wheelock Finance Limited</b>	
Ricky K Y Wong – HKD Guaranteed Notes due 2022	HK\$5,000,000
<b>Greentown China Holdings Limited</b>	
Ricky K Y Wong – USD Fixed Rate Notes due 2020	US\$600,000

*Note: The interests in shares disclosed above do not include interests in share options of the Company and/or its subsidiary(ies) held by Directors of the Company as at 30 June 2019. Details of such interests in share options are separately set out below under subsections "(B) Interests in Share Options of the Company" and "(C) Interests in Share Options of WHL".*

**(B) INTERESTS IN SHARE OPTIONS OF THE COMPANY**

Set out below are particulars and movement(s), if any, of all options (all being personal interests) held during the six months ended 30 June 2019 by Directors (and/or their respective associate(s)) of the Company to subscribe for ordinary shares of the Company (“Wheelock’s share(s)”) granted/exercisable under the share option scheme of the Company:

Name of Director	Total No. of Wheelock’s shares under option held as at 30 June 2019 (percentage based on all issued shares)	Date of grant (Day/Month/Year)	No. of Wheelock’s shares under option				Subscription price per share (HK\$)
			As at date of grant	As at 1 January 2019	Exercised during the period	As at 30 June 2019	
Douglas C K Woo	5,000,000 (0.24%)	07/07/2016	5,000,000	5,000,000	–	5,000,000	36.60
Stewart C K Leung	1,200,000 (0.06%)	07/07/2016	3,000,000	1,200,000	–	1,200,000	36.60
Paul Y C Tsui	900,000 (0.04%)	07/07/2016	1,500,000	900,000	–	900,000	36.60
Ricky K Y Wong	1,200,000 (0.06%)	07/07/2016	3,000,000	1,800,000	600,000 (Note b)	1,200,000	36.60

*Notes:*

- (a) Regarding the share options granted to the abovementioned Directors on the date of grant as set out above, the share options as originally granted (i.e. the original total quantity of options granted on the date of grant) were/are vested in five tranches within a period of 5 years, with each tranche covering one-fifth of the options, i.e. exercisable to the extent of one-fifth of the total number of Wheelock’s shares under option, and with the 1st tranche exercisable from the day immediately following the date of grant, and the 2nd, 3rd, 4th and 5th tranches exercisable from the day immediately following the 1st, 2nd, 3rd and 4th anniversary dates of the date of grant respectively; all the options will lapse at the close of business on the 5th anniversary date of the date of grant.
- (b) The closing price of Wheelock’s shares immediately before the date of exercise of options by Mr Ricky K Y Wong (all exercised on the same day) during the period under review was HK\$58.65 per share.

**(C) INTERESTS IN SHARE OPTIONS OF WHL**

There was in existence during the financial period a share option scheme of WHL (the “WHL’s Scheme”). Set out below are particulars and movement(s), if any, of all options (all being personal interests) held during the six months ended 30 June 2019 by Directors (and/or their respective associate(s)) of the Company to subscribe for ordinary shares of WHL (“WHL’s share(s)”) granted/exercisable under the WHL’s Scheme:

Name of Director	Total No. of WHL’s shares under option held as at 30 June 2019 (percentage based on all issued shares)	Date of grant (Day/Month/Year)	No. of WHL’s shares under option				Subscription price per share (HK\$)
			As at date of grant	As at 1 January 2019	Exercised during the period	As at 30 June 2019	
Stephen T H Ng	3,500,000 (0.11%)	07/07/2016	5,000,000	3,500,000	–	3,500,000	15.92
Paul Y C Tsui	900,000 (0.03%)	07/07/2016	1,500,000	900,000	–	900,000	15.92

*Note: Regarding the share options granted to the abovementioned Directors on the date of grant as set out above, the share options as originally granted (i.e. the original total quantity of options granted on the date of grant) were/are vested in five tranches within a period of 5 years, with each tranche covering one-fifth of the relevant options, i.e. exercisable to the extent of one-fifth of the total number of WHL’s shares under option, and with the 1st tranche exercisable from the day immediately following the date of grant, and the 2nd, 3rd, 4th and 5th tranches exercisable from the day immediately following the 1st, 2nd, 3rd and 4th anniversary dates of the date of grant respectively; all the options will lapse at the close of business on the 5th anniversary date of the date of grant.*

Except as disclosed above:

- (1) no share option of the Company and/or WHL held by Directors of the Company and/or their associate(s) lapsed or was exercised or cancelled during the financial period and no share option of the Company and/or WHL was granted to any Director of the Company and/or any of their associate(s) during the financial period; and
- (2) as recorded in the register kept by the Company under Section 352 of the Securities and Futures Ordinance (“SFO”) in respect of information required to be notified to the Company and the Stock Exchange by the Directors and/or Chief Executive of the Company pursuant to the SFO or to the Listing Rules, there were no interests, both long and short positions, held as at 30 June 2019 by any of the Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and/or its associated corporations (within the meaning of Part XV of the SFO), nor had there been any rights to subscribe for any shares, underlying shares or debentures of the Company and/or its associated corporations held by any of them as at 30 June 2019.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties who/which were, directly or indirectly, interested in 5% or more of any class of voting shares of the Company as at 30 June 2019 and the respective relevant numbers of shares (percentages based on all issued shares) in which they were, and/or were deemed to be, interested as at that date as recorded in the register kept by the Company under Section 336 of the SFO (the "Register"):

<b>Names</b>	<b>Number (percentage) of Ordinary Shares</b>
(i) Mr Peter K C Woo (Note 2)	286,836,652 (14.01%)
(ii) Mrs Bessie P Y Woo (Note 2)	286,836,652 (14.01%)
(iii) HSBC Trustee (C. I.) Limited	995,221,678 (48.58%)

Notes:

- (1) Duplication occurred in respect of the shareholdings stated against parties (i) and (ii) above to the extent that they represented the same block of shares.
- (2) For the purpose of disclosure of interests in share options of the Company and of WHL under the Listing Rules, Mr Douglas C K Woo is regarded as an associate of each of party (i) and party (ii). Particulars of Mr Douglas C K Woo's relevant share option interests (not included in the interests held by party (i) and party (ii) mentioned above) are set out above under subsections (B) and (C) in the section headed "Directors' Interests in Securities".

All the interests stated above represented long positions and as at 30 June 2019, there were no short position interests recorded in the Register.

## SHARE OPTION SCHEMES

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

Set out below are particulars and movement(s), if any, during the six months ended 30 June 2019 of all share options of the Company outstanding during the period (all such share options were granted to Directors of the Company working under employment contracts that are regarded as “continuous contracts” for the purposes of the Employment Ordinance and all being participants with options not exceeding the respective individual limits):

Date of grant (Day/Month/Year)	No. of Wheelock's shares under option			Vesting/Exercise Period (both dates inclusive) (Day/Month/Year)	Subscription price per share (HK\$)
	As at 1 January 2019	Exercised during the period	As at 30 June 2019		
07/07/2016:	1,000,000	–	1,000,000	08/07/2016 – 07/07/2021	36.60
	1,000,000	–	1,000,000	08/07/2017 – 07/07/2021	36.60
	1,900,000	600,000	1,300,000	08/07/2018 – 07/07/2021	36.60
	2,500,000	–	2,500,000	08/07/2019 – 07/07/2021	36.60
	2,500,000	–	2,500,000	08/07/2020 – 07/07/2021	36.60
<b>Total:</b>	<b>8,900,000</b>	<b>600,000</b>	<b>8,300,000</b>		

*Notes:*

- (1) *The closing price of Wheelock's shares immediately before the date of exercise of the options (all exercised on the same day) during the financial period as abovementioned was HK\$58.65 per share.*
- (2) *Except as disclosed above, no share option of the Company lapsed or was granted, exercised or cancelled during the financial period.*

**(B) DETAILS OF OUTSTANDING OPTIONS FOR SHARES OF WHL**

Set out below are particulars and movement(s), if any, during the six months ended 30 June 2019 of all WHL's share options outstanding during the period (all such share options were granted to employees and/or directors of WHL and/or its subsidiaries (some being also Directors of the Company), all working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance and all being participants with options not exceeding the respective individual limits):

<b>Date of grant</b> (Day/Month/Year)	<b>No. of WHL's shares under option</b>		<b>Exercised during the period</b>	<b>Vesting/Exercise Period</b> (both dates inclusive) (Day/Month/Year)	<b>Subscription price per share</b> (HK\$)
	<b>As at 1 January 2019</b>	<b>As at 30 June 2019</b>			
07/07/2016:	-	-	-	08/07/2016 – 07/07/2021	15.92
	800,000	-	-	08/07/2017 – 07/07/2021	15.92
	2,300,000	-	-	08/07/2018 – 07/07/2021	15.92
	2,900,000	-	-	08/07/2019 – 07/07/2021	15.92
	2,900,000	-	-	08/07/2020 – 07/07/2021	15.92
<b>Total:</b>	<b>8,900,000</b>	<b>-</b>	<b>-</b>		

*Note: Except as disclosed above, no share option of WHL lapsed or was granted, exercised or cancelled during the financial period.*

## CHANGES OF INFORMATION OF DIRECTORS

(A) Given below is the latest information regarding annual emoluments, calculated on an annualised basis for the year 2019 (and the year 2018), of all those Directors of the Company for whom there have been changes of amounts of emoluments since the publication of the last annual report of the Company:

<b>Directors</b>	<b>#Salary and various allowances</b> HK\$' 000	<b>##Discretionary annual bonus in cash</b> HK\$' 000
Douglas C K Woo	6,936 (2018: 6,480)	13,000 (2018: 15,000)
Stephen T H Ng	8,649 (2018: 8,392)	15,000 (2018: 41,640)
Stewart C K Leung	5,519 (2018: 5,501)	9,000 (2018: 12,000)
Paul Y C Tsui	5,643 (2018: 5,470)	8,000 (2018: 17,430)
Ricky K Y Wong	5,214 (2018: 4,968)	9,000 (2018: 10,000)

# Not including the Chairman's fee of HK\$300,000 (2018: HK\$250,000) per annum and the Remuneration Committee Member's fee of HK\$50,000 (2018: HK\$50,000) per annum payable to Mr Douglas C K Woo and the Director's fee of HK\$250,000 (2018: HK\$200,000) per annum to each of the other Directors of the Company payable by the Company.

## Paid during the six-month period ended 30 June 2019, with the amounts of such discretionary annual bonuses fixed/decided unilaterally by the employers.

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

<b>Director(s)</b>	<b>Present/(Former) directorship(s) in other listed public company(ies)</b>
Stephen T H Ng	WHL; Wharf REIC; Harbour Centre Development Limited; Joyce Boutique Holdings Limited; Greentown China Holdings Limited (appointed in July 2019); ( <i>i-CABLE Communications Limited</i> ); ( <i>Hotel Properties Limited</i> ); ( <i>Wheelock Properties (Singapore) Limited</i> )

## PURCHASE, SALE OR REDEMPTION OF SHARES

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

## RECORD DATE FOR INTERIM DIVIDEND

There will be no book closure for determining Shareholders' entitlements to the Interim Dividend, which will be paid on Tuesday, 17 September 2019 to Shareholders on record as at the close of business on Wednesday, 28 August 2019. In order to qualify for the abovementioned Interim Dividend, all share transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrars, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 28 August 2019.

By Order of the Board

**Wilson W S Chan**

*Company Secretary*

Hong Kong, 12 August 2019

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

*Notwithstanding any choice of language or means for the receipt of corporate communications (viz. annual report, interim report, etc.) previously made by Shareholder(s) and communicated to the Company, Shareholder(s) has/have the option (which may be exercised at any time by giving reasonable prior notice to the Company) of changing the choice of printed language version(s) to English only, Chinese only or both English and Chinese for receiving future corporate communications, or changing the choice of receiving future corporate communications to using electronic means instead of in printed version (or vice versa). Such notice of change of choice should contain the full name(s) in English, address and contact telephone number of the relevant Shareholder(s), together with the relevant words (i.e. instruction in writing) regarding the request for the change of choice, and should be sent to the Company, c/o the Company's Registrars, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by post or by hand delivery, or via email to [wheelockcompany-ecom@hk.tricorglobal.com](mailto:wheelockcompany-ecom@hk.tricorglobal.com).*