

Set for a New Stage of Growth



CHEUNG KONG PROPERTY HOLDINGS LIMITED

長江實業地產有限公司

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 1113

Interim Report 2015

This interim report 2015 (both English and Chinese versions) ("Interim Report") has been posted on the Company's website at www.ckph.com.hk. Shareholders who have chosen (or are deemed to have consented) to read the Company's corporate communications (including but not limited to the Interim Report) published on the Company's website in place of receiving printed copies thereof may request the printed copy of the Interim Report in writing to the Company c/o the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email to ckph.ecom@computershare.com.hk.

Shareholders who have chosen (or are deemed to have consented) to receive the corporate communications using electronic means through the Company's website and who for any reason have difficulty in receiving or gaining access to the Interim Report posted on the Company's website will upon request in writing to the Company c/o the Company's Hong Kong Share Registrar or by email to ckph.ecom@computershare.com.hk promptly be sent the Interim Report in printed form free of charge.

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Shareholders who have chosen to receive printed copy of the corporate communications in either English or Chinese version will receive both English and Chinese versions of the Interim Report since both language versions are bound together into one booklet.



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Corporate Information and Key Dates

Board of Directors

LI Ka-shing *Chairman*
 LI Tzar Kuoi, Victor *Managing Director and Deputy Chairman*
 KAM Hing Lam *Deputy Managing Director*
 IP Tak Chuen, Edmond *Deputy Managing Director*
 CHUNG Sun Keung, Davy *Executive Director*
 CHIU Kwok Hung, Justin *Executive Director*
 CHOW Wai Kam *Executive Director*
 PAU Yee Wan, Ezra *Executive Director*
 WOO Chia Ching, Grace *Executive Director*

CHEONG Ying Chew, Henry *Independent Non-executive Director*
 CHOW Nin Mow, Albert *Independent Non-executive Director*
 HUNG Siu-lin, Katherine *Independent Non-executive Director*
 Simon MURRAY *Independent Non-executive Director*
 YEH Yuan Chang, Anthony *Independent Non-executive Director*

Audit Committee

CHEONG Ying Chew, Henry *(Chairman)*
 CHOW Nin Mow, Albert
 HUNG Siu-lin, Katherine

Remuneration Committee

HUNG Siu-lin, Katherine *(Chairman)*
 LI Ka-shing
 CHEONG Ying Chew, Henry

Executive Committee

LI Tzar Kuoi, Victor *(Chairman)*
 KAM Hing Lam
 IP Tak Chuen, Edmond
 CHUNG Sun Keung, Davy
 CHIU Kwok Hung, Justin
 CHOW Wai Kam
 PAU Yee Wan, Ezra
 WOO Chia Ching, Grace

YIP Kin Ming, Emmanuel
 SHEN Wai Yee, Grace
 Eirene YEUNG

MAN Ka Keung, Simon
 KWAN Chi Kin, Anthony
 MA Lai Chee, Gerald

Company Secretary

Eirene YEUNG

Authorised Representatives

IP Tak Chuen, Edmond
 Eirene YEUNG

General Manager, Accounts Department

MAN Ka Keung, Simon

Principal Bankers

Mizuho Bank, Ltd.
 The Bank of Tokyo-Mitsubishi UFJ, Ltd.
 Bank of China (Hong Kong) Limited
 The Hongkong and Shanghai Banking Corporation Limited
 Sumitomo Mitsui Banking Corporation
 Bank of America, N.A.
 China Construction Bank (Asia) Corporation Limited
 Standard Chartered Bank (Hong Kong) Limited
 Oversea-Chinese Banking Corporation Limited
 Agricultural Bank of China Limited
 Canadian Imperial Bank of Commerce

Auditor

Deloitte Touche Tohmatsu

Legal Advisers

Woo, Kwan, Lee & Lo

Registered Office

PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands

Principal Place of Business

7th Floor, Cheung Kong Center,
 2 Queen's Road Central, Hong Kong

Principal Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited
 PO Box 1093, Boundary Hall, Cricket Square,
 Grand Cayman, KY1-1102, Cayman Islands

Hong Kong Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
 Rooms 1712-1716, 17th Floor, Hopewell Centre,
 183 Queen's Road East, Hong Kong

Stock Codes

The Stock Exchange of Hong Kong Limited: 1113
 Bloomberg: 1113 HK
 Reuters: 1113.HK

Website

www.ckph.com.hk

Key Dates

Interim Results Announcement	25 August 2015
Record Date for Interim Dividend	23 September 2015
Payment of Interim Dividend	6 October 2015

Chairman's Statement

Set for a New Stage of Growth

PROFIT FOR THE PERIOD ENDED 30 JUNE 2015

The Group's unaudited profit attributable to shareholders for the period ended 30 June 2015 amounted to HK\$6,890 million. Earnings per share were HK\$1.79.

INTERIM DIVIDEND

The Directors have declared an interim dividend for 2015 of HK\$0.35 per share to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 23 September 2015. The interim dividend will be paid on Tuesday, 6 October 2015.

PROSPECTS

Cheung Kong Property Holdings Limited (the "Group") has been listed on the Main Board of the Hong Kong Stock Exchange since 3 June 2015 by way of introduction. It holds the combined property businesses of the Cheung Kong Group* and of the Hutchison Group** pursuant to the reorganisation and spin-off exercise ("Reorganisation") targeted to create shareholder value, realise maximum business synergies, and provide greater transparency and investment flexibility for shareholders and investors. The listing marked a new chapter of growth for the Group under a new structure of more focused businesses.

Following the combination and transfer to the Group of all the property businesses of the Cheung Kong Group and of the Hutchison Group (the "Property Businesses Combination") under the Reorganisation, the Group's principal activities encompass property development and investment, hotel and serviced suite operation and property and project management, and it has interests in three listed REITs. It also has a portfolio of diversified properties, which includes properties located in Hong Kong, the Mainland, Singapore and the United Kingdom.

The joint ventures between the Cheung Kong Group and the Hutchison Group have now become wholly owned or non-wholly owned subsidiaries of the Group. Also, the Group's quality property portfolio has significantly expanded and become more diversified both in terms of asset type and geographical locations. It broadens the Group's business prospects, and enables it to grow on a stronger platform for sustainable development.

* "Cheung Kong Group" refers to CK Hutchison Holdings Limited and its subsidiaries before 3 June 2015.

** "Hutchison Group" refers to Hutchison Whampoa Limited and its subsidiaries before 3 June 2015.

Chairman's Statement (*continued*)

Business Review

This is the first interim report of the Group since its incorporation and listing, which covers (i) the results of the property businesses of the Cheung Kong Group for the full six months period and (ii) the results of the property businesses of the Hutchison Group after the Property Businesses Combination for the period from 3 June 2015 to 30 June 2015 (28 days). During the period under review, all the principal businesses of the Group continued to develop and perform solidly, and new streams of profit contribution were generated from its expanded property portfolio. For the six months ended 30 June 2015, the Group's unaudited profit attributable to shareholders was HK\$6,890 million, 22% higher than the profit of the property businesses reported by the Cheung Kong Group for the same period last year.

Property Development

The Group's property development portfolio comprises properties developed by the Cheung Kong Group and those developed by the Hutchison Group. The joint ventures between the two groups were also included in the portfolio as they have become subsidiaries of the Group following the Property Businesses Combination, resulting in a marked increase in the number of the Group's development projects. Backed by a larger property development portfolio in terms of scale and market coverage, the Group is well positioned to further strengthen its growth fundamentals and enhance its position in core markets including Hong Kong and the Mainland.

Property Investment

The Group's investment properties include office, retail, and industrial properties and car park spaces which are held for long-term investment. As a result of the Property Businesses Combination, a number of high-quality investment properties were added to the Group's investment property portfolio, primarily including the various commercial properties of the Hutchison Group such as Cheung Kong Center, Hutchison House, and China Building which have been providing quality rental income. With an aggregate gross floor area of approximately 1.5 million sq.m., the Group's investment property portfolio provides steady cash flow and stable recurring income to complement the cyclical revenue streams from sales of properties. The overall performance of the Group's property investment business was favourable during the period. The significant increase in contribution reflected new streams of revenue from the enlarged investment property portfolio.

Hotel and Serviced Suite Operation

With the inclusion of the various hotels and serviced suites of the Hutchison Group which have been operating solidly, the Group now owns and/or manages hotels and serviced suites located primarily in Hong Kong and the Mainland, with over 16,000 rooms in aggregate. The Group will benefit from stronger synergies created by its significantly expanded hotel and serviced suite portfolio, and its efforts to actively manage the portfolio through its experienced property and hotel management teams and enhance its "Harbour Grand", "Rambler", "Harbour Plaza" and "Horizon" brand positioning to maximise occupancy and rental rates. However, the performance of the Group's hotel and serviced suite operation was below expectations during the period due to reduced demand amid a challenging global economic environment.

Property and Project Management

The Group continues to strengthen its property and project management business to support its development and investment properties. A growth in turnover and contribution from the Group's property and project management was registered during the period. The significant increase in the total floor area of properties under the Group's property management after the Property Businesses Combination will contribute further to the overall performance.

Business Strategies

The Group is steadfast to maximise shareholder value by driving the long-term sustainable growth of its business. With a strong focus on the property business, the Group will put in place the following business strategies to exploit its potential and create new growth:

- **Continue to develop in the core markets:** The Group will continue to develop in its core markets and seek to further solidify its market position in Hong Kong, the Mainland and overseas markets, taking into account the operating conditions and tailoring the schedules of business development accordingly.
- **Continue to grow recurring income from investment properties:** The Group will evaluate and strategically adjust its mix of properties for sale and investment from time to time, and will continue to enhance its existing investment property portfolio and optimise its tenant base in order to maximise its rental rates and occupancy. This aims to complement the Group's cash flow from sales of properties with stable recurring income and capture long-term capital appreciation potential of its properties.
- **Enhance the scale and brand positioning of the Group's hotel and serviced suite portfolio:** The Group will selectively expand its hotel and serviced suite portfolio, and actively manage its existing portfolio and enhance its existing hotel brand positioning. The Group will seek to improve operational efficiency to enhance the value of its hotels and serviced suites.
- **Focus on optimising land bank to balance stability and growth:** The Group will focus on acquiring land at times and prices that it considers to be favourable by following a disciplined approach to future land acquisition. The Group will manage and optimise its land bank actively in step with market conditions and attuned to its needs for medium- and long-term development.
- **Maintain a disciplined financial management approach:** Through adhering to a disciplined financial management policy of maintaining a healthy debt ratio, the Group will seek to keep strong liquidity to capitalise on acquisition and investment opportunities as they arise. The Group will maintain financial prudence in its capital commitments and deploy its capital resources efficiently to position itself for future growth.

Chairman's Statement (*continued*)

Outlook

Hong Kong's property market sustained an overall stable performance in the first half of 2015, while the Mainland's market saw signs of stabilisation in property activities and buyer sentiment in certain major cities. Looking ahead, the overall market conditions in Hong Kong and the Mainland will remain stable in the second half year barring no major unforeseen material adverse developments. Housing policies will continue to be a major factor in determining the direction of the long-term development of the property market.

The global marketplace is expected to continue to face certain uncertainties arising from the economic risks of some countries which may affect global financial market stability. Despite the short-term financial market volatility on the Mainland, its economy is expected to operate in a reasonable range of growth given its fundamentals for steady development and the Central Government's measures to support the economy. The "One Belt, One Road" initiative, a strategic foreign policy and development framework of the Mainland, will present tremendous business opportunities from which Hong Kong is poised to benefit.

Looking to the second half year, the Group's overall results are expected to improve over the first half of 2015 barring no unforeseen circumstances. With a land bank sufficient for development over the next four to five years, we are well positioned to boost overall growth by building on a stronger operating base both in terms of asset type and geographical locations. Our strong and diversified recurring income base also places us on a more solid financial platform to navigate different business cycles and to deal with unforeseen challenges and market risks. The Group's net debt to net total capital ratio at the interim period end date was approximately 9.6%. Its good credit profile and strong financials are recognised by the A-, A3 and A- credit ratings given to it by Standard & Poor's, Moody's and Fitch Ratings respectively.

It is expected that contribution from more developments will be accounted for following the progressive launch and marketing of the Group's property projects in the pipeline. Meanwhile, the strong recurring income generated from the Group's enlarged rental portfolio of investment properties and hotels will provide a good degree of stability to its financial capacity. We have strong confidence in the Group's positive outlook as it is supported by the Group's sound track record, broad asset portfolio diversity, well-established foundations and market position, as well as strong liquidity profile.

Intelligent, creative, dedicated and loyal employees are the Group's most valuable asset in this extremely competitive and challenging global environment. I take this opportunity to thank our colleagues on the Board and our diligent employees for their hard work, loyal service and contributions during the period.

Li Ka-shing
Chairman

Management Discussion and Analysis

BUSINESS REVIEW

Major Business Activities

1. Developments Completed and Scheduled for Completion in 2015:

Name	Location	Total Gross Floor Area (sq.m.)	Group's Interest
Stars by the Harbour	Kowloon Inland Lot No. 11120	33,979	100%
Mont Vert Phase II	The Remaining Portion of Tai Po Town Lot No. 183	16,892	100%
DIVA	The Remaining Portion of Inland Lot No. 3319	6,606	100%
The Zumurud	Kowloon Inland Lot No. 11125	36,630	80%
Ping Kwai Road Project	Lot No. 2129 in D.D. 121 Yuen Long	6,076	100%
Heung Yip Road Project	The Remaining Portion of Aberdeen Inland Lot No. 354	30,099	100%
Thomson Grand	Upper Thomson Road, Singapore	43,781	100%
La Grande Ville Phase 3	Shun Yi District, Beijing	66,553	100%
Guangzhou Guoji Wanjucheng Phases 2B and 2C1	Huangpu District, Guangzhou	99,462	60%
Yuhu Mingdi Phase 2(1)	Huangpu District, Guangzhou	70,182	80%
Upper West Shanghai Phase 1B	Putuo District, Shanghai	103,310	60%
Hupan Mingdi Land No. 911 North	Jiading District, Shanghai	138,843	100%
Kerry Everbright City Phase III	Zhabei District, Shanghai	104,253	24.75%
Regency Cove Phases 1A and 1B	Changchun National Hi-Tech Industrial Development Zone, Changchun	235,456	100%

Management Discussion and Analysis (continued)

Name	Location	Total Gross Floor Area (sq.m.)	Group's Interest
Regency Park Phases 4A and 4B	Jingyue Economic Development Zone, Changchun	72,414	100%
Le Parc Phase 5B	Chengdu High-Tech Zone, Chengdu	148,015	100%
Regency Hills Lands No. 1 and 8A	Yangjiashan, Chongqing	198,383	95%
Regency Lakeview Land No. G19	Liangjiang New Area, Chongqing	73,175	100%
Laguna Verona Phase D2b	Hwang Gang Lake, Dongguan	34,427	99.82%
Emerald Cove Phases 1A and 2A	Chancheng District, Foshan	45,846	100%
Cape Coral Phase 4A	Panyu District, Guangzhou	76,963	100%
Noble Hills Phase 1A	Zengcheng, Guangzhou	1,500	100%
Emerald City Phases 1 and 2	Jianye District, Nanjing	359,198	100%
The Harbourfront Land No. 6	Shibei District, Qingdao	225,797	90%
Royal Waterfront Phases 1 and 2	Qing Pu District, Shanghai	80,230	100%
Riviera Palace Phases 1 and 2A	Qing Pu District, Shanghai	151,126	100%
Century Link Office Tower 1	Pudong New District, Shanghai	64,836	50%
Regency Garden Phase 5A	Pudong New District, Shanghai	35,980	85%
Land Lots G/M and H Project	Futian District, Shenzhen	45,000	50%
The Metropolitan Phase 1	Jiangnan District, Wuhan	198,291	100%
Millennium Waterfront Phase 1B	Jiangnan District, Wuhan	258,862	100%

2. New Acquisitions and Joint Developments and Other Major Events:

Hong Kong

- (1) During the period under review, the Group continued to pursue opportunities for acquisition of properties and agricultural land with potential for development. Some of the properties and agricultural land are under varying stages of design and planning applications.

The Mainland and Overseas

- (2) During the period under review, the Group continued to focus on project development and the marketing of properties on the Mainland and overseas in a timely manner.

Property Sales

Turnover of property sales (including share of joint ventures) recognised for the period was HK\$15,765 million (2014 – HK\$12,520 million) comprising mainly (i) sale of residential units of property projects in Hong Kong – City Point, Hemera, Mont Vert Phases I & II and DIVA, and (ii) sale of residential units of property projects on the Mainland – Upper West Shanghai Phase 1B in Shanghai, Regency Hills Land No. 1 in Chongqing, Le Parc Phases 3, 4, 5A and 5B in Chengdu, The Harbourfront Land Nos. 2, 3, 4 and 6 in Qingdao, and is summarised by location as follows:

Location	2015 HK\$ Million	2014 HK\$ Million
Hong Kong	10,328	9,539
Mainland	5,313	2,966
Singapore	124	15
	15,765	12,520

Management Discussion and Analysis (*continued*)

Contribution from property sales (including share of joint ventures) for the period was HK\$3,816 million (2014 – HK\$4,673 million), and was derived from the following locations:

Location	2015 HK\$ Million	2014 HK\$ Million
Hong Kong	2,715	3,810
Mainland	1,059	867
Singapore	47	2
United Kingdom	(5)	(6)
	3,816	4,673

Besides, the Group's interest in a joint venture which held Metropolitan Plaza in Chongqing for rental income was disposed of to Hui Xian Real Estate Investment Trust at a profit of HK\$1,366 million during the period.

During the period, property sales in Hong Kong were active and the primary residential property market picked up on prices and transaction volumes, whereas property sales in the first and second tier cities on the Mainland stabilised following the easing of government controls, but some smaller cities continued to experience an oversupply.

Property sales contribution for the second half year will mainly be derived from the sale of residential units of Stars by the Harbour in Hong Kong, Hupan Mingdi in Shanghai, La Grande Ville Phase 3 in Beijing, Emerald City Phase 1 in Nanjing, Millennium Waterfront Phase 1B in Wuhan, Thomson Grand in Singapore, and a few others scheduled for completion.

The presale of residential units of Stars by the Harbour has been launched in August and units offered for sale are taken up by purchasers quickly. All the units of Thomson Grand in Singapore were sold out in 2012 whereas sales/presales of various residential property projects on the Mainland are progressing steadily. Besides, the presale of residential units of La Lumière, VIVA and The Beaumont II (all scheduled for completion in 2016) was launched during the period in Hong Kong and all the units are close to sold-out.

At the interim period end date, the Group had contracted property sales attributable to the Group but not yet recognised as follows:

Location	Sales Amount HK\$ Million
Hong Kong	12,063
Mainland	17,377
Singapore	3,725
United Kingdom	68
	33,233

and had a development land bank of approximately 14.9 million sq.m. (excluding agricultural land and properties completed but including developers' interests in joint development projects), of which approximately 0.7 million sq.m., 13.8 million sq.m. and 0.4 million sq.m. were in Hong Kong, the Mainland and overseas respectively.

Property Rental

Turnover of property rental (including share of joint ventures) for the period was HK\$1,550 million (2014 – HK\$1,147 million) and included rental income derived on (i) the property portfolio previously held by CK Hutchison Holdings Limited and its subsidiaries ("Cheung Kong Group") for the full six months period and (ii) the property portfolio previously held by Hutchison Whampoa Limited and its subsidiaries ("Hutchison Group") for the period from 3 June 2015 (the completion date of the property businesses combination concerning the Cheung Kong Property Group and the Hutchison Property Group as described in note 1 to the interim financial statements ("Completion Date")) to the period end date as follows:

Property portfolio previously held by	2015 HK\$ Million	2014 HK\$ Million
Cheung Kong Group	1,160	1,147
Hutchison Group	390	–
	1,550	1,147

Management Discussion and Analysis (continued)

The Group's investment properties are mostly located in Hong Kong and comprise mainly office, retail and industrial properties, which accounted for 39%, 45% and 5% respectively of the turnover of property rental for the period.

Contribution from property rental (including share of joint ventures) for the period was HK\$1,331 million (2014 – HK\$1,015 million) and was derived from the following locations:

Location	2015 HK\$ Million	2014 HK\$ Million
Hong Kong	1,230	895
Mainland	92	113
Overseas	9	7
	1,331	1,015

At the interim period end date, the Group had an investment property portfolio of approximately 1.5 million sq.m. as follows:

Location	Office Million sq.m.	Retail Million sq.m.	Industrial Million sq.m.	Total Million sq.m.
Hong Kong	0.4	0.3	0.6	1.3
Mainland	0.1	0.1	–	0.2
	0.5	0.4	0.6	1.5

and recorded an increase in fair value of HK\$1,291 million (2014 – HK\$560 million) of investment properties based on a professional valuation using capitalisation rates ranging from approximately 4% to 8%. The Group also shared an increase in fair value of HK\$8 million (2014 – a decrease of HK\$41 million) of investment properties held by joint ventures.

Hotel and Serviced Suite Operation

Turnover of hotel and serviced suite operation (including share of joint ventures) for the period was HK\$1,414 million (2014 – HK\$1,398 million) and included revenue generated on (i) the hotels and serviced suites previously owned by Cheung Kong Group for the full six months period and (ii) the hotels and serviced suites previously owned by Hutchison Group for the period from the Completion Date to the period end date as follows:

	2015 HK\$ Million	2014 HK\$ Million
Hotels and serviced suites previously owned by		
Cheung Kong Group	1,236	1,398
Hutchison Group	178	–
	1,414	1,398

The Group's hotel and serviced suite portfolio comprises 14 hotels and serviced suites in Hong Kong, 4 hotels on the Mainland, 1 hotel in The Bahamas and a total of over 16,000 rooms. During the period, the average room rates achieved by the Group's hotel and serviced suite operation in Hong Kong, on the Mainland and in The Bahamas were HK\$725, HK\$726 and HK\$788 respectively and the average occupancy rates were 85.2%, 48.8% and 81.2% respectively.

Contribution from hotel and serviced suite operation (including share of joint ventures) for the period after depreciation charge on land and buildings was HK\$505 million (2014 – HK\$598 million) and was derived from the following locations:

Location	2015 HK\$ Million	2014 HK\$ Million
Hong Kong	524	607
Mainland	(14)	(9)
Overseas	(5)	–
	505	598

Management Discussion and Analysis (continued)

The average hotel operating profit reported by the Group's hotel and serviced suite operation for the period was HK\$174 per square metre per month, representing an annualised yield of 14.7% on the total carrying amount of the Group's hotel and serviced suite properties at the interim period end date.

Property and Project Management

Turnover of property and project management (including share of joint ventures) for the period was HK\$320 million (2014 – HK\$272 million) and included management fee income earned on (i) properties and projects previously managed by Cheung Kong Group for the full six months period and (ii) properties and projects previously managed by Hutchison Group for the period from the Completion Date to the period end date as follows:

Properties and projects previously managed by	2015 HK\$ Million	2014 HK\$ Million
Cheung Kong Group	304	272
Hutchison Group	16	–
	320	272

Contribution from property and project management (including share of joint ventures) for the period was HK\$118 million (2014 – HK\$99 million) and was derived from the following locations:

Location	2015 HK\$ Million	2014 HK\$ Million
Hong Kong	95	71
Mainland	7	8
Overseas	16	20
	118	99

At the interim period end date, the total floor area of properties managed by the Group was approximately 21 million sq.m. and this is expected to grow steadily following the gradual completion of the Group's property development projects in the years ahead. The Group is committed to providing high quality services to the properties under its management.

Interests in Real Estate Investment Trusts

At the interim period end date, the Group's interests in listed real estate investment trusts ("REITs") were as follows:

	Principal Activities	Effective Interest
Hui Xian REIT	Investment in office, retail properties, hotels and serviced suites on the Mainland	32.3%
Fortune REIT	Investment in retail properties in Hong Kong	28.0%
Prosperity REIT	Investment in office, retail and industrial properties in Hong Kong	19.3%

Contribution to profit for the period by the Group's interests in REITs amounted to HK\$322 million, including cash distribution of a total sum of HK\$287 million received by Cheung Kong Group before the Completion Date and a share of profit of HK\$35 million of Hui Xian REIT which was accounted for as an associate effective from the Completion Date.

FINANCIAL REVIEW

Liquidity and Financing

The Group monitors its liquidity requirements on a short to medium term basis and arranges bank and other borrowings accordingly.

At the interim period end date, the Group had bank borrowings amounted to HK\$74.5 billion and the maturity profile was spread over a period of ten years, with HK\$21.4 billion repayable within one year, HK\$49.9 billion within two to five years and HK\$3.2 billion beyond five years.

The Group's net debt to net total capital ratio at the interim period end date was approximately 9.6%. Net debt is arrived at by deducting bank balances and deposits of HK\$46.1 billion from the total borrowings and net total capital is the aggregate of total equity and net debt.

With plenty of cash on hand as well as available banking facilities, the Group's liquidity position remains strong and the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

Management Discussion and Analysis (*continued*)

Treasury Policies

The Group maintains a conservative approach on foreign exchange exposure management and borrows principally on a floating rate basis. The Group manages and reviews its exposure to foreign exchange rates and interest rates on a regular basis. At times of exchange rate or interest rate uncertainty or volatility and when appropriate, hedging instruments including swaps and forwards are used in the management of exposure to foreign exchange rate and interest rate fluctuations.

At the interim period end date, approximately 74.1% of the Group's borrowings were in HK\$ and US\$, with the balance in RMB and GBP mainly for the purpose of financing property projects on the Mainland and in the United Kingdom. The Group derives its revenue from property development mainly in HK\$ and RMB and maintains cash balances substantially in HK\$ and RMB. Income in foreign currencies, including GBP and SGD, is also generated from the Group's overseas property projects and cash in these foreign currencies is maintained for operational requirements.

Charges on Assets

At the interim period end date, the Group's assets amounting to HK\$25.6 billion were charged for the Group's borrowings for property projects on the Mainland and overseas.

Contingent Liabilities

At the interim period end date, the Group's contingent liabilities were as follows:

- (1) guarantee provided for the minimum share of revenue to be received by the partner of a joint development project amounting to HK\$576 million; and
- (2) guarantees provided to banks on the Mainland amounting to HK\$780 million in respect of mortgage loans provided to purchasers of properties developed and sold by the Group.

Employees

At the interim period end date, the Group employed approximately 20,500 employees for its principal businesses. The related employees' costs for the period (excluding directors' emoluments) amounted to approximately HK\$1,086 million. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. The Group does not have any share option scheme for employees.

Directors' Biographical Information

LI Ka-shing, GBM, KBE, Commandeur de la Légion d'Honneur, Grand Officer of the Order Vasco Nunez de Balboa, Commandeur de l'Ordre de Léopold, aged 87, is the founder of the Cheung Kong Group. He was appointed to the Board and designated as the Chairman and an Executive Director of the Company and a member of the Remuneration Committee of the Company on 26 February 2015. He is the Chairman of CK Hutchison Holdings Limited ("CK Hutchison"), a listed company, and a member of the Remuneration Committee of CK Hutchison. He is also a Director (re-designated from the Chairman to Director since 3 June 2015) of Cheung Kong (Holdings) Limited ("CKH") (whose listing status on The Stock Exchange of Hong Kong Limited was replaced by CK Hutchison on 18 March 2015) and a Director (re-designated from the Chairman to Director since 8 June 2015) of Hutchison Whampoa Limited ("HWL") which was privatised by way of a scheme of arrangement on 3 June 2015. He is the Chairman of Li Ka Shing Foundation Limited, Li Ka Shing (Overseas) Foundation and Li Ka Shing (Canada) Foundation. He was previously a member of the Remuneration Committee of CKH. He has been engaged in many major commercial developments in Hong Kong for more than 60 years. Mr. Li served as a member of the Hong Kong Special Administrative Region's Basic Law Drafting Committee, Hong Kong Affairs Adviser and the Preparatory Committee for the Hong Kong Special Administrative Region. He is also an Honorary Citizen of a number of cities on the Mainland and overseas. Mr. Li is a keen supporter of community service organisations, and has served as honorary chairman of many such groups over the years. Mr. Li has received Honorary Doctorates from Peking University, the University of Hong Kong, The Hong Kong University of Science and Technology, The Chinese University of Hong Kong, City University of Hong Kong, The Open University of Hong Kong, University of Calgary in Canada and Cambridge University in the United Kingdom. Mr. Li has been awarded Entrepreneur of the Millennium, the Carnegie Medal of Philanthropy and The Berkeley Medal. He is the recipient of many other major honors and awards from renowned institutions on the Mainland and abroad. Mr. Li Ka-shing is the father of Mr. Li Tzar Kuoi, Victor, the Managing Director and Deputy Chairman and the Chairman of Executive Committee of the Company, and the brother-in-law of Mr. Kam Hing Lam, Deputy Managing Director and Member of Executive Committee of the Company. Mr. Li Ka-shing also holds directorships in certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Directors' Biographical Information (*continued*)

Li Tzar Kuoi, Victor, aged 51, joined the Cheung Kong Group in 1985, was appointed as a Director on 5 January 2015 and designated as the Managing Director and Deputy Chairman and an Executive Director of the Company on 26 February 2015. He was also appointed as the Chairman of the Executive Committee of the Company on 3 June 2015. He is the Group Co-Managing Director (re-designated from Managing Director to Group Co-Managing Director since 3 June 2015) and Deputy Chairman of CK Hutchison Holdings Limited. He is also a Director (re-designated from Managing Director and Deputy Chairman to Director since 3 June 2015) of Cheung Kong (Holdings) Limited (whose listing status on The Stock Exchange of Hong Kong Limited was replaced by CK Hutchison on 18 March 2015) and a Director (re-designated from Deputy Chairman to Director since 8 June 2015) of Hutchison Whampoa Limited which was privatised by way of a scheme of arrangement on 3 June 2015. He is also the Chairman of Cheung Kong Infrastructure Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc., a Non-executive Director of Power Assets Holdings Limited and HK Electric Investments Manager Limited ("HKEIM") which is the trustee-manager of HK Electric Investments, a Non-executive Director and the Deputy Chairman of HK Electric Investments Limited and Co-Chairman of Husky Energy Inc. Mr. Victor Li was previously the Chairman of Executive Committee of CK Hutchison and CKH. Except for CKH, HWL and HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong or overseas. Mr. Victor Li is also the Deputy Chairman of Li Ka Shing Foundation Limited, Li Ka Shing (Overseas) Foundation and Li Ka Shing (Canada) Foundation, and a Director of The Hongkong and Shanghai Banking Corporation Limited. Mr. Victor Li serves as a member of the Standing Committee of the 12th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also a member of the Commission on Strategic Development of the Hong Kong Special Administrative Region and Vice Chairman of the Hong Kong General Chamber of Commerce. Mr. Victor Li is the Honorary Consul of Barbados in Hong Kong. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Civil Engineering and an honorary degree, Doctor of Laws, honoris causa (LL.D.). Mr. Victor Li is a son of Mr. Li Ka-shing, the Chairman of the Company and a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), and a nephew of Mr. Kam Hing Lam, Deputy Managing Director and a Member of the Executive Committee of the Company. Mr. Victor Li is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company.

KAM Hing Lam, aged 68, was appointed as an Executive Director and designated as Deputy Managing Director of the Company on 26 February 2015. He was also appointed as a Member of the Executive Committee of the Company on 3 June 2015. He is Deputy Managing Director of CK Hutchison Holdings Limited, and a Director (re-designated from Deputy Managing Director to Director since 3 June 2015) of Cheung Kong (Holdings) Limited (whose listing status on The Stock Exchange of Hong Kong Limited was replaced by CK Hutchison on 18 March 2015). He is also the Group Managing Director of Cheung Kong Infrastructure Holdings Limited, the President and Chief Executive Officer of CK Life Sciences Int'l., (Holdings) Inc. and a Director (re-designated from Executive Director to Director since 8 June 2015) of Hutchison Whampoa Limited which was privatised by way of a scheme of arrangement on 3 June 2015. He was previously a Member of Executive Committee of CK Hutchison and CKH. Except for CKH and HWL, all the companies mentioned above are listed companies. He is also the Chairman of Hui Xian Asset Management Limited as the manager of Hui Xian REIT (listed in Hong Kong). Mr. Kam is an Advisor of the 12th Beijing Municipal Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. Mr. Kam is the brother-in-law of Mr. Li Ka-shing, Chairman of the Company and a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance, and an uncle of Mr. Li Tzar Kuoi, Victor, the Managing Director and Deputy Chairman and the Chairman of the Executive Committee of the Company.

IP Tak Chuen, Edmond, aged 63, was appointed as a Director on 5 January 2015 and designated as Deputy Managing Director and an Executive Director of the Company on 26 February 2015. He was also appointed as a Member of the Executive Committee of the Company on 3 June 2015. He is Deputy Managing Director of CK Hutchison Holdings Limited and a Director (re-designated from Deputy Managing Director to Director since 3 June 2015) of Cheung Kong (Holdings) Limited (whose listing status on The Stock Exchange of Hong Kong Limited was replaced by CK Hutchison on 18 March 2015). He is also an Executive Director and Deputy Chairman of Cheung Kong Infrastructure Holdings Limited, the Senior Vice President and Chief Investment Officer of CK Life Sciences Int'l., (Holdings) Inc., a Non-executive Director of ARA Asset Management Limited (an Asian real estate fund management company listed in Singapore), TOM Group Limited, Real Nutraceutical Group Limited and Shougang Concord International Enterprises Company Limited. Mr. Ip was previously a Non-executive Director of AVIC International Holding (HK) Limited, and a Member of Executive Committee of CK Hutchison and CKH. Except for CKH, all the companies mentioned above are listed companies. Mr. Ip is also a Non-executive Director of Hui Xian Asset Management Limited as the manager of Hui Xian REIT (listed in Hong Kong). He was previously a Non-executive Director of ARA Asset Management (Fortune) Limited as the manager of Fortune REIT (listed in Hong Kong and Singapore). He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration. Mr. Ip is a director of certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Directors' Biographical Information (continued)

CHUNG Sun Keung, Davy, aged 64, was appointed as an Executive Director of the Company on 26 February 2015 and a Member of the Executive Committee of the Company on 3 June 2015. He was previously an Executive Director and a Member of the Executive Committee of CK Hutchison Holdings Limited, a listed company and Cheung Kong (Holdings) Limited (whose listing status on The Stock Exchange of Hong Kong Limited was replaced by CK Hutchison on 18 March 2015). Mr. Chung is a Registered Architect. He was a member of the 11th Guangzhou Committee of the Chinese People's Political Consultative Conference of the People's Republic of China.

CHIU Kwok Hung, Justin, aged 65, joined the Cheung Kong Group in 1997, was appointed as an Executive Director of the Company on 26 February 2015 and a Member of the Executive Committee of the Company on 3 June 2015. He is the Chairman of ARA Asset Management Limited (an Asian real estate fund management company listed in Singapore), ARA Asset Management (Fortune) Limited as the manager of Fortune REIT (listed in Hong Kong and Singapore) and ARA Asset Management (Prosperity) Limited as the manager of Prosperity REIT (listed in Hong Kong). Mr. Chiu is also a Director of ARA Fund Management (Asia Dragon) Limited as the manager of the ARA Asia Dragon Fund, and a Director of ARA Asia Dragon Limited. He was previously an Executive Director and a Member of the Executive Committee of CK Hutchison Holdings Limited, a listed company and Cheung Kong (Holdings) Limited (whose listing status on The Stock Exchange of Hong Kong Limited was replaced by CK Hutchison on 18 March 2015). Mr. Chiu has more than 30 years of international experience in real estate in Hong Kong and various countries. He serves as a member of the Standing Committee of the 12th Shanghai Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. Mr. Chiu is a Council Member and a Fellow of The Hong Kong Institute of Directors, a Fellow of Hong Kong Institute of Real Estate Administrators and a member of the Board of Governors of Hong Kong Baptist University Foundation. He holds Bachelor of Arts degree in Sociology and Economics, and was conferred with the degree of Doctor of Social Sciences, honoris causa by Hong Kong Baptist University and the degree of Doctor of Laws, honoris causa by Trent University, Canada. Mr. Chiu is a director of a company controlled by a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

CHOW Wai Kam, JP, aged 67, was appointed as an Executive Director of the Company on 26 February 2015 and a Member of the Executive Committee of the Company on 3 June 2015. He joined the Hutchison Group in July 1995 and was previously the Group Managing Director of the property and hotels divisions of the Hutchison Group. Mr. Chow is currently the Group Managing Director of Hutchison Property Group Limited, a wholly-owned subsidiary of the Company. He is also a Non-executive Director of AVIC International Holding (HK) Limited, a listed company. He has over 40 years of experience in project management and architectural design for various developments, including hotel, residential, commercial, industrial and school projects in Hong Kong, the Mainland and overseas. He holds a Bachelor of Arts degree in Architectural Studies and a Bachelor of Architecture degree from the University of Hong Kong. He is an Authorised Person (List of Architects) and a Registered Architect. He was also admitted as a Fellow of The Hong Kong Institute of Architects since August 2001.

PAU Yee Wan, Ezra, aged 59, joined the Cheung Kong Group in 1982, was appointed as an Executive Director of the Company on 26 February 2015 and a Member of the Executive Committee of the Company on 3 June 2015. She was previously an Executive Director and a Member of the Executive Committee of CK Hutchison Holdings Limited, a listed company and Cheung Kong (Holdings) Limited (whose listing status on The Stock Exchange of Hong Kong Limited was replaced by CK Hutchison on 18 March 2015). Ms. Pau is a director of certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance, and a director of certain companies controlled by certain substantial shareholders of the Company.

WOO Chia Ching, Grace, aged 58, joined the Cheung Kong Group in 1987, was appointed as an Executive Director of the Company on 26 February 2015 and a Member of the Executive Committee of the Company on 3 June 2015. She was previously an Executive Director and a Member of the Executive Committee of CK Hutchison Holdings Limited, a listed company and Cheung Kong (Holdings) Limited (whose listing status on The Stock Exchange of Hong Kong Limited was replaced by CK Hutchison on 18 March 2015). She holds a Bachelor of Arts degree from the University of Pennsylvania, U.S.A. and a Master's degree in City and Regional Planning from Harvard University, U.S.A.. Ms. Woo is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

CHEONG Ying Chew, Henry, aged 67, was appointed as an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company on 26 February 2015. Mr. Cheong is also an Independent Non-executive Director of Cheung Kong Infrastructure Holdings Limited, CNNC International Limited, Greenland Hong Kong Holdings Limited, Hutchison Telecommunications Hong Kong Holdings Limited, New World Department Store China Limited, Skyworth Digital Holdings Limited and TOM Group Limited, an Independent Director of BTS Group Holdings Public Company Limited, and an Alternate Director to Dr. Wong Yick-ming, Rosanna, an Independent Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited. Mr. Cheong is an Executive Director and Deputy Chairman of Worldsec Limited. Mr. Cheong was previously an Independent Non-executive Director of CK Hutchison Holdings Limited, Cheung Kong (Holdings) Limited (whose listing status on The Stock Exchange of Hong Kong Limited was replaced by CK Hutchison on 18 March 2015) and Creative Energy Solutions Holdings Limited, and the Chairman of the Audit Committee of CK Hutchison and CKH. Except for CKH, all companies mentioned above are listed companies. Mr. Cheong was previously a member of the Securities and Futures Appeals Tribunal and a member of the Advisory Committee of the Securities and Futures Commission. Mr. Cheong holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management.

Directors' Biographical Information (*continued*)

CHOW Nin Mow, Albert, aged 66, was appointed as an Independent Non-executive Director and a member of the Audit Committee of the Company on 26 February 2015. Mr. Chow was previously an Independent Non-executive Director of CK Hutchison Holdings Limited, a listed company and Cheung Kong (Holdings) Limited (whose listing status on The Stock Exchange of Hong Kong Limited was replaced by CK Hutchison on 18 March 2015). He is the Chairman and Managing Director of Wah Yip (Holdings) Limited.

HUNG Siu-lin, Katherine, aged 67, joined the Cheung Kong Group in March 1972, was appointed as an Independent Non-executive Director, the Chairman of the Remuneration Committee and a member of the Audit Committee of the Company on 26 February 2015. Ms. Hung was previously an Independent Non-executive Director and a member of the Audit Committee of CK Hutchison Holdings Limited, a listed company and Cheung Kong (Holdings) Limited (whose listing status on The Stock Exchange of Hong Kong Limited was replaced by CK Hutchison on 18 March 2015). Ms. Hung is a member of the Tianjin Committee of the 13th Chinese People's Political Consultative Conference of the People's Republic of China; also a member of the Supervisory Board of Hong Kong Housing Society, a Court Member of The Hong Kong University of Science and Technology, an Honorary Court Member of The Hong Kong Polytechnic University, an Honorary Court Member of Lingnan University, President Consultant of Tianjin University and Vice Chairman of Chinese Academy of Governance (HK) Industrial and Commercial Professionals Alumni Association. She was a Member of HKSAR Estate Agents Authority during the period from November 2006 to October 2012, a Steering Committee Member of the Institute for Enterprise of The Hong Kong Polytechnic University from April 2000 to August 2011, and an Executive Committee Member of Hong Kong Housing Society from September 2008 to August 2014. Ms. Hung is a University Fellow of The Hong Kong Polytechnic University.

Simon MURRAY, CBE, aged 75, was appointed as an Independent Non-executive Director of the Company on 26 February 2015. Mr. Murray is currently the Non-executive Chairman of General Enterprise Management Services Limited ("GEMS Ltd."), a private equity fund management company. He is a Non-executive Director of Greenheart Group Limited, IRC Limited and China LNG Group Limited, and an Independent Non-executive Director of Orient Overseas (International) Limited, Wing Tai Properties Limited and Spring Asset Management Limited ("SAM") as the manager of Spring Real Estate Investment Trust. He is also a Non-executive Director of Compagnie Financière Richemont SA. Mr. Murray was previously an Independent Non-executive Director of CK Hutchison Holdings Limited and Cheung Kong (Holdings) Limited (whose listing status on The Stock Exchange of Hong Kong Limited was replaced by CK Hutchison on 18 March 2015). Except for CKH, GEMS Ltd. and SAM, all the companies/investment trust mentioned above are listed in Hong Kong or overseas.

YEH Yuan Chang, Anthony, aged 92, was appointed as an Independent Non-executive Director of the Company on 26 February 2015. Mr. Yeh was previously an Independent Non-executive Director of CK Hutchison Holdings Limited, a listed company and Cheung Kong (Holdings) Limited (whose listing status on The Stock Exchange of Hong Kong Limited was replaced by CK Hutchison on 18 March 2015). He holds a Master's degree in Science (Mechanical Engineering). He is the Honorary Life President of Tai Ping Carpets International Limited, a listed company.

Disclosure of Interests

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were notified to the Company and The Stock Exchange of Hong Kong Limited (“Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the “Model Code”), to be notified to the Company and the Stock Exchange, were as follows:

1. Long Positions in Shares

(a) The Company

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Li Ka-shing	Interest of controlled corporations & founder of discretionary trusts	-	-	133,150,256 (Note 1)	1,028,753,254 (Note 2)	1,161,903,510	30.10 %
Li Tzar Kuoi, Victor	Beneficial owner, interest of child or spouse, interest of controlled corporations & beneficiary of trusts	220,000	405,200	3,572,350 (Note 3)	1,028,753,254 (Note 2)	1,032,950,804	26.76%
Kam Hing Lam	Beneficial owner & interest of child or spouse	51,040	57,360	-	-	108,400	0.0028%
Chow Nin Mow, Albert	Beneficial owner	66	-	-	-	66	=0%
Hung Siu-lin, Katherine	Beneficial owner	43,256	-	-	-	43,256	0.0011%
Yeh Yuan Chang, Anthony	Interest of child or spouse	-	91,920	-	-	91,920	0.0024%

Disclosure of Interests (*continued*)1. Long Positions in Shares (*continued*)**(b) Associated Corporations**

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interest	Family Interest	Corporate Interest	Other Interest		
Precise Result Global Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	15 (Note 4)	15	15%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	15 (Note 4)	15	15%
Jabrin Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	2,000 (Note 4)	2,000	20%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	2,000 (Note 4)	2,000	20%
Mightycity Company Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	168,375 (Note 4)	168,375	1.53%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	168,375 (Note 4)	168,375	1.53%

Notes:

- (1) The 133,150,256 shares of the Company comprise:
- (a) 131,850,256 shares held by certain companies of which Mr. Li Ka-shing is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.
 - (b) 1,300,000 shares held by Li Ka Shing Foundation Limited ("LKSF"). By virtue of the terms of the constituent documents of LKSF, Mr. Li Ka-shing may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.

(2) The two references to 1,028,753,254 shares of the Company relate to the same block of shares comprising:

- (a) 936,462,744 shares held by Li Ka-Shing Unity Trustee Company Limited (“TUT1”) as trustee of The Li Ka-Shing Unity Trust (“UT1”) and its related companies in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings (“TUT1 related companies”). Mr. Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust (“DT1”) and another discretionary trust (“DT2”). Each of Li Ka-Shing Unity Trustee Corporation Limited (“TDT1”, which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited (“TDT2”, which is the trustee of DT2) holds units in UT1 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard.

The entire issued share capital of TUT1, TDT1 and TDT2 are owned by Li Ka-Shing Unity Holdings Limited (“Unity Holdco”). Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Unity Holdco or any of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor as a holder of the shares of Unity Holdco as aforesaid.

As Mr. Li Ka-shing may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO and Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT1 and DT2, and by virtue of the above, both Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the shares of the Company held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO as Directors of the Company.

- (b) 7,863,264 shares held by Li Ka-Shing Castle Trustee Company Limited (“TUT3”) as trustee of The Li Ka-Shing Castle Trust (“UT3”). Mr. Li Ka-shing is the settlor of each of the two discretionary trusts (“DT3” and “DT4”). Each of Li Ka-Shing Castle Trustee Corporation Limited (“TDT3”, which is the trustee of DT3) and Li Ka-Shing Castle Trustcorp Limited (“TDT4”, which is the trustee of DT4) holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT3 and DT4 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard.

The entire issued share capital of TUT3, TDT3 and TDT4 are owned by Li Ka-Shing Castle Holdings Limited (“Castle Holdco”). Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Castle Holdco. TUT3 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Castle Holdco or any of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor as a holder of the shares of Castle Holdco as aforesaid.

Disclosure of Interests (*continued*)

As Mr. Li Ka-shing may be regarded as a founder of each of DT3 and DT4 for the purpose of the SFO and Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT3 and DT4, and by virtue of the above, both Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the said shares of the Company held by TUT3 as trustee of UT3 under the SFO as Directors of the Company.

- (c) 84,427,246 shares held by a company controlled by TDT3 as trustee of DT3.
- (3) The 3,572,350 shares of the Company comprise:
- (a) 2,272,350 shares held by certain companies of which Mr. Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.
 - (b) 1,300,000 shares held by LKSF. By virtue of the terms of the constituent documents of LKSF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.
- (4) These are subsidiaries of the Company and such shares are held through TUT1 as trustee of UT1. Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, as Directors, by virtue of their deemed interests in TUT1 as trustee of UT1 as described in Note (2)(a) above, are taken to have a duty of disclosure in relation to such shares under the SFO.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 30 June 2015, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 30 June 2015, shareholders of the Company (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

1. Long Positions of Substantial Shareholders in the Shares of the Company

Name of Shareholder	Capacity	Number of Ordinary Shares	Approximate % of Shareholding
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	936,462,744 (Note 1)	24.26%
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of a trust	936,462,744 (Note 1)	24.26%
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of a trust	936,462,744 (Note 1)	24.26%

2. (a) Long Positions of Other Persons in the Shares and Underlying Shares of the Company

Name of Shareholder	Capacity	Number of Shares/ Underlying Shares	Total	Approximate % of Shareholding
JPMorgan Chase & Co.	(i) Beneficial owner	8,674,899)	269,044,366 (Note 2)	6.97%
	(ii) Investment manager	50,895,866)		
	(iii) Trustee	27,364)		
	(iv) Custodian corporation/ approved lending agent	209,446,237)		
JPMorgan Chase Bank, N.A.	(i) Investment manager	2,998,249)	201,408,652 (Note 3)	5.22%
	(ii) Trustee	27,364)		
	(iii) Custodian corporation/ approved lending agent	198,383,039)		

Disclosure of Interests (*continued*)**(b) Short Positions of Other Persons in the Shares and Underlying Shares of the Company**

Name of Shareholder	Capacity	Number of Shares/ Underlying Shares	Total	Approximate % of Shareholding
JPMorgan Chase & Co.	Beneficial owner	1,393,296	1,393,296 (Note 4)	0.03%

(c) Lending Pool of Other Persons in the Shares and Underlying Shares of the Company

Name of Shareholder	Capacity	Number of Shares/ Underlying Shares	Total	Approximate % of Shareholding
JPMorgan Chase & Co.	Custodian corporation/ approved lending agent	209,446,237	209,446,237	5.42%
JPMorgan Chase Bank, N.A.	Custodian corporation/ approved lending agent	198,383,039	198,383,039 (Note 5)	5.14%

Notes:

- (1) The three references to 936,462,744 shares relate to the same block of shares in the Company. Of these 936,462,744 shares of the Company, 913,378,704 shares of the Company are held by TUT1 as trustee of UT1 and 23,084,040 shares of the Company are held by companies controlled by TUT1 as trustee of UT1. Each of TUT1 as trustee of UT1, TDT1 as trustee of DT1 and TDT2 as trustee of another discretionary trust is taken to have a duty of disclosure in relation to the said shares of the Company as described in Note (2) under the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" under the SFO.
- (2) Such long position includes unlisted and physically settled derivative interests in 23,529 underlying shares of the Company.
- (3) Such long position is included in the long position of JPMorgan Chase & Co. in the Company described above as JPMorgan Chase Bank, N.A. is a wholly-owned subsidiary of JPMorgan Chase & Co.
- (4) Such short position includes derivative interests in 1,393,296 underlying shares of the Company of which 1,261,500 underlying shares are derived from listed and cash settled derivatives and 131,796 underlying shares are derived from unlisted and physically settled derivatives.
- (5) Such lending pool is included in the lending pool of JPMorgan Chase & Co. in the Company described above as JPMorgan Chase Bank, N.A. is a wholly-owned subsidiary of JPMorgan Chase & Co.

Save as disclosed above, as at 30 June 2015, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Corporate Governance

The Board of Directors (“Board”) and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders.

Save as disclosed below, the Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Listing Rules throughout the period ended 30 June 2015. In respect of code provisions A.5.1 to A.5.4 of the CG Code, the Company does not have a nomination committee. At present, the Company does not consider it necessary to have a nomination committee as the full Board is responsible for reviewing the structure, size and composition of the Board and the appointment of new Directors from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular the Chairman of the Board and the Managing Director.

The Group is committed to achieving and maintaining standards of openness, probity and accountability. In line with this commitment and in compliance with the CG Code, the Company has established the Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters. In addition, the Company has also established the Policy on Handling of Confidential Information, Information Disclosure, and Securities Dealing for compliance by the Company’s employees.

BOARD COMPOSITION AND BOARD PRACTICES

The Board is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing shareholders’ value. The Board consists of a total of fourteen Directors, comprising nine Executive Directors and five Independent Non-executive Directors. More than one-third of the Board are Independent Non-executive Directors and more than one of them have appropriate professional qualifications, or accounting or related financial management expertise as required by the Listing Rules. All Directors (including Independent Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company’s Amended and Restated Articles of Association and the CG Code.

The positions of the Chairman of the Board (“Chairman”) and the Managing Director are currently held by separate individuals with a view to maintaining an effective segregation of duties respecting management of the Board and the day-to-day management of the Group’s business.

All Directors have made active contribution to the affairs of the Board and the Board has always acted in the best interests of the Group. In addition to regular Board meetings, the Chairman shall meet with the Independent Non-executive Directors without the presence of Executive Directors at least once every year.

Corporate Governance (*continued*)

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and for ensuring that the Board is briefed on all legislative, regulatory and corporate governance developments and that the Board has regard to them when making decisions. The Company Secretary is also directly responsible for the Group's compliance with the continuing obligations of the Listing Rules, Codes on Takeovers and Mergers and Share Buy-backs, Companies Ordinance, SFO and other applicable laws, rules and regulations.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted the model code for securities transactions by directors of listed issuers set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions, effective from 3 June 2015, which will be revised and adopted from time to time. Confirmation has been received from all Directors that they have complied with the required standards set out in the Model Code during the period ended 30 June 2015.

Written guidelines on no less exacting terms than the Model Code relating to securities transactions for employees are set out in the Employee Handbook of the Company.

INTERNAL CONTROLS

The Company has an internal audit function in place to provide an independent assessment of the Group's internal control system and review of its effectiveness in accordance with the CG Code. The Internal Audit Department prepares its audit plan using a risk based methodology in consultation with, but independent of, the management for review by the audit committee of the Company ("Audit Committee"). The audit work focuses on financial, operational and compliance controls review and those areas of the Group's activities with significant perceived risks. An integral part of the internal audit function is to monitor and ensure effective implementation of these internal control systems.

The Board, through the Audit Committee, has conducted a review of the effectiveness of internal control system of the Group for the period ended 30 June 2015.

AUDIT COMMITTEE

The Company established the Audit Committee on 26 February 2015 and has formulated its written terms of reference, which have from time to time been modified, in accordance with the prevailing provisions of the CG Code. The Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Cheong Ying Chew, Henry (Chairman of the Audit Committee), Mr. Chow Nin Mow, Albert and Ms. Hung Siu-lin, Katherine. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information, review of the relationship with the external auditor of the Company and performance of the corporate governance functions delegated by the Board.

The Group's interim report for the period ended 30 June 2015 has been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

In compliance with the CG Code, the Company established its remuneration committee (“Remuneration Committee”) on 26 February 2015 with a majority of the members thereof being Independent Non-executive Directors. The Remuneration Committee comprises the Chairman, Mr. Li Ka-shing and two Independent Non-executive Directors, namely, Ms. Hung Siu-lin, Katherine (Chairman of the Remuneration Committee) and Mr. Cheong Ying Chew, Henry.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company’s policy and structure for the remuneration of Directors and the management, and reviewing the remuneration packages of all Executive Directors and the management with reference to the corporate goals and objectives of the Board resolved from time to time.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company establishes different communication channels with shareholders and investors, including (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules, and shareholders can choose to receive such documents using electronic means through the Company’s website; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company’s website offers a communication channel between the Company and its shareholders and stakeholders; (v) press conferences and briefing meetings with analysts are arranged from time to time to update on the performance of the Group; (vi) the Company’s Hong Kong Share Registrar deals with shareholders for share registration and related matters; and (vii) the Corporate Affairs Department of the Company handles enquiries from shareholders and investors generally.

In compliance with the CG Code, the Company has established a shareholders communication policy on 26 February 2015 which is subject to review on a regular basis to ensure its effectiveness.

Other Information

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period ended 30 June 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

RISK FACTORS

The Group's businesses, financial condition, results of operations and growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses. The risk factors set out below are those that could result in the Group's businesses, financial condition, results of operations or growth prospects differing materially from expected results. Such factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Property Developments

There exist general risks inherent in property development and in the ownership of properties, including, among other things, rising construction costs, risks that financing for developments may not be available on favourable terms, that construction may not be completed on schedule or within budget especially due to issues such as aging workforce, labour shortage, skills mismatch and succession gap as well as the escalation of material prices, that long-term financing may not be available on completion of construction, that developed properties may not be sold or leased on profitable terms, that there will be intense competition from other developers or property owners which may lead to vacant properties or an inability to sell or rent properties on favourable terms, that purchasers or tenants may default, that properties held for rental purpose will need to be renovated, repaired and re-let on a periodic basis, that it may not be possible to renew leases or re-let spaces when existing leases expire, and that the property market conditions are subject to changes in environmental laws and regulations and zoning laws and other governmental rules and fiscal policies. Property values and rental values are also affected by factors such as political developments, governmental regulations and changes in planning or tax laws, levels of interest rates and consumer prices, the overall supply of properties, and the imposition of governmental measures to dampen property prices. Taxes, levies, stamp duties and similar taxes or charges payable for the sale or transfer of residential properties may be imposed by the relevant authorities from time to time.

Investment in property is generally illiquid, which may limit the ability of the Group in timely realising property assets into cash.

Supply of land is subject to the development of land policies in different markets. Acquisition of land in Hong Kong, the Mainland and other overseas markets may be subject to various regulatory requirements or restrictions. Future growth prospects of the property development business are therefore affected by the availability and price levels of prime sites in Hong Kong, the Mainland and other overseas markets.

The Group may be subject to fines or sanctions if it does not pay land premiums or do not develop properties according to the terms of the land grant documents. Under the Mainland laws and regulations relating to idle land, if a developer fails to develop land according to the terms of the land grant contract (including but not limited to, the payment of fees, the designated uses of land and the time for commencement and completion of development of the land), the relevant authorities may issue a warning to or impose a fine on the developer or require the developer to forfeit the land use rights. Any violation of the terms of the land grant contract may also restrict a developer's ability to participate, or prevent it from participating, in future land bidding. Furthermore, there are specific requirements regarding idle land and other aspects of land use rights grant contracts in many cities on the Mainland, and the local authorities are expected to enforce such rules in accordance with the instructions from the central government of the Mainland.

Circumstances leading to the repossession of land or delays in the completion of a property development may arise and if the Group's land is repossessed, the Group will not be able to continue its property development on the forfeited land, recover the costs incurred for the initial acquisition of the repossessed land or recover development costs and other costs incurred up to the date of the repossession. Furthermore, regulations relating to idle land or other aspects of land use rights may become more restrictive or punitive in the future. If the Group does not comply with the terms of any land use rights grant contract as a result of delays in project development, or as a result of other factors, the Group may lose the opportunity to develop the project, as well as its past investments in the land, which may materially and adversely impact its business, financial condition, results of operations and growth prospects.

Properties could suffer physical damage by fire or other causes and the Group may be exposed to any potential risks associated with public liability claims, resulting in losses (including loss of rent and value of properties) which may not be fully compensated for by insurance proceeds, and such events may in turn affect the Group's financial condition or results of operations. There is also the possibility of other losses for which the Group may not obtain insurance at a reasonable cost or at all. Should an uninsured loss or a loss in excess of insured limits occur, payment of compensation may be required and this may affect the returns on capital invested in that property. The Group would also remain liable for any debt or other financial obligation, such as committed capital expenditures, related to that property. In addition, insurance policies will have to be renewed every year and acceptable terms for coverage will have to be negotiated, thus exposing the Group to the volatility of the insurance markets, including the possibility of rate increases. Any such factors may adversely affect the Group's businesses, financial condition, results of operations or growth prospects.

Other Information (*continued*)

Industry Trends and Interest Rates

The trends in the industries in which the Group operates, including the property market sentiment and conditions, property values in Hong Kong, the mark to market value of investment securities, the currency environment and interest rates cycles, may pose significant risks to the Group's businesses, financial condition, results of operations or growth prospects. There can be no assurance that the combination of industry trends and interest rates the Group experiences in the future will not adversely affect its businesses, financial condition, results of operations or growth prospects.

In particular, income from finance and treasury operations is dependent upon the capital markets, interest rate and currency environment, and the worldwide economic and market conditions, and therefore there can be no assurance that changes in these conditions will not adversely affect the Group's businesses, financial condition, results of operations or growth prospects. The volatility in the financial markets may also adversely affect the income to be derived by the Group from its finance and treasury activities.

Highly Competitive Markets

The Group's principal business operations face significant competition across the markets in which they operate. New market entrants and intensified price competition among existing market players could adversely affect the Group's businesses, financial condition, results of operations or growth prospects. Competition risks faced by the Group include (a) an increasing number of developers undertaking property investment and development in Hong Kong, the Mainland and in other overseas markets, which may affect the market share and returns of the Group; and (b) significant competition and pricing pressure from other developers which may adversely affect the Group's businesses, financial condition, results of operations or growth prospects.

Currency Fluctuations

The results of the Group are recorded in Hong Kong dollars but its various subsidiaries, associates and joint ventures may receive revenue and incur expenses in other currencies. Any currency fluctuations on translation of the accounts of these subsidiaries, associates and joint ventures and also on the repatriation of earnings, equity investments and loans may therefore impact on the Group's businesses, financial condition, results of operations or growth prospects. Although currency exposures have been managed by the Group, a depreciation or fluctuation of the currencies in which the Group conducts operations relative to the Hong Kong dollar could adversely affect its businesses, financial condition, results of operations or growth prospects.

Strategic Partners

Some of the businesses of the Group are conducted through non wholly-owned subsidiaries, associates and joint ventures in which the Group shares control (in whole or in part) and strategic alliances have been formed by the Group with other strategic or business partners. There can be no assurance that any of these strategic or business partners will continue their relationships with the Group in the future or that the Group will be able to pursue its stated strategies with respect to its non wholly-owned subsidiaries, associates and joint ventures and the markets in which they operate. Furthermore, the joint venture partners may (a) have economic or business interests or goals that are inconsistent with those of the Group; (b) take actions contrary to the Group's policies or objectives; (c) undergo a change of control; (d) experience financial and other difficulties; or (e) be unable or unwilling to fulfil their obligations under the joint ventures, which may affect the Group's businesses, financial condition, results of operations or growth prospects.

Impact of Local, National and International Regulations

The local business risks in different countries and cities in which the Group operates could have a material impact on the businesses, financial condition, results of operations or growth prospects. The Group has investments in different countries and cities around the world and the Group is, and may increasingly become, exposed to different and changing political, social, legal, tax, regulatory and environmental requirements at the local, national or international level. Also, new policies or measures by governments, whether fiscal, tax, regulatory, environmental or other competitive changes, may lead to an increase in additional or unplanned operating expenses and capital expenditures, increase in market capacity, reduction in government subsidies, pose a risk to the overall investment return of the Group's businesses and may delay or prevent the commercial operation of a business with resulting loss of revenue and profit, which may adversely affect the Group's businesses, financial condition, results of operations or growth prospects.

Impact of New Accounting Standards

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has from time to time issued new and revised Hong Kong Financial Reporting Standards ("HKFRS"). As accounting standards continue to develop, the HKICPA may in the future issue more new and revised HKFRS and the Group may be required to adopt new accounting policies which might or could have a significant impact on the Group's businesses, financial condition, results of operations or growth prospects.

Other Information (*continued*)

Outbreak of Highly Contagious Disease

In 2003, there was an outbreak of Severe Acute Respiratory Syndrome (“SARS”) in Hong Kong, the Mainland and other places. The SARS outbreak had a significant adverse impact on the economies of the affected areas. The spread of Influenza and other communicable diseases from time to time have also affected many areas of the world. The latest outbreak of the Ebola virus disease also poses a significant threat to global industries. Additional outbreaks of other epidemic diseases could negatively affect results of operation and financial performance of the Group. Any such factors may adversely affect the Group’s businesses, financial condition, results of operations or growth prospects.

Natural Disasters

Some of the Group’s assets and businesses, customers and suppliers are located in areas at risk of damage from earthquakes, floods and similar events and the occurrence of any of these events could disrupt the Group’s business and materially and adversely affect the Group’s businesses, financial condition, results of operations or growth prospects.

Although the Group has not experienced any major structural damage to its property development projects or assets or facilities from earthquakes or natural disasters to date, there can be no assurance that future earthquakes or other natural disasters will not occur and result in major damage to the Group’s property development projects or assets or facilities or on the general supporting infrastructure facilities in the vicinity, which could adversely affect the Group’s businesses, financial condition, results of operations or growth prospects.

Forward-Looking Statements

This Interim Report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the Directors, employees or agents of the Group assume (a) any obligation to correct or update the forward-looking statements or opinions contained in this Interim Report; and (b) any liability in the event that any of the forward-looking statements or opinions does not materialise or turns out to be incorrect.

Interim Financial Statements

Consolidated Income Statement

For the six months ended 30 June 2015

	Note	(Unaudited)	
		2015 HK\$ Million	2014 HK\$ Million
Group turnover		17,740	11,766
Share of turnover of joint ventures		1,309	3,571
Turnover	(3)	19,049	15,337
Group turnover		17,740	11,766
Investment and other income		396	286
Operating costs			
Property and related costs		(11,203)	(5,735)
Salaries and related expenses		(437)	(225)
Interest and other finance costs		(252)	(461)
Depreciation		(176)	(147)
Service fees	(4)	(357)	(697)
Other expenses		(123)	(56)
		(12,548)	(7,321)
Share of profit of joint ventures		243	1,138
Share of profit of associates		35	–
Increase in fair value of investment properties		1,291	560
Profit on disposal of joint ventures		1,366	–
Profit before taxation	(5)	8,523	6,429
Taxation	(6)	(1,253)	(782)
Profit after taxation		7,270	5,647
Profit attributable to			
Shareholders of the Company		6,890	5,632
Non-controlling interests		380	15
		7,270	5,647
Earnings per share	(8)	HK\$1.79	HK\$1.46

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	(Unaudited)	
	2015 HK\$ Million	2014 HK\$ Million
Profit after taxation	7,270	5,647
Other comprehensive income (loss) – reclassifiable to profit or loss		
Translation of financial statements of operations outside Hong Kong – exchange gain	665	45
Investments available for sale – gain (loss) in fair value	68	(6)
Share of other comprehensive loss of joint ventures	(17)	(1,555)
Other comprehensive income (loss)	716	(1,516)
Total comprehensive income	7,986	4,131
Total comprehensive income attributable to		
Shareholders of the Company	7,567	4,117
Non-controlling interests	419	14
	7,986	4,131

Interim Financial Statements (continued)

Consolidated Statement of Financial Position

As at 30 June 2015

	Note	(Unaudited) 30/6/2015 HK\$ Million	(Audited) 31/12/2014 HK\$ Million
Non-current assets			
Fixed assets		18,644	9,928
Investment properties		120,547	33,285
Joint ventures		4,233	45,895
Associates		7,952	2
Investments available for sale		5,532	7,172
Long term loan receivables		2,166	301
Deferred tax assets		1,909	–
		160,983	96,583
Current assets			
Stock of properties		166,034	73,259
Debtors, deposits and prepayments		9,725	1,810
Amounts due from subsidiaries of Cheung Kong (Holdings) Limited		–	1,210
Bank balances and deposits		46,102	10,354
		221,861	86,633
Current liabilities			
Bank and other loans		21,379	250
Creditors and accruals		13,272	4,502
Customers' deposits received		14,971	5,991
Amounts due to Cheung Kong (Holdings) Limited and its subsidiaries		–	70,707
Provision for taxation		3,658	1,346
		168,581	3,837
Net current assets		168,581	3,837
Total assets less current liabilities		329,564	100,420
Non-current liabilities			
Bank and other loans		53,074	350
Deferred tax liabilities		8,365	999
Pension obligations		121	–
		61,560	1,349
Net assets		268,004	99,071
Representing:			
Share capital	(10)	3,860	–
Share premium	(10)	250,951	–
Combined capital		–	93
Reserves		3,560	96,161
Shareholders' funds		258,371	96,254
Non-controlling interests		9,633	2,817
Total equity		268,004	99,071

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Shareholders' Funds				Non- (Unaudited)		Total equity HK\$ Million
	Share capital	Share premium	Combined capital	Reserves ⁽¹⁾	Total	controlling interests	
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	
Balance at 1 January 2014	-	-	93	86,002	86,095	3,059	89,154
Total comprehensive income	-	-	-	4,117	4,117	14	4,131
Change in non-controlling interests	-	-	-	-	-	136	136
Dividend paid to non-controlling interests	-	-	-	-	-	(19)	(19)
Dividend paid to Cheung Kong (Holdings) Limited and its subsidiaries	-	-	-	(3,079)	(3,079)	-	(3,079)
Balance at 30 June 2014	-	-	93	87,040	87,133	3,190	90,323
Balance at 1 January 2015	-	-	93	96,161	96,254	2,817	99,071
Elimination of combined capital upon completion of Property Businesses Combination	-	-	(93)	-	(93)	-	(93)
Reserve established as a result of Property Businesses Combination	-	-	-	(69,014)	(69,014)	-	(69,014)
Share premium established pursuant to Property Businesses Combination (Note 10(3))	-	254,811	-	-	254,811	-	254,811
Non-controlling interests resulting from Property Businesses Combination	-	-	-	-	-	6,779	6,779
Issuance of shares by way of capitalisation of share premium (Note 10(4))	3,860	(3,860)	-	-	-	-	-
Total comprehensive income	-	-	-	7,567	7,567	419	7,986
Change in non-controlling interests	-	-	-	-	-	(285)	(285)
Dividend paid to non-controlling interests	-	-	-	-	-	(97)	(97)
Dividend paid to Cheung Kong (Holdings) Limited and its subsidiaries	-	-	-	(31,154)	(31,154)	-	(31,154)
Balance at 30 June 2015	3,860	250,951	-	3,560	258,371	9,633	268,004

Interim Financial Statements (continued)

Condensed Consolidated Statement of Changes in Equity (continued)

(1) Reserves

	Other reserve HK\$ Million	Investment revaluation reserve HK\$ Million	Exchange reserve HK\$ Million	Retained profits HK\$ Million	Total HK\$ Million
Balance at 1 January 2014	–	1,899	5,725	78,378	86,002
Total comprehensive income	–	(382)	(1,133)	5,632	4,117
Dividend paid to Cheung Kong (Holdings) Limited and its subsidiaries	–	–	–	(3,079)	(3,079)
Balance at 30 June 2014	–	1,517	4,592	80,931	87,040
Balance at 1 January 2015	–	2,037	4,245	89,879	96,161
Reserve established as a result of Property Businesses Combination	(69,014)	–	–	–	(69,014)
Total comprehensive income	–	322	355	6,890	7,567
Dividend paid to Cheung Kong (Holdings) Limited and its subsidiaries	–	–	–	(31,154)	(31,154)
Balance at 30 June 2015	(69,014)	2,359	4,600	65,615	3,560

Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Note	(Unaudited)	
		2015 HK\$ Million	2014 HK\$ Million
Operating activities			
Cash generated from operations	(a)	6,781	6,397
Investment in/loan advance to joint ventures		(8,371)	(184)
Dividend/loan repayment from joint ventures		1,198	564
Interest received		136	28
Profits tax paid		(758)	(160)
Net cash from (used in) operating activities		(1,014)	6,645
Investing activities			
Investment in/loan advance to joint ventures		(18)	(49)
Dividend/loan repayment from joint ventures		36	66
Disposal of joint ventures		3,061	–
Dividend from investment in securities		216	99
Disposal of investments available for sale		155	–
Addition of investment properties		(31)	(9)
Addition of fixed assets		(117)	(142)
Business integration with the Hutchison Property Group	(b)	5,420	–
Net cash from (used in) investment activities		8,722	(35)
Financing activities			
Borrowing of bank and other loans		55,417	–
Repayment of bank and other loans		(489)	(10)
Loan advance from (repayment to) Cheung Kong (Holdings) Limited and its subsidiaries		3,587	(3,252)
Interest paid to Cheung Kong (Holdings) Limited and its subsidiaries		(440)	(589)
Dividend paid to Cheung Kong (Holdings) Limited and its subsidiaries		(31,154)	(3,079)
Dividend paid to non-controlling interests		(97)	(19)
Increase (decrease) in funding from non-controlling interests		(285)	136
Interest and other finance cost paid		(279)	(51)
Net cash from (used in) financing activities		26,260	(6,864)
Net increase (decrease) in cash and cash equivalents		33,968	(254)
Cash and cash equivalents at 1 January		10,354	10,069
Cash and cash equivalents at 30 June	(c)	44,322	9,815

Interim Financial Statements (continued)

Consolidated Statement of Cash Flows (continued)

Notes:

(a) Cash generated from operations

	(Unaudited)	
	2015 HK\$ Million	2014 HK\$ Million
Profit before taxation	8,523	6,429
Interest income	(66)	(43)
Interest and other finance costs	252	461
Dividend income from investments in securities	(216)	(152)
Share of profit of joint ventures	(243)	(1,138)
Share of profit of associates	(35)	–
Increase in fair value of investment properties	(1,291)	(560)
Profit on disposal of joint ventures	(1,366)	–
Decrease in long term loan receivables	15	16
Depreciation	176	147
Others	(15)	(35)
Changes in working capital		
Decrease in stock of properties	5,202	1,757
Decrease in customers' deposits received	(696)	(1,099)
(Increase) decrease in debtors, deposits and prepayments	(3,603)	640
(Increase) decrease in amounts due from subsidiaries of Cheung Kong (Holdings) Limited	1,210	(250)
Increase in creditors and accruals	30	224
Increase in restricted bank balances	(1,096)	–
	1,047	1,272
	6,781	6,397

(b) Business integration with the Hutchison Property Group

Pursuant to the Property Businesses Combination as described in Note 1, the business integration with the Hutchison Property Group had the consequences of (i) incorporation of assets and liabilities of the Hutchison Property Group into the financial statements of the Group; (ii) certain joint ventures of the Cheung Kong Property Group and the Hutchison Property Group becoming subsidiaries of the Group; and (iii) Hui Xian Real Estate Investment Trust, of which both the Cheung Kong Property Group and the Hutchison Property Group had interest, becoming an associate of the Group. The overall impact on the Group's assets and liabilities is summarised as follows:

	HK\$ Million
Fixed assets	8,799
Investment properties	85,898
Joint ventures	(47,043)
Associates	7,917
Investments available for sale	(2,354)
Long term loan receivables	1,880
Deferred tax assets	1,938
Stock of properties	96,861
Debtors, deposits and prepayments	5,802
Bank balances and deposits	6,104
Creditors and accruals	(9,294)
Customers' deposits received	(9,610)
Provision for taxation	(1,905)
Bank and other loans	(19,418)
Deferred tax liabilities	(7,255)
Pension obligations	(131)
Non-controlling interests	(6,779)
Increase in net assets	111,410

and on the Group's cash flow is as follows:

	HK\$ Million
Increase in bank balances and deposits	6,104
Less: Restricted bank balances	(684)
Increase in cash and cash equivalents	5,420

(c) Cash and cash equivalents

	30/6/2015 HK\$ Million	30/6/2014 HK\$ Million
Bank balances and deposits	46,102	9,815
Less: Restricted bank balances	(1,780)	–
	44,322	9,815

Restricted bank balances represent sale proceeds placed with banks in accordance with the requirements of property development on the Mainland and are restricted for use before certain conditions of the property development are met.

Interim Financial Statements (*continued*)

Notes to Interim Financial Statements

1. General Information

The Company is an exempted company with limited liability incorporated in the Cayman Islands and its shares have been listed on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") since 3 June 2015. The addresses of its registered office and principal place of business are set out on page 2 of the interim report.

In preparation for the listing of the shares of the Company by way of introduction on the Hong Kong Stock Exchange after the completion of the merger proposal concerning CK Hutchison Holdings Limited ("CK Hutchison") and its subsidiaries ("Cheung Kong Group") and Hutchison Whampoa Limited and its subsidiaries ("Hutchison Group"), the property businesses of Cheung Kong Group and the companies concerned ("Cheung Kong Property Group") and the property businesses of Hutchison Group and the companies concerned ("Hutchison Property Group") were combined ("Property Businesses Combination") and reorganised to form part of the Group, and shares of the Company were issued immediately thereafter to the shareholders of CK Hutchison by way of capitalisation of share premium established pursuant to the Property Businesses Combination. The completion of Property Businesses Combination took place on 3 June 2015 ("Completion Date") and the listing of the shares of the Company on the Hong Kong Stock Exchange became effective on the same date.

2. Basis of preparation

The interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The principal accounting policies used in the preparation of the interim financial statements are consistent with those adopted by Cheung Kong Property Group and disclosed in the "Accountants' Report on the Cheung Kong Property Group" set out in Appendix IA to the listing document of the Company dated 8 May 2015.

The financial statements of the Group incorporated the assets and liabilities of Cheung Kong Property Group throughout the periods presented and upon completion of the Property Businesses Combination, the assets and liabilities of Hutchison Property Group were incorporated using their book values as at the Completion Date. The results and cash flows of Cheung Kong Property Group were incorporated in the interim financial statements throughout the periods presented whereas the results and cash flows of Hutchison Property Group were incorporated in the interim financial statements only for the period from the Completion Date to the interim period end date.

The International Accounting Standards Board has issued a number of new and revised International Financial Reporting Standards ("IFRSs"). The adoption of these IFRSs which are effective for the Group's annual accounting periods beginning on 1 January 2015 has no significant impact on the Group's results and financial position, and for those which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position.

3. Turnover and contribution

The principal activities of the Group are property development and investment, hotel and serviced suite operation and property and project management.

Turnover of the Group by operating activities for the period is as follows:

	Six months ended 30 June					
	Group turnover		Share of turnover of joint ventures		Turnover	
	2015 HK\$ Million	2014 HK\$ Million	2015 HK\$ Million	2014 HK\$ Million	2015 HK\$ Million	2014 HK\$ Million
Property sales	14,926	9,539	839	2,981	15,765	12,520
Property rental	1,379	943	171	204	1,550	1,147
Hotel and serviced suite operation	1,191	1,073	223	325	1,414	1,398
Property and project management	244	211	76	61	320	272
	17,740	11,766	1,309	3,571	19,049	15,337

During the period, turnover of the Group's operating activities outside Hong Kong (including share of turnover of joint ventures) accounted for approximately 30% (2014 – 22%) of the turnover and was derived from the following locations:

	Six months ended 30 June	
	2015 HK\$ Million	2014 HK\$ Million
The Mainland	5,613	3,267
Singapore	146	42
Others	35	4
	5,794	3,313

Interim Financial Statements (continued)

3. Turnover and contribution (continued)

Profit contribution by operating activities for the period is as follows:

	Six months ended 30 June					
	Company and subsidiaries		Joint ventures		Total	
	2015 HK\$ Million	2014 HK\$ Million	2015 HK\$ Million	2014 HK\$ Million	2015 HK\$ Million	2014 HK\$ Million
Property sales	3,798	3,790	18	883	3,816	4,673
Property rental	1,222	861	109	154	1,331	1,015
Hotel and serviced suite operation	425	464	80	134	505	598
Property and project management	73	67	45	32	118	99
	5,518	5,182	252	1,203	5,770	6,385
Interests in real estate investment trusts					322	257
					6,092	6,642
Interest and other finance costs					(252)	(461)
Increase (decrease) in fair value of investment properties						
Subsidiaries					1,291	560
Joint ventures					8	(41)
Profit on disposal of joint ventures					1,366	–
Others					132	(72)
Taxation						
Company and subsidiaries					(1,253)	(782)
Joint ventures					(114)	(199)
Profit attributable to non-controlling interests					(380)	(15)
Profit attributable to shareholders					6,890	5,632

4. Service fees

Service fees were paid to Cheung Kong (Holdings) Limited for operational and administrative services provided to the Group before the Completion Date.

5. Profit before taxation

	Six months ended 30 June	
	2015 HK\$ Million	2014 HK\$ Million
Profit before taxation is arrived at after charging:		
Interest and other finance costs		
Cheung Kong (Holdings) Limited and its subsidiaries	355	603
Bank and others	163	51
	518	654
Less: Amount capitalised	(266)	(193)
	252	461
Costs of properties sold	10,022	4,913

6. Taxation

	Six months ended 30 June	
	2015 HK\$ Million	2014 HK\$ Million
Current tax		
Hong Kong profits tax	660	749
Tax outside Hong Kong	507	10
Deferred tax	86	23
	1,253	782

Hong Kong profits tax has been provided for at the rate of 16.5% (2014 – 16.5%) on the estimated assessable profits for the period. Tax outside Hong Kong has been provided for at the local enacted rates on the estimated assessable profits of the individual company concerned. Deferred tax has been provided on temporary differences based on the applicable enacted rates.

Interim Financial Statements (continued)

7. Interim dividend

Interim dividend of HK\$0.35 per share for 2015 was declared by the Directors on 25 August 2015 and amounted to HK\$1,351 million.

8. Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders and on 3,859,678,500 shares issued on the Completion Date as if such number of shares had been in issue throughout the periods concerned.

9. Ageing analysis of trade debtors and trade creditors

The Group's trade debtors mainly comprise receivables for sales of properties and rental. Sales terms vary for each property project and are determined with reference to the prevailing market conditions. Sales of properties are normally completed when sales prices are fully paid and deferred payment terms are sometimes offered to purchasers at a premium. Rentals and deposits are payable in advance by tenants.

At the period/year end date, ageing analysis of the Group's trade debtors was as follows:

	30/6/2015 HK\$ Million	31/12/2014 HK\$ Million
Current to one month	6,744	1,487
Two to three months	76	43
Over three months	98	19
	6,918	1,549

At the period/year end date, ageing analysis of the Group's trade creditors was as follows:

	30/6/2015 HK\$ Million	31/12/2014 HK\$ Million
Current to one month	4,602	1,563
Two to three months	88	24
Over three months	24	31
	4,714	1,618

10. Share capital/Share premium

	No. of shares	HK\$
Authorised share capital (note 1)		
Shares of HK\$1 each		
At 2 January 2015 (date of incorporation)	380,000	380,000
Increase on 4 May 2015	7,999,620,000	7,999,620,000
At 30 June 2015	8,000,000,000	8,000,000,000
Issued share capital		
Shares of HK\$1 each issued		
Share of HK\$1 issued at par (note 2)	1	1
Share of HK\$1 issued at premium (note 3)	1	1
Shares of HK\$1 each issued at par to the shareholders of CK Hutchison (note 4)	3,859,678,500	3,859,678,500
Cancellation of shares of HK\$1 each issued (note 5)	(2)	(2)
At 30 June 2015	3,859,678,500	3,859,678,500

Notes:

- (1) The Company was incorporated with an authorised share capital of HK\$380,000 divided into 380,000 shares of HK\$1 each. On 4 May 2015, the authorised share capital of the Company was increased to HK\$8,000 million by the creation of an additional 7,999,620,000 shares of HK\$1 each.
- (2) One share of HK\$1 was issued to CK Hutchison at par.
- (3) One share of HK\$1 was issued at premium for an amount of HK\$254,811 million to CK Hutchison pursuant to the Property Businesses Combination on the Completion Date.
- (4) Upon completion of the Property Businesses Combination, 3,859,678,500 shares of HK\$1 each were issued and credited as fully paid at par to the shareholders of CK Hutchison by way of capitalisation of an amount of HK\$3,859,678,500 standing to the credit of the share premium account.
- (5) The shares issued to CK Hutchison in note (2) and note (3) above were surrendered to the Company for cancellation at nil consideration immediately after the issuance of shares mentioned in note (4) above.

Interim Financial Statements (continued)

11. Related party transactions

Interest cost payable to Cheung Kong (Holdings) Limited and its subsidiaries on interest bearing loans amounted to HK\$355 million (2014 – HK\$603 million).

Service fees paid to Cheung Kong (Holdings) Limited before the Completion Date for operational and administrative services provided to the Group amounted to HK\$357 million (2014 – HK\$697 million).

Other than the aforementioned, there were no other significant related party transactions requiring disclosure in the interim financial statements.

12. Fair value of financial assets and financial liabilities

At the period end date, investments available for sale were measured at fair value based on quoted prices in active markets and the carrying amounts of the Group's other financial assets and financial liabilities approximated their fair values.

Investments available for sale amounted to HK\$7 million (measured at fair value based on value inputs that are not observable market data) were disposed of during the period.

13. Commitments

At the period end date, the Group had capital commitments as follows:

- (a) contracted but not provided for
 - fixed assets – HK\$1,185 million
 - investment properties – HK\$364 million
- (b) authorised but not contracted for
 - fixed assets – HK\$163 million
 - investment properties – HK\$228 million

14. Review of interim financial statements

The interim financial statements are unaudited, but have been reviewed by the Audit Committee.