



長江實業地產有限公司

CHEUNG KONG PROPERTY HOLDINGS LIMITED

(A limited liability Cayman Islands company registered and listed in Hong Kong) (於香港註冊及上市之開曼群島有限公司)

2016 First-Half Interim Results 11 August 2016



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Potential Investors and Shareholders should exercise caution when investing in or dealing in the securities of the Company.

2016 Interim Results Highlights



	2016	2015
	HK\$ Million	HK\$ Million
Turnover	27,563	19,049
Profit before investment property revaluation	8,339	5,536
Investment property revaluation (net of tax)	267	1,354
Profit attributable to shareholders	8,606	6,890

**Earnings
per share
HK\$ 2.23/ share**

**Net book value
per share
HK\$ 69.07 / share**

**Dividend
per share
HK\$ 0.38 / share**

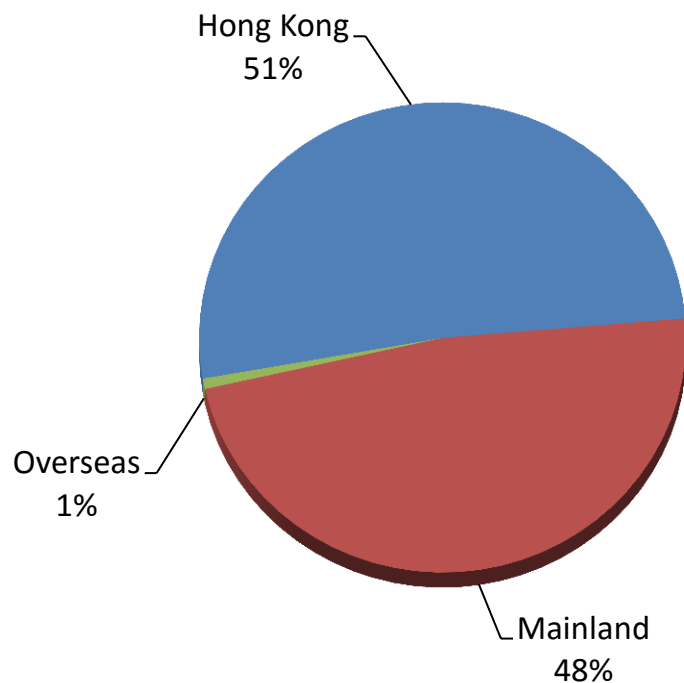
Note:

(1) 2015 figures include results of the property businesses previously held by Cheung Kong Group for the full six-month period and results of the property businesses previously held by Hutchison Group for the period from 3 June 2015 to the period end date.

2016 Interim Results Highlights

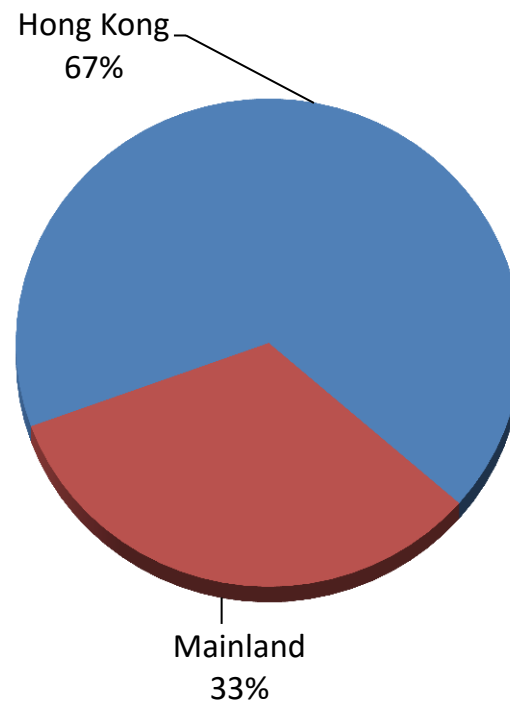


Turnover by Geography



Total Turnover = HK\$ 27,563 million

Profit Contribution by Geography



Profit Contribution⁽¹⁾ = HK\$ 10,985 million

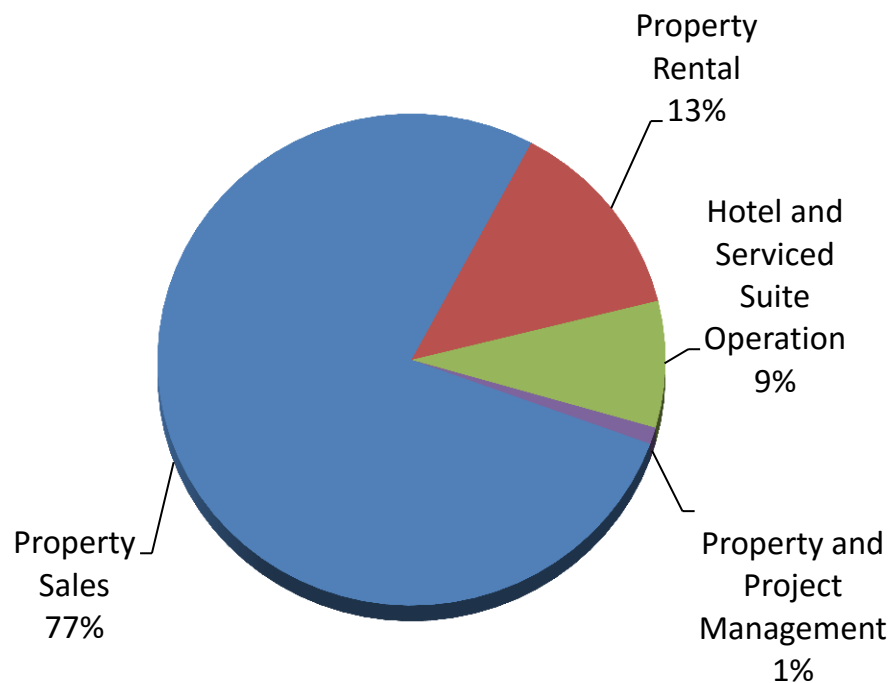
Note:

(1) Profit contribution refers to pre-tax contribution from operating activities after allocation of overhead expenses and before interest costs, fair value adjustments, other income and expenses not directly attributable to the operating activities.

2016 Interim Results Highlights

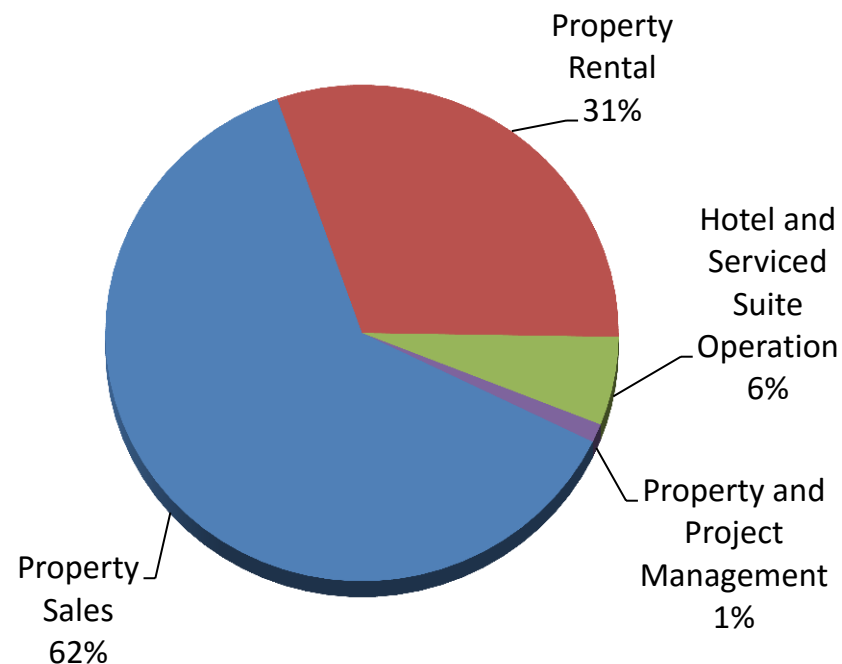


Turnover by Business Segment



Total Turnover = HK\$ 27,563 million

Profit Contribution by Business Segment



Profit Contribution⁽¹⁾ = HK\$ 10,985 million

Note:

(1) Profit contribution refers to pre-tax contribution from operating activities after allocation of overhead expenses and before interest costs, fair value adjustments, other income and expenses not directly attributable to the operating activities.

Profit Contribution by Operating Activities



	<u>2016</u>	<u>2015</u>	Change
	HK\$M	HK\$M	%
Property sales	6,856	3,816	↑ 80%
Property rental	3,363	1,331	↑ 153%
Hotel and serviced suite operation	633	505	↑ 25%
Property and project management	133	118	↑ 13%
	<u>10,985</u>	<u>5,770</u>	↑ 90%
Interests in Real-Estate Investment Trusts	212	322	↓ -34%
	<u>11,197</u>	<u>6,092</u>	↑ 84%
Interest and other finance costs	(318)	(252)	
Increase in fair value of investment properties			
Group	228	1,291	
Joint ventures	3	8	
Profit on disposal of joint ventures	-	1,366	
Others	35	132	
Taxation			
Group	(2,314)	(1,253)	
Joint ventures	(52)	(114)	
Profit attributable to non-controlling interests	<u>(173)</u>	<u>(380)</u>	
Profit attributable to shareholders	<u>8,606</u>	<u>6,890</u>	↑ 25%

Property Sales



HK\$ Million	2016	2015
Turnover	21,296	15,765 ⁽¹⁾
Profit Contribution ⁽²⁾	6,856	3,816 ⁽¹⁾
Margin	32.2%	24.2%

Turnover and Profit Contribution by Geography

HK\$ Million	Turnover		Profit Contribution ⁽²⁾ & Margin			
	2016	2015	2016		2015	
Hong Kong	8,663	10,328	3,464	40.0%	2,715	26.3%
Mainland	12,628	5,313	3,431	27.2%	1,059	19.9%
Overseas	5	124	(39)	n/a	42	33.9%
TOTAL	21,296	15,765	6,856	32.2%	3,816	24.2%

Note:

(1) Does not include disposal profit of HK\$ 1,366 million derived from the sale of the Group's interest in Metropolitan Plaza in Chongqing.

(2) Profit contribution refers to pre-tax contribution from the property sales division after allocation of overhead expenses.

Major Contributors to Turnover and Profit in 1H16

Project	
<u>Hong Kong</u> Residential: - Stars by the Harbour - La Lumière Commercial: - Heung Yip Road	<u>Mainland</u> - Hupan Mingdi (Shanghai) - Millennium Waterfront (Wuhan) - Emerald City (Nanjing) - Laguna Verona (Dongguan) - The Harbourfront (Qingdao)

- Property sales contribution for 2H16 will mainly be derived from the sale of residential units of **The Beaumont II, Yuccie Square and The Zumurud in Hong Kong, La Grande Ville in Beijing, Emerald City in Nanjing, Millennium Waterfront and The Metropolitan in Wuhan** and a few others scheduled for completion.

Property Sales – Contracted Sales Not Yet Recognised



Analysis of Contracted Sales as of 30 June 2016

	Total Contracted Sales Amount
	HK\$ Million
Hong Kong	11,823
Mainland	15,607
United Kingdom	918
Singapore	500
TOTAL	28,848

Property Rental



HK\$ Million	2016	2015
Turnover	3,670	1,550
Profit Contribution ⁽¹⁾	3,363	1,331
Margin	91.6%	85.9%

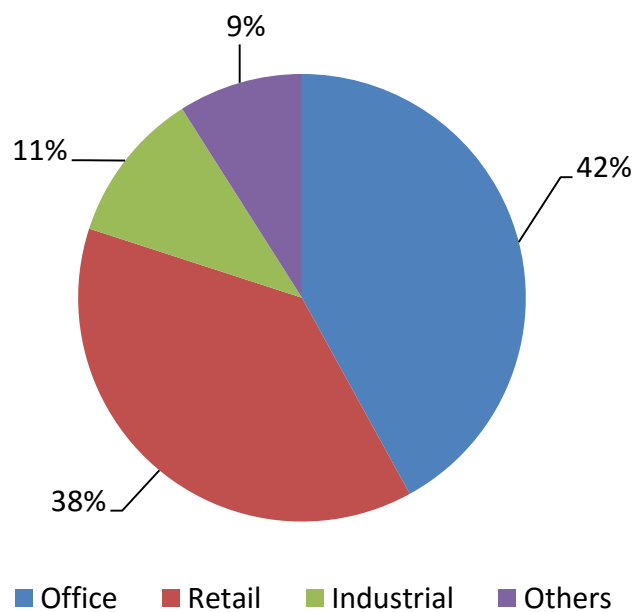
Profit Contribution by Geography

HK\$ Million	Profit Contribution ⁽¹⁾	
	2016	2015
Hong Kong	3,115	1,230
Mainland	209	92
Overseas	39	9
TOTAL	3,363	1,331

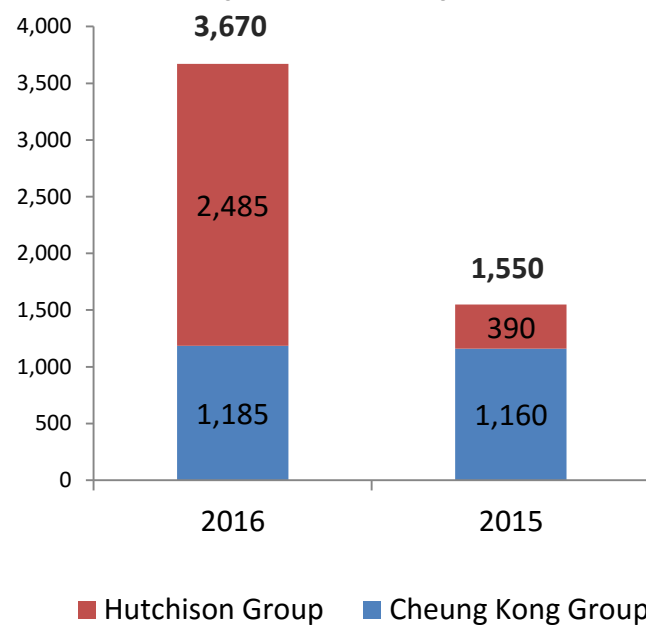
Note:

(1) Profit contribution refers to pre-tax contribution from the property rental division after allocation of overhead expenses but excluding interest costs, fair value adjustments and profit attributable to non-controlling interests.

Turnover by Type of Property



Turnover by Property Portfolio
(HK\$ Million)



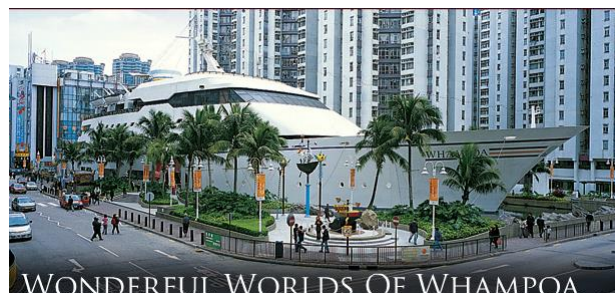
Property Rental



- Increase in fair value of HK\$ 228 million from investment properties held by subsidiaries and HK\$ 3 million from investment properties held by joint ventures.

Investment Property Portfolio ⁽¹⁾ by Type

	Hong Kong	Mainland	Total	Cap rate used
	Million sq.m.	Million sq.m.	Million sq.m.	
Office	0.4	0.1	0.5	4% - 8%
Retail	0.3	0.1	0.4	
Industrial	0.6	-	0.6	
TOTAL	1.3	0.2	1.5	



Note:

(1) Excluding agricultural land.

Hotel and Serviced Suite Operation



- The Group's hotel and serviced suite portfolio comprises 15 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.
- The annualised yield of the Group's hotel and serviced-suite operation on the carrying amount at the interim period end date was 14.4%.

HK\$ Million	2016	2015
Turnover	2,295	1,414
Profit Contribution ⁽¹⁾	633	505
Margin	27.6%	35.7%

Note:

- (1) Profit contribution refers to pre-tax contribution from the hotel and serviced suite division after depreciation charge on land and buildings and furniture, fixtures and equipment and allocation of overhead expenses.

Hotel and Serviced Suite Operation



Profit Contribution by Geography

HK\$ Million	Profit Contribution ⁽¹⁾	
	2016	2015
Hong Kong	698	524
Mainland	(17)	(14)
Overseas	(48)	(5)
TOTAL	633	505

Average Room Rates and Average Occupancy

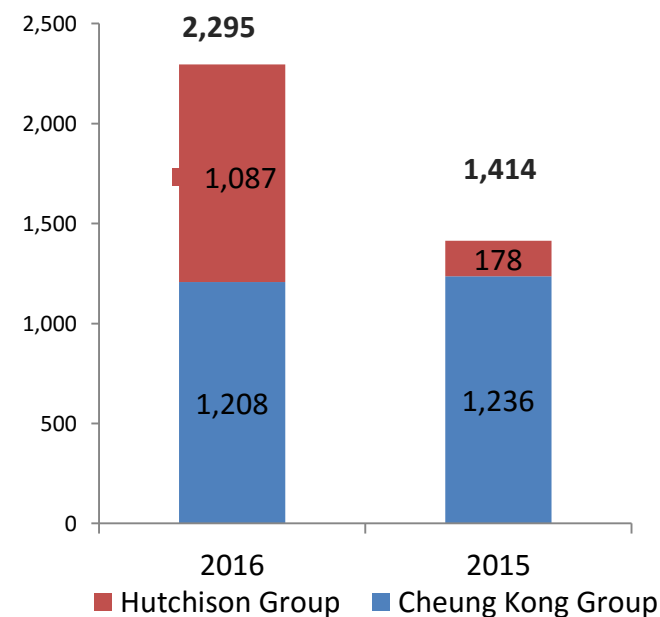
	Average Room Rates ⁽²⁾		Average Occupancy	
	2016	2015	2016	2015
Hong Kong	HK\$ 786	HK\$725	84.4%	85.2%
Mainland	HK\$ 624	HK\$726	59.5%	48.8%
The Bahamas	HK\$ 721	HK\$788	55.1%	81.2%

Note:

(1) Profit contribution refers to pre-tax contribution from the hotel and serviced suite division after depreciation charge on land and buildings and furniture, fixtures and equipment and allocation of overhead expenses.

(2) Average Room Rates = Total Room Revenue / Weighted Average Number of Occupied Rooms

Turnover by Hotel and Serviced Suite Portfolio (HK\$ Million)



Property and Project Management



- Total floor area of properties under management has reached approximately 22 million sq.m.

HK\$ Million	2016	2015
Turnover	302 ⁽²⁾	320
Profit Contribution ⁽¹⁾	133 ⁽²⁾	118
Margin	44.0%	36.9%

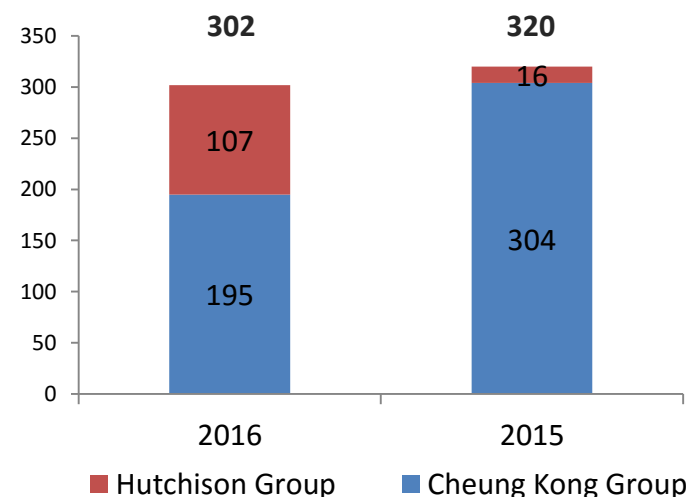
Profit Contribution by Geography

HK\$ Million	Profit Contribution ⁽¹⁾	
	2016	2015
Hong Kong	100	95
Mainland	15	7
Overseas	18	16
TOTAL	133	118

Note:

- (1) Profit contribution refers to pre-tax contribution from the property and project management division after allocation of overhead expenses.
- (2) Revenue of property and project management decreased and contribution increased when compared with the same period last year as project management fees charged to joint ventures between Cheung Kong Group and Hutchison Group on a cost basis were no longer recognised as revenue after the joint ventures became subsidiaries last year.

Turnover by Property and Projects Managed (HK\$ Million)



Interests in Real Estate Investment Trusts



- Contribution to profit for the period by the Group's interests in REITs amounted to HK\$ 212 million.
- Cash distribution of HK\$423 million in total was received from Hui Xian REIT, Fortune REIT and Prosperity REIT.

	Principal Activities	Effective Interests as of 30 June 2016
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	27.8%
Prosperity REIT	Investment in office, retail and industrial properties in Hong Kong	19.0%

Gearing and Maturity Profile



Bank Borrowings	HK\$ 57.2 billion
Bank Balances and Deposits	HK\$ 50.3 billion
Net Debt	HK\$ 6.9 billion
Shareholders' Funds	HK\$ 265.6 billion
Total Equity	HK\$ 272.0 billion
Net Total Capital	HK\$ 278.9 billion

Key Ratios	
Net Debt to Shareholders' Funds	2.6%
Net Debt to Net Total Capital	2.5%

Gearing and Maturity Profile



- The Group monitors its liquidity requirements on a short to medium term basis and arranges bank and other borrowings accordingly. With plenty of cash on hand as well as available banking facilities, the Group's liquidity position remains strong. The Group has sufficient financial resources to satisfy its commitments and working capital requirements.

Maturity Profile of Bank Borrowings as of 30 June 2016

	Bank Borrowings HK\$ Billion
Within one year	4.5
Within two to five years	49.2
Beyond five years	3.5
TOTAL	57.2

- All three rating agencies have recently upgraded the credit outlook of the company to **positive**.

	Type	Ratings	Outlook
S&P	Corporate credit rating	A-	Positive
Moody's	Issuer rating	A3	Positive
Fitch	Senior unsecured rating	A-	Positive

Landbank Summary



- Total development landbank of 13.1 million sq.m. across Hong Kong, Mainland, and overseas.

Development Landbank⁽¹⁾ by Geography

	Development Landbank Million sq.m.
Hong Kong	0.7
Mainland	12.0
Overseas	0.4
TOTAL	13.1

Note:

(1) Development landbank excludes agricultural land and completed properties but includes developers' interests in joint development projects.



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Thank you

