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## 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 RESULTS FOR 2015 <sup>Note 1</sup>

#### HIGHLIGHTS

	Period ended 30 June		Change
	2015	2014	
	HK\$ Million	HK\$ Million	
Turnover	19,049	15,337	+24%
Profit before investment property revaluation	5,536	5,102	+9%
Investment property revaluation (after tax)	1,354	530	+155%
Profit attributable to shareholders <sup>Note 2</sup>	6,890	5,632	+22%
Earnings per share	HK\$1.79	HK\$1.46	+22%
Interim dividend per share	HK\$0.35	N/A	N/A

Note 1: Interim results for 2015 cover (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).

Note 2: The Group's unaudited profit attributable to shareholders of HK\$6,890 million was 22% higher than the profit of the property businesses reported by the Cheung Kong Group for the same period last year.

#### 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.

\* "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.

# PROSPECTS

## Set for a New Stage of Growth

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.

### 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.

\* “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.

### ***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.

## **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

Hong Kong, 25 August 2015

# 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%

<b>Name</b>	<b>Location</b>	<b>Total Gross Floor Area (sq.m.)</b>	<b>Group's Interest</b>
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	2014
	HK\$ Million	HK\$ Million
Hong Kong	10,328	9,539
Mainland	5,313	2,966
Singapore	124	15
	15,765	12,520

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	2014
	HK\$ Million	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 6 on page 22 of this interim results announcement (“Completion Date”)) to the period end date as follows:

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

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	2014
	HK\$ Million	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	Retail	Industrial	Total
	Million sq.m.	Million sq.m.	Million sq.m.	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:

Hotels and serviced suites previously owned by	2015	2014
	HK\$ Million	HK\$ Million
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	2014
	HK\$ Million	HK\$ Million
Hong Kong	<b>524</b>	607
Mainland	<b>(14)</b>	(9)
Overseas	<b>(5)</b>	-
	<b>505</b>	598

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	2014
	HK\$ Million	HK\$ Million
Cheung Kong Group	<b>304</b>	272
Hutchison Group	<b>16</b>	-
	<b>320</b>	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
	<b>118</b>	<b>99</b>

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.

## **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.

## **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.

## **CORPORATE GOVERNANCE CODE**

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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.

## **AUDIT COMMITTEE**

The Company established the audit committee ("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 results for the period ended 30 June 2015 have 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 of the Board, 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.



**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)

**NOTICE OF PAYMENT  
OF INTERIM DIVIDEND, 2015**

The Board of Directors of Cheung Kong Property Holdings Limited announces that the Group's unaudited profit attributable to shareholders for the period ended 30 June 2015 amounted to HK\$6,890 million which represents earnings of HK\$1.79 per share. 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, being the record date for determination of entitlement to the interim dividend. The dividend will be paid on Tuesday, 6 October 2015.

In order to qualify for the interim dividend, all share certificates with completed transfer forms, either overleaf or separately, must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 23 September 2015.

By Order of the Board  
**CHEUNG KONG PROPERTY HOLDINGS LIMITED**  
**Eirene Yeung**  
*Company Secretary*

Hong Kong, 25 August 2015

The Directors of the Company as at the date of this document are Mr. LI Ka-shing (*Chairman*), Mr. LI Tzar Kuoi, Victor (*Managing Director and Deputy Chairman*), Mr. KAM Hing Lam (*Deputy Managing Director*), Mr. IP Tak Chuen, Edmond (*Deputy Managing Director*), Mr. CHUNG Sun Keung, Davy, Mr. CHIU Kwok Hung, Justin, Mr. CHOW Wai Kam, Ms. PAU Yee Wan, Ezra and Ms. WOO Chia Ching, Grace as Executive Directors; and Mr. CHEONG Ying Chew, Henry, Mr. CHOW Nin Mow, Albert, Ms. HUNG Siu-lin, Katherine, Mr. Simon MURRAY and Mr. YEH Yuan Chang, Anthony as Independent Non-executive Directors.

**Consolidated Income Statement**  
**For the six months ended 30 June 2015**

	(Unaudited)	
	2015	2014
	HK\$ Million	HK\$ Million
Group turnover	17,740	11,766
Share of turnover of joint ventures	1,309	3,571
Turnover	<u>19,049</u>	<u>15,337</u>
<b>Group turnover</b>	<b>17,740</b>	<b>11,766</b>
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	(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	-
<b>Profit before taxation</b>	<b>8,523</b>	<b>6,429</b>
Taxation	(1,253)	(782)
<b>Profit after taxation</b>	<b>7,270</b>	<b>5,647</b>
<b>Profit attributable to</b>		
Shareholders of the Company	6,890	5,632
Non-controlling interests	380	15
	<u>7,270</u>	<u>5,647</u>
<b>Earnings per share</b>	<b>HK\$1.79</b>	<b>HK\$1.46</b>

	2015	2014
	HK\$ Million	HK\$ Million
<b>Interim dividend</b>	<u>1,351</u>	<u>N/A</u>
<b>Dividend per share</b>	<b>HK\$0.35</b>	N/A

**Consolidated Statement of Comprehensive Income**  
**For the six months ended 30 June 2015**

	(Unaudited)	
	2015	2014
	HK\$ Million	HK\$ Million
<b>Profit after taxation</b>	7,270	5,647
<b>Other comprehensive income (loss) - reclassifiable to profit or loss</b>		
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)
<b>Other comprehensive income (loss)</b>	716	(1,516)
<b>Total comprehensive income</b>	7,986	4,131
<b>Total comprehensive income attributable to</b>		
Shareholders of the Company	7,567	4,117
Non-controlling interests	419	14
	7,986	4,131

**Consolidated Statement of Financial Position**  
**As at 30 June 2015**

	(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	-
	<u>160,983</u>	<u>96,583</u>
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
	<u>221,861</u>	<u>86,633</u>
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
	<u>168,581</u>	<u>3,837</u>
Net current assets	<u>168,581</u>	<u>3,837</u>
Total assets less current liabilities	<u>329,564</u>	<u>100,420</u>
Non-current liabilities		
Bank and other loans	53,074	350
Deferred tax liabilities	8,365	999
Pension obligations	121	-
	<u>61,560</u>	<u>1,349</u>
Net assets	<u>268,004</u>	<u>99,071</u>
<b>Representing:</b>		
Share capital	3,860	-
Share premium	250,951	-
Combined capital	-	93
Reserves	3,560	96,161
Shareholders' funds	<u>258,371</u>	<u>96,254</u>
Non-controlling interests	9,633	2,817
<b>Total equity</b>	<u>268,004</u>	<u>99,071</u>

Notes:

- (1) 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:

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

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

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

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

- (2) Profit before taxation is arrived at after charging:

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

- (3) 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.

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

- (4) 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 defined in note (6) below) as if such number of shares had been in issue throughout the periods concerned.
- (5) 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:

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

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

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

- (6) In preparation for the listing of the shares of the Company by way of introduction on The Stock Exchange of Hong Kong Limited ("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.

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.

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