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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 2016

### HIGHLIGHTS

	Six months ended 30 June		
	2016	2015 <sup>Note 2</sup>	Change
	HK\$ Million	HK\$ Million	
Revenue <sup>Note 1</sup>	27,563	19,049	+45%
Profit before investment property revaluation	8,339	5,536	+51%
Investment property revaluation (net of tax)	267	1,354	-80%
Profit attributable to shareholders	8,606	6,890	+25%
Earnings per share	HK\$2.23	HK\$1.79	+25%
Interim dividend per share	HK\$0.38	HK\$0.35	+8.6%

*Note 1: Revenue includes the Group's revenue of HK\$27,252 million and the Group's share of revenue of joint ventures of HK\$311 million.*

*Note 2: 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).*

### PROFIT FOR THE FIRST HALF YEAR

The Group's unaudited profit attributable to shareholders for the six months ended 30 June 2016 amounted to HK\$8,606 million. Earnings per share were HK\$2.23.

### INTERIM DIVIDEND

The Directors have declared an interim dividend for 2016 of HK\$0.38 per share (HK\$0.35 per share in 2015) to shareholders whose names appear on the Register of Members of the Company at the close of business on Monday, 12 September 2016. The interim dividend will be paid on Thursday, 22 September 2016.

\* "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 Businesses Combination" refers to the combination and transfer to the Group of all the property businesses of the Cheung Kong Group and of the Hutchison Group pursuant to the reorganisation and spin-off plan completed on 3 June 2015.

# PROSPECTS

## Strong Resilience to Market Challenges

### Business Review

The operations of Cheung Kong Property Holdings Limited (the “Group”) during the period under review have been solid, supported by a premium property portfolio and a diversified operating base both in terms of asset type and geographical locations. Various businesses were on track to achieve budgeted targets and timetables, leveraging on strengthened fundamentals in business scale, operating base, and overall capabilities to sustain growth.

This interim report covers (i) the results of the property businesses of the Cheung Kong Group<sup>\*</sup> for the six months ended 30 June 2016 and (ii) the results of the property businesses of the Hutchison Group<sup>\*\*</sup> for the same six-month period. The interim report for 2015 only covers the results of the property businesses of the Cheung Kong Group for the first six months last year, and the results of the property businesses of the Hutchison Group after the Property Businesses Combination<sup>\*\*\*</sup> for the period from 3 June 2015 to 30 June 2015 (28 days). During the period under review, the Group’s overall results were in line with expectations despite the prevailing volatile and difficult market. For the six months ended 30 June 2016, the Group recorded unaudited profit attributable to shareholders of HK\$8,606 million, 25% higher than the same period last year. Profit before investment property revaluation was HK\$8,339 million, an increase of 51% compared with the corresponding period in 2015. The fair value of investment properties has not changed significantly from last year, and an increase in fair value of HK\$267 million after tax was recorded.

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

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\*\*\* “Property Businesses Combination” refers to the combination and transfer to the Group of all the property businesses of the Cheung Kong Group and of the Hutchison Group pursuant to the reorganisation and spin-off plan completed on 3 June 2015.

### ***Property Development***

The Group continued to develop and strengthen its property businesses in Hong Kong, the Mainland, Singapore and the United Kingdom as planned. The residential property market in Hong Kong remained challenging, while the Mainland's property market performed solidly in terms of trading activities and home prices, primarily attributable to policies to destock property inventory. The Group's overall contribution from property sales was better than the same period last year, reflecting an increase in property sales and contribution from the Mainland. During the first half of 2016, the Group's property sales exceeded HK\$27,000 million.

### ***Property Investment***

The Hong Kong retail sector is faced with increasing difficulties, with a decrease in the value of total retail sales amid a slowdown in Mainland tourist arrivals. However, the Group's contribution from property rental increased favourably in the first half year, attributable to the solid rental contribution from its premium commercial properties. Our investment property is expected to continue to provide a steady stream of recurring income, capitalising on its extensive portfolio which covers an aggregate gross floor area of approximately 1.5 million sq.m. Resilience is provided by the prime locations of its various commercial and retail properties, its loyal, longstanding and high-quality tenant base, and its well-balanced tenant mix.

### ***Hotel and Serviced Suite Operation***

A general decline in the average hotel room occupancy rate was recorded in Hong Kong as inbound tourism consolidated in the first half year with a notable decrease in Mainland visitors. Faced with difficulties across the hotel sector, the Group's hotel operation was inevitably affected while the serviced suite operation remained relatively resilient. As a whole, the increase in contribution from the Group's hotel and serviced suite operation when compared with the same period last year was lower than expectations. With a strong portfolio covering over 16,000 rooms in aggregate, as well as a well-established brand positioning, the hotel and serviced suite operation is poised to contribute to the Group's profit when market conditions improve.

### ***Property and Project Management***

The Group continued to strengthen its property and project management business to support its development and investment properties. For the period under review, an increase in contribution was recorded as compared with the same period in 2015. The total floor area of properties under the Group's property management is expected to increase following the progressive completion of its various developments which are currently in progress.

## **Outlook**

The United Kingdom will face continuous challenges over the next two to three years as it leaves the European Union. This will present further uncertainty to the global political and economic landscape. The operating environment for businesses in different sectors will continue to be demanding to varying degrees.

China's economy is experiencing inevitable short-term fluctuations as it goes through a period of transformation and adjustment. The Central Government's policies to stabilise growth and to maintain currency stability will support further economic development. For the long run, China's economic prospects will be steady and positive given its large export volume with trade surplus, as well as the substantial contribution from the services industry. In the second half of the year, Hong Kong's economic performance is likely to be affected by increased global uncertainties. From a long-term perspective, Hong Kong is poised to benefit from the various opportunities to be presented by China's long-term development strategy – the “One Belt, One Road” initiative.

The Hong Kong residential property market remains stable despite slowing trading volume due to the current macroeconomic conditions and property-related policies. On the Mainland, the housing market continues to stabilise. Property prices in Hong Kong and the Mainland, however, are expected to continue to be affected by high construction costs and development and marketing expenses. Government housing policies will remain a determining factor for the long-term market development.

The Group's contribution is primarily derived from its property operations in Hong Kong and the Mainland. With a major focus on the property businesses, we will continue to strengthen our presence in the property markets in Hong Kong, the Mainland and overseas. As it is presently challenging to identify property investments with reasonable returns in the current cyclical stage of the property market, the Group will also pursue other global investments to extend our reach to new business areas. Serious consideration has been had to new business opportunities that meet the investment criteria set out in our 2015 Annual Report. This meets the objective of generating revenue from different sources to balance the cyclical impact on cash flow associated with property development. Our diversification initiative is always guided by the principle of “advancing while maintaining stability” to optimise capital utilisation and maximise returns for shareholders. Negotiations on certain potential investments of different business nature are underway. These investments should provide further impetus to the long-term sustainable growth of the Group.

The global economic and political landscape is characterised by rapid changes and increasing uncertainties. The Group will closely monitor evolving market trends and equip itself to face the various challenges ahead by following its prudent and effective policy in managing risks. Our strong recurring income base, prudent capital expenditure budget, and low debt ratio have ensured ample liquidity to support steady growth of our various businesses. Building on sound foundations and strong financial capabilities, we will strive to maintain stable and reasonable returns for shareholders by adhering to a disciplined approach to operation and expansion in a constantly changing marketplace. The Group is cautiously optimistic about the prospects of its businesses.

Intelligent, creative, dedicated, experienced 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, 11 August 2016

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Major Business Activities

#### 1. Developments Completed and Scheduled for Completion in 2016:

Name	Location	Gross Floor Area (sq.m.)	Group's Interest
The Beaumont II	Tseung Kwan O Town Lot No. 111	51,000	100%
Repulse Bay Road Project	The Remaining Portion of Rural Building Lot No. 177	6,613	100%
Ngau Tam Mei Project	Lot No. 2086 in D.D. 105 Yuen Long	9,392	100%
La Lumière	Hung Hom Inland Lot No. 556	9,740	100%
Yuccie Square	Yuen Long Town Lot No. 518	61,700	100%
VIVA	The Remaining Portions of Subsections 6, 7, 8, 9 and 10 of Section A of Kowloon Marine Lot No. 53 and The Remaining Portion of Section A of Subsection 8 of Section A of Kowloon Marine Lot No. 53	3,575	100%
The Zumurud	Kowloon Inland Lot No. 11125	36,630	80%
La Grande Ville Phase 4	Shun Yi District, Beijing	250,335	100%
Guangzhou Guoji Wanjucheng Phases 2B and 2C1	Huangpu District, Guangzhou	102,137	60%
Yuhu Mingdi Phases 2(1) and 3	Huangpu District, Guangzhou	135,257	80%
Upper West Shanghai Phase 2 Tender 1	Putuo District, Shanghai	62,033	60%
Hupan Mingdi Land No. 911 South	Jiading District, Shanghai	24,312	100%

<b>Name</b>	<b>Location</b>	<b>Gross Floor Area (sq.m.)</b>	<b>Group's Interest</b>
Regency Park Phases 4A and 4B	Jingyue National High-tech Industrial Development Zone, Changchun	159,901	100%
Regency Hills Land No. 8B	Yangjiashan, Chongqing	11,286	95%
Regency Lakeview Lands No. G18-A and G18-B	Liangjiang New Area, Chongqing	201,427	100%
Laguna Verona Phases D2a and H	Hwang Gang Lake, Dongguan	87,548	99.82%
The South Bay Phase 5B	Jinzhou New Area, Dalian	57,445	100%
Emerald Cove Phases 1B, 2A and 2B	Chancheng District, Foshan	163,553	100%
Emerald City Phases 1A, 1B, 1C and 2C	Jianye District, Nanjing	146,305	100%
The Harbourfront Land No. 5	Shibei District, Qingdao	253,612	90%
Royal Waterfront Phase 2	Qing Pu District, Shanghai	47,510	100%
Riviera Palace Phase 2A	Qing Pu District, Shanghai	76,000	100%
Century Link Retail and Office Tower 2	Pudong New District, Shanghai	153,575	50%
Millennium Waterfront Phases 2A and 2B	Jiangnan District, Wuhan	302,056	100%
The Metropolitan Phase 1	Jiangnan District, Wuhan	205,354	100%
The Greenwich Phase 4B	Xian Hi-Tech Industries Development Zone, Xian	131,698	100%
Chelsea Waterfront Chartwell House and Claydon House	Chelsea/Fulham, London	4,266	95%

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

- (1) March and May 2016: The Company bought back 11,525,000 and 2,010,000 shares of HK\$1.00 each in the capital of the Company (“Shares”) on 18 March 2016 and 21 March 2016 respectively on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Such aggregate number of 13,535,000 Shares has been cancelled on 18 April 2016. The Company also bought back 645,500 Shares on 23 May 2016 on the Stock Exchange. Such 645,500 Shares have been cancelled on 22 June 2016. The total number of Shares in issue is now 3,845,498,000.
- (2) July 2016: A wholly owned subsidiary of the Group has established a US\$3,000,000,000 Euro Medium Term Note Programme (the “Programme”) as guaranteed by the Company for the purpose of issuing notes (the “Notes”) which may be denominated in any currency as agreed with the dealer(s) from time to time. The maximum aggregate nominal amount of all Notes outstanding under the Programme from time to time will not exceed US\$3,000,000,000. The Programme provides that the Notes may be listed on the Stock Exchange or such other stock exchanges as may be agreed with the relevant dealer(s).
- (3) During the period under review, the Group continued to actively pursue quality investments in different business areas in order to optimise capital utilisation and maximise returns for shareholders. The Group continued to focus on the property businesses in Hong Kong, the Mainland and overseas, while establishing a global presence with worldwide businesses in its strategic positioning.

## Property Sales

Revenue of property sales (including share of joint ventures) recognised for the period was HK\$21,296 million (2015 – HK\$15,765 million), comprising mainly (i) sale of residential units of property projects in Hong Kong – Stars by the Harbour and La Lumière; (ii) sale of residential units of property projects on the Mainland – Hupan Mingdi in Shanghai, Millennium Waterfront in Wuhan, Emerald City in Nanjing, Laguna Verona in Dongguan and The Harbourfront in Qingdao; and (iii) sale of commercial properties in Hong Kong including the property project at Heung Yip Road completed last year, and is summarised by locations as follows:

Location	2016 HK\$ Million	2015 HK\$ Million
Hong Kong	8,663	10,328
Mainland	12,628	5,313
Singapore	-	124
Others	5	-
	21,296	15,765



Contribution from property sales (including share of joint ventures) for the period was HK\$6,856 million (2015 – HK\$3,816 million) and was derived from the following locations:

Location	2016 HK\$ Million	2015 HK\$ Million
Hong Kong	3,464	2,715
Mainland	3,431	1,059
Singapore	(33)	47
Others	(6)	(5)
	<b>6,856</b>	<b>3,816</b>

Property sales contribution for the second half year 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.

Most of the residential units of The Beaumont II and Yuccie Square have been presold and sale of the residential units of The Zumurud will be launched in the second half year. The sales and presales of various residential projects on the Mainland are ahead of budget, whereas the presales of residential units of Chelsea Waterfront in the United Kingdom (scheduled for completion in late 2016) and residential and commercial units of Stars of Kovan in Singapore (scheduled for completion in 2019) are also progressing smoothly.

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

Location	Sales Revenue HK\$ Million
Hong Kong	11,823
Mainland	15,607
United Kingdom	918
Singapore	500
	<b>28,848</b>

and had a development land bank of approximately 13.1 million sq.m. (excluding agricultural land and completed properties but including developers' interests in joint development projects), of which approximately 0.7 million sq.m., 12.0 million sq.m. and 0.4 million sq.m. were in Hong Kong, the Mainland and overseas respectively.

## Property Rental

Revenue of property rental (including share of joint ventures) for the period was HK\$3,670 million (2015 – HK\$1,550 million) and included six months' income derived from leasing of the property portfolios previously held by CK Hutchison Holdings Limited and its subsidiaries ("Cheung Kong Group") and Hutchison Whampoa Limited and its subsidiaries ("Hutchison Group") respectively, whereas revenue for the comparative period included rental income of the property portfolios previously held by Cheung Kong Group and Hutchison Group for a six-month period and a 28-day period respectively as described in the Company's 2015 interim report.

	<b>2016</b>	<b>2015</b>
Property portfolio previously held by	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Cheung Kong Group	<b>1,185</b>	1,160
Hutchison Group	<b>2,485</b>	390
	<b>3,670</b>	1,550

The Group's investment properties are mostly located in Hong Kong and comprise mainly office, retail and industrial properties, which accounted for 42%, 38% and 11% respectively of the revenue of property rental for the period.

Contribution from property rental (including share of joint ventures) for the period was HK\$3,363 million (2015 – HK\$1,331 million) and was derived from the following locations:

	<b>2016</b>	<b>2015</b>
Location	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Hong Kong	<b>3,115</b>	1,230
Mainland	<b>209</b>	92
Overseas	<b>39</b>	9
	<b>3,363</b>	1,331

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

	<b>Office</b>	<b>Retail</b>	<b>Industrial</b>	<b>Total</b>
Location	<b>Million sq.m.</b>	<b>Million sq.m.</b>	<b>Million sq.m.</b>	<b>Million sq.m.</b>
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\$228 million (2015 – HK\$1,291 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\$3 million (2015 – HK\$8 million) of investment properties held by joint ventures.

## Hotel and Serviced Suite Operation

Revenue of hotel and serviced suite operation (including share of joint ventures) for the period was HK\$2,295 million (2015 – HK\$1,414 million) and included six months' income generated from operation of the hotels and serviced suites previously owned by Cheung Kong Group and Hutchison Group respectively, whereas revenue for the comparative period included income from operation of the hotels and serviced suites previously owned by Cheung Kong Group and Hutchison Group for a six-month period and a 28-day period respectively as described in the Company's 2015 interim report.

	<b>2016</b>	<b>2015</b>
Hotels and serviced suites previously owned by	<b>HK\$ Million</b>	HK\$ Million
Cheung Kong Group	<b>1,208</b>	1,236
Hutchison Group	<b>1,087</b>	178
	<b>2,295</b>	1,414

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. 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\$786, HK\$624 and HK\$721 respectively and the average occupancy rates were 84.4%, 59.5% and 55.1% 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\$633 million (2015 – HK\$505 million) and was derived from the following locations:

	<b>2016</b>	<b>2015</b>
Location	<b>HK\$ Million</b>	HK\$ Million
Hong Kong	<b>698</b>	524
Mainland	<b>(17)</b>	(14)
Overseas	<b>(48)</b>	(5)
	<b>633</b>	505

The average hotel operating profit reported by the Group's hotel and serviced suite operation for the period was HK\$166 per square metre per month, representing an annualised yield of 14.4% on the carrying amount of the Group's completed hotel and serviced suite properties at the interim period end date.

## Property and Project Management

Revenue of property and project management (including share of joint ventures) for the period was HK\$302 million (2015 – HK\$320 million) and included six months' income earned from management of the properties and projects previously managed by Cheung Kong Group and Hutchison Group respectively, whereas revenue for the comparative period included management income from properties and projects previously managed by Cheung Kong Group and Hutchison Group for a six-month period and a 28-day period respectively as described in the Company's 2015 interim report.

	<b>2016</b>	<b>2015</b>
Properties and projects previously managed by	<b>HK\$ Million</b>	HK\$ Million
Cheung Kong Group	<b>195</b>	304
Hutchison Group	<b>107</b>	16
	<b>302</b>	320

Contribution from property and project management (including share of joint ventures) for the period was HK\$133 million (2015 – HK\$118 million) and was derived from the following locations:

	<b>2016</b>	<b>2015</b>
Location	<b>HK\$ Million</b>	HK\$ Million
Hong Kong	<b>100</b>	95
Mainland	<b>15</b>	7
Overseas	<b>18</b>	16
	<b>133</b>	118

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.

At the interim period end date, the total floor area of properties managed by the Group was approximately 22 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 had effective interests in listed real estate investment trusts (“REITs”) 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	27.8%
Prosperity REIT	Investment in office, retail and industrial properties in Hong Kong	19.0%

and profit contribution for the period amounted to HK\$212 million (2015 – HK\$322 million) including distribution from Fortune REIT and Prosperity REIT and a share of profit of Hui Xian REIT, an associate, whereas a total cash distribution of HK\$423 million was received from these three REITs.

## 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 amounting to HK\$57.2 billion and the maturity profile was spread over a period of nine years, with HK\$4.5 billion repayable within one year, HK\$49.2 billion within two to five years and HK\$3.5 billion beyond five years.

The Group’s net debt to net total capital ratio at the interim period end date was approximately 2.5%. Net debt is arrived at by deducting bank balances and deposits of HK\$50.3 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 78.6% of the Group's bank borrowings were in HK\$ and US\$, with the balance in RMB mainly for the purpose of financing property projects on the Mainland. 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 derived from the Group's overseas property projects and cash in these currencies is maintained for operational requirements.

## **Charges on Assets**

At the interim period end date, certain property assets of the Group amounting to HK\$19,037 million (31 December 2015 – HK\$21,450 million) were charged for bank loans obtained for property projects on the Mainland.

## **Contingent Liabilities**

At the interim period end date, the Group provided guarantees to (i) the land provider of a joint development project for the minimum share of revenue amounting to HK\$564 million (31 December 2015 – HK\$576 million); and (ii) various banks on the Mainland for mortgage loans provided to purchasers of properties developed and sold by the Group amounting to HK\$3,647 million (31 December 2015 – HK\$1,678 million).

## **Employees**

At the interim period end date, the Group employed approximately 21,200 employees for its principal businesses and remuneration for the period (excluding directors' emoluments) amounted to approximately HK\$2,873 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 six months ended 30 June 2016, the Company bought back a total of 14,180,500 shares of HK\$1.00 each in the capital of the Company ("Shares") on the Stock Exchange, with the aggregate consideration paid (before expenses) amounting to HK\$661,626,725. All the Shares bought back were subsequently cancelled. As at 30 June 2016, the total number of Shares in issue was 3,845,498,000.

Particulars of the share buy-backs are as follows:-

Month	Number of Shares bought back	Purchase price per Share		Aggregate consideration (before expenses) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
March 2016	13,535,000	48.50	45.85	632,425,925
May 2016	645,500	45.30	45.15	29,200,800
	<u>14,180,500</u>			<u>661,626,725</u>

Save as disclosed above, during the six months ended 30 June 2016, 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 throughout the six months ended 30 June 2016. 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 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. In respect of code provision A.6.7 of the CG Code, an Independent Non-executive Director was not in a position to attend the annual general meeting of the Company held on 13 May 2016 ("2016 AGM") due to health reason. In respect of code provision E.1.2 of the CG Code, the Chairman of the Board was unable to attend the 2016 AGM due to sudden indisposition. The Managing Director and Deputy Chairman of the Company chaired the 2016 AGM on behalf of the Chairman of the Board pursuant to the Company's amended and restated articles of association and was available to answer questions.

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 an 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, risk management and internal control systems, 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 six months ended 30 June 2016 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, 2016**

The Board of Directors of Cheung Kong Property Holdings Limited announces that the Group's unaudited profit attributable to shareholders for the six months ended 30 June 2016 amounted to HK\$8,606 million which represents earnings of HK\$2.23 per share. The Directors have declared an interim dividend for 2016 of HK\$0.38 per share to shareholders whose names appear on the Register of Members of the Company at the close of business on Monday, 12 September 2016, being the record date for determination of entitlement to the interim dividend. The dividend will be paid on Thursday, 22 September 2016.

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 Monday, 12 September 2016.

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

Hong Kong, 11 August 2016

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 2016**

	<b>(Unaudited)</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Group revenue	<b>27,252</b>	17,740
Share of revenue of joint ventures	<b>311</b>	1,309
<b>Total</b>	<b><u>27,563</u></b>	<b><u>19,049</u></b>
<b>Group revenue</b>	<b>27,252</b>	17,740
Investment and other income	<b>341</b>	396
Operating costs		
Property and related costs	<b>(14,092)</b>	(11,203)
Salaries and related expenses	<b>(1,885)</b>	(437)
Interest and other finance costs	<b>(318)</b>	(252)
Depreciation	<b>(340)</b>	(176)
Service fees	<b>-</b>	(357)
Other expenses	<b>(223)</b>	(123)
	<b>(16,858)</b>	(12,548)
Share of profit of joint ventures	<b>66</b>	243
Share of profit of associates	<b>64</b>	35
Increase in fair value of investment properties	<b>228</b>	1,291
Profit on disposal of joint ventures	<b>-</b>	1,366
<b>Profit before taxation</b>	<b>11,093</b>	8,523
Taxation	<b>(2,314)</b>	(1,253)
<b>Profit after taxation</b>	<b><u>8,779</u></b>	<b><u>7,270</u></b>
<b>Profit attributable to</b>		
Shareholders	<b>8,606</b>	6,890
Non-controlling interests	<b>173</b>	380
	<b><u>8,779</u></b>	<b><u>7,270</u></b>
<b>Earnings per share</b>	<b>HK\$2.23</b>	HK\$1.79

	<b>2016</b>	<b>2015</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
<b>Interim dividend</b>	<b><u>1,461</u></b>	<b><u>1,351</u></b>
<b>Dividend per share</b>	<b>HK\$0.38</b>	HK\$0.35

**Consolidated Statement of Comprehensive Income**  
**For the six months ended 30 June 2016**

	(Unaudited) 2016 HK\$ Million	2015 HK\$ Million
<b>Profit after taxation</b>	<b>8,779</b>	7,270
Other comprehensive income (loss) - reclassifiable to profit or loss		
Translation of financial statements of operations outside Hong Kong - exchange gain (loss)	(2,293)	665
Investments available for sale - gain in fair value	890	68
Share of other comprehensive loss of joint ventures	(93)	(17)
<b>Other comprehensive income (loss)</b>	<b>(1,496)</b>	716
<b>Total comprehensive income</b>	<b>7,283</b>	7,986
<b>Total comprehensive income attributable to</b>		
Shareholders	7,233	7,567
Non-controlling interests	50	419
	<b>7,283</b>	7,986

**Consolidated Statement of Financial Position**  
**As at 30 June 2016**

	(Unaudited) 30/6/2016 HK\$ Million	(Audited) 31/12/2015 HK\$ Million
Non-current assets		
Fixed assets	20,687	18,614
Investment properties	120,450	119,959
Joint ventures	4,817	4,393
Associates	7,575	7,743
Investments available for sale	6,341	5,451
Long term loan receivables	1,876	1,892
Deferred tax assets	2,139	2,256
	<u>163,885</u>	<u>160,308</u>
Current assets		
Stock of properties	147,906	153,301
Debtors, deposits and prepayments	10,233	12,335
Bank balances and deposits	50,332	45,861
	<u>208,471</u>	<u>211,497</u>
Current liabilities		
Bank loans	4,450	5,772
Creditors and accruals	13,023	14,785
Customers' deposits received	18,290	11,832
Provision for taxation	1,583	4,238
	<u>37,346</u>	<u>36,627</u>
Net current assets	<u>171,125</u>	<u>174,870</u>
Non-current liabilities		
Bank loans	52,767	55,217
Deferred tax liabilities	10,013	10,096
Pension obligations	186	178
	<u>62,966</u>	<u>65,491</u>
<b>Net assets</b>	<u><u>272,044</u></u>	<u><u>269,687</u></u>
<b>Representing:</b>		
Share capital	3,846	3,860
Share premium	250,287	250,951
Reserves	11,494	8,285
Shareholders' funds	<u>265,627</u>	<u>263,096</u>
Non-controlling interests	6,417	6,591
<b>Total equity</b>	<u><u>272,044</u></u>	<u><u>269,687</u></u>

Notes:

(1) Revenue by operating activities for the period is as follows:

	Six months ended 30 June					
	Group		Joint ventures		Total	
	2016 HK\$ Million	2015 HK\$ Million	2016 HK\$ Million	2015 HK\$ Million	2016 HK\$ Million	2015 HK\$ Million
Property sales	21,111	14,926	185	839	21,296	15,765
Property rental	3,622	1,379	48	171	3,670	1,550
Hotel and serviced suite operation	2,282	1,191	13	223	2,295	1,414
Property and project management	237	244	65	76	302	320
	<b>27,252</b>	<b>17,740</b>	<b>311</b>	<b>1,309</b>	<b>27,563</b>	<b>19,049</b>

During the period, revenue generated outside Hong Kong by the Group's operating activities including joint ventures accounted for 49% (2015 - 30%) of the total revenue and was derived from the following locations:

	Six months ended 30 June	
	2016 HK\$ Million	2015 HK\$ Million
The Mainland	13,180	5,613
Singapore	25	146
Others	174	35
	<b>13,379</b>	<b>5,794</b>

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

	Six months ended 30 June					
	Group		Joint ventures		Total	
	2016 HK\$ Million	2015 HK\$ Million	2016 HK\$ Million	2015 HK\$ Million	2016 HK\$ Million	2015 HK\$ Million
Property sales	6,757	3,798	99	18	6,856	3,816
Property rental	3,356	1,222	7	109	3,363	1,331
Hotel and serviced suite operation	640	425	(7)	80	633	505
Property and project management	104	73	29	45	133	118
	<b>10,857</b>	<b>5,518</b>	<b>128</b>	<b>252</b>	<b>10,985</b>	<b>5,770</b>
Interests in real estate investment trusts					212	322
					<b>11,197</b>	<b>6,092</b>
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					(173)	(380)
Profit attributable to shareholders					<b>8,606</b>	<b>6,890</b>

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

	Six months ended 30 June	
	2016 HK\$ Million	2015 HK\$ Million
Interest and other finance costs		
Bank and others	708	163
Cheung Kong (Holdings) Limited and its subsidiaries	-	355
Less: Amount capitalised	(390)	(266)
	<b>318</b>	<b>252</b>
Costs of properties sold	<b>12,427</b>	<b>10,022</b>

- (3) Hong Kong profits tax has been provided for at the rate of 16.5% (2015 - 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>2016</b>	<b>2015</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Current tax		
Hong Kong	<b>677</b>	660
Outside Hong Kong	<b>1,491</b>	507
Deferred tax	<b>146</b>	86
	<b>2,314</b>	1,253

- (4) During the period, the Company bought back 14,180,500 of its own issued shares on The Stock Exchange of Hong Kong Limited for a total consideration (including expenses) of HK\$664 million and cancelled all the shares bought back.

The calculation of earnings per share is based on profit attributable to shareholders and on the weighted average of 3,851,764,657 shares in issue during the period (2015 - 3,859,678,500 shares issued on 3 June 2015, the listing date, as if such number of shares had been in issue throughout the period).

- (5) The Group's trade debtors comprise mainly receivables for sales and leasing of properties. Sales terms vary for different development projects and are determined with reference to the prevailing market conditions. Sales of properties are normally completed when sales prices are fully paid in accordance with the terms of sale and purchase agreements and deferred payment terms are sometimes offered to purchasers at a premium. Rentals and deposits are payable in advance by tenants as set out in the terms of tenancy agreements.

At the period/year end date, ageing analysis of trade debtors with reference to the terms of the agreements was as follows:

	<b>30/6/2016</b>	<b>31/12/2015</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Current to one month	<b>6,806</b>	9,244
Two to three months	<b>50</b>	60
Over three months	<b>52</b>	55
	<b>6,908</b>	9,359

At the period/year end date, ageing analysis of trade creditors with reference to invoice dates and credit terms was as follows:

	<b>30/6/2016</b>	<b>31/12/2015</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Current to one month	<b>4,650</b>	4,956
Two to three months	<b>31</b>	48
Over three months	<b>28</b>	52
	<b>4,709</b>	5,056

- (6) The principal accounting policies used in the preparation of the interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2015.

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 2016 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.