



# CHEUNG KONG (HOLDINGS) LIMITED

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 0001)

## INTERIM RESULTS FOR 2008

### HIGHLIGHTS

	Six months ended 30th June		Change
	2008	2007	
	HK\$ Million	HK\$ Million	
Profit before property valuation	<b>5,549</b>	2,877	+93%
Property valuation (net of tax)	<b><u>1,133</u></b>	<u>1,291</u>	-12%
Profit before share of results of Hutchison Whampoa Group	<b>6,682</b>	4,168	+60%
Share of profit of Hutchison Whampoa Group	<b>5,340</b>	14,368	-63%
Profit attributable to shareholders	<b>12,022</b>	18,536	-35%
Earnings per share	<b>HK\$5.19</b>	HK\$8.00	-35%
Dividend per share	<b>HK\$0.50</b>	HK\$0.50	-

### PROFIT FOR THE FIRST HALF YEAR

The Group's unaudited profit attributable to shareholders for the six months ended 30th June, 2008 amounted to HK\$12,022 million. Earnings per share were HK\$5.19.

### INTERIM DIVIDEND

The Directors have declared an interim dividend for 2008 of HK\$0.50 per share (HK\$0.50 per share in 2007) to shareholders whose names appear on the Register of Members of the Company on Thursday, 9th October, 2008. The dividend will be paid on Friday, 10th October, 2008.

## PROSPECTS

### **Solid Foundations For Sustainable Growth**

**“The Group continued to make solid progress on all fronts in the first half of 2008. Our strong foundations and prudent financial structure have enabled us to sustain growth, and to secure new opportunities as they arise.”**

#### **Solid Results**

Solid progress was made by the Group’s various core businesses in Hong Kong, the Mainland, and overseas markets while the global economy continued to be affected by the repercussions of the U.S. subprime crisis and various other uncertainties. For the first half of 2008, the Group’s profit before share of results of the Hutchison Whampoa Group was HK\$6,682 million, an increase of 60% over the same period last year.

#### **Core Property Business**

Growth momentum was maintained by our core property business. We recorded good performances in all aspects of operations comprising land acquisition, project management, project design, development and marketing. Various initiatives were progressing well as planned.

***Hong Kong Operations*** Hong Kong’s economy continued to grow solidly in the first half of 2008. Domestic demand remained a key driver to growth as private consumption expenditure was boosted by a low unemployment level and rising incomes. Nevertheless, against the backdrop of a weakening U.S. economy and as the global credit crunch problem intensified, the pace of Hong Kong’s economic growth was inevitably affected due to the effects of inflationary pressure and a less hectic financial market.

The local property market experienced a moderate consolidation in the first half year with total transactions less robust as compared to the high volume recorded in the second half of 2007. However, overall property prices remained at healthy levels, reflecting that the market was supported by solid underlying demand from end users. Given the prevailing low interest rate environment and an attractive level of housing affordability, we expect the overall market to remain stable in the second half of 2008, and to sustain a healthy development in the long run given the existing land policy that has been effectively implemented over the years.

The Group reported good sales results for the period under review, and strong market responses were received particularly by the two newly launched projects – The Capitol and Celestial Heights. As a leading provider of innovative, high quality properties, the Group will continue to drive performance gains and revenue growth through the timely provision of diversified premier projects to meet market demand. Prospects of our property business continue to be positive, and good sales results are anticipated for our various projects under development.

We continued to invest cautiously in suitable prime sites to cater for our future development and to generate increasing returns from a strengthened property portfolio. Our current landbank is sufficient for development over the next five or six years, and gives us a strong platform to invest for growth.

Our quality rental portfolio continues to be a solid pillar in the generation of stable, long-term cash flow for the Group. We will continue to raise the overall quality of our rental portfolio and capture opportunities to invest in rental projects with high capital efficiency and returns on investment.

***The Mainland and Overseas Markets*** We continued to deliver on our performance targets in attractive growth markets outside Hong Kong. In the Mainland, solid progress was made in different areas encompassing land acquisition, project development and market sales. Projects for sale or leasing were progressing well as scheduled. We will continue to take a growth-oriented and low-risk approach to investment in this fast growing market to drive sustainable growth and generate better value for shareholders.

Solid performance was made by operations in Singapore and the United Kingdom during the period under review. Backed by our strong financial position, diversified premier assets and an experienced management team, we are confident in our ability to strengthen further our established presence in these property markets.

### **Synergies with Listed Affiliated Companies**

Our strategic investment in listed affiliated companies provides us with diversification and synergies for continued growth and success. All of these companies delivered healthy performances in the first half of 2008.

***The Hutchison Whampoa Group*** Its established businesses and the 3 Group both achieved improved results in the first half of 2008. The 3 Group's improvement was driven by improved gross margins, cost controls and also reduced amortisation and depreciation charges. Barring any further unfavourable regulatory or market developments, the management of the 3 Group continues to target achieving positive monthly EBIT on a sustainable basis in the second half of 2008 and a full year positive EBIT in 2009. Looking ahead, the Hutchison Whampoa Group's businesses are expected to continue to perform well and the long-term future prospects are positive.

***CKI*** Cheung Kong Infrastructure Holdings Limited ("CKI") delivered a strong performance and achieved continued growth in the first half of 2008. Over 80% of CKI's revenue is generated through regulated income. The nature of CKI's regulated infrastructure asset portfolio enables it to be relatively unaffected by the global economic predicament brought about by the subprime mortgage crisis. Further to its recent acquisitions in Canada, New Zealand and the United Kingdom, CKI will continue to look for quality infrastructure assets that generate secure and attractive returns.

***HK Electric*** Hongkong Electric Holdings Limited ("HK Electric") continued to progress well both in Hong Kong and internationally. The overseas investments of HK Electric delivered satisfactory performances and provided stable returns during the period under review. To generate better shareholder value, HK Electric will continue with its strategy of making international acquisitions so as to continue to grow its international earnings base.

***CK Life Sciences*** The first half results of CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences") have been adversely impacted by the accounting entry pertaining to the downward valuation of financial instruments during the period under review. However, CK Life Sciences has achieved continued growth in operational profitability through fostering development of its health and agriculture-related businesses, as well as through successfully acquiring new companies that enhance its portfolio. As and when the global economic landscape becomes less volatile, the financial results will better reflect operational performance of CK Life Sciences. CK Life Sciences has submitted an application to The Stock Exchange of Hong Kong Limited for the transfer of its listing from the Growth Enterprise Market to the Main Board. We believe that this will enhance CK Life Sciences' profile and increase trading liquidity of its shares, and will be beneficial to its future growth, capital-raising ability and business development.

## **Going Forward**

As anticipated last year, the fallout from the U.S. subprime predicament and the continuing weakness of the residential property market has started to be seen across Europe and America to different extents. The global economic outlook will continue to be unstable in the second half of 2008. Major economies are facing growing uncertainties given the unsettled global credit environment and inflationary pressure, and the recent downward adjustments in oil and gold prices may imply a growing downside risk to growth. While the Mainland's economic growth has shown signs of easing in the short term due to the spillover effect of the U.S. economic weakness, its long-term economic prospects remain positive and optimistic given its strong economic fundamentals and huge potential for growth. Hong Kong's economy will inevitably be affected by the fallout from a possible global slowdown, but the impact is likely to be moderated by the favourable support from the Mainland's solid sustainable development.

The Group's traditional philosophy of tempering growth with financial prudence has proven its worth in the face of a more uncertain economic landscape, and the Group's diversified businesses with a well-established global presence have enabled it to weather the challenges. With solid fundamentals and sound operational and financial capabilities, our operations in 57 countries are showing strong resilience and various expansion initiatives have continued to progress steadily as planned. We will continue to pursue our mission to create value, and draw on our market strengths and financial resources to build operations and secure new opportunities for future sustainable growth. We have full confidence in the long-term prospects of the Cheung Kong Group.

In this extremely competitive global environment, we are proud to have intelligent, creative, dedicated and loyal employees, the Group's most valuable asset. I take this opportunity to thank our colleagues on the Board, the staff members of the Group and our diligent employees worldwide for their hard work, loyal service and contributions during the period.

**Li Ka-shing**  
Chairman

Hong Kong, 21st August, 2008

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Major Business Activities

#### 1. Developments Completed and Scheduled for Completion in 2008:

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
Caribbean Coast La Mer	Tung Chung Town Lot No. 5	10,494	Joint Venture
Harbour Grand Hong Kong	Section A & extension of Inland Lot No. 7106 North Point	41,340	Joint Venture
1881 Heritage	Kowloon Inland Lot No. 11161	13,023	100%
The Capitol	The Remaining Portion of Tseung Kwan O Town Lot No. 70, Site F Area 86, Tseung Kwan O	136,240	Joint Venture
Seasons Monarch	The Remaining Portion of Lot No. 2081 in D.D. 109 Kam Tin Road Kam Tin, Yuen Long	19,445	100%
CASA 880	4 various Subsections of Section B of Quarry Bay Inland Lot No. 4	9,840	100%
The Greenwich Commercial	Yao Jia Yuan, Beijing	2,377	50%
Cape Coral Phase 1A - Commercial	Nanan, Chongqing	39,738	47.5%
The Greenwich Phase 1A	Xian	113,902	50%
Le Parc Phase 1A	Chengdu	70,420	50%

<b>Name</b>	<b>Location</b>	<b>Total Gross Floor Area (sq. m.)</b>	<b>Group's Interest</b>
Maison des Artistes Phases 1 to 3D and Commercial	Gubei, Shanghai	155,607	50%
Regency Park Phases VIA and VII	Pudong Huamu, Shanghai	26,974	50%
The Riverside and Metropolitan Plaza Phases 1 and 2	Guangzhou	187,944	50%
Horizon Cove Phase 4	Zhuhai	99,669	50%
Seasons Villas Phase 4A	Pudong Huamu, Shanghai	1,500	50%
Kerry Everbright City Phases IIA and IIB	Zhabei District, Shanghai	149,156	24.75%

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

### ***Hong Kong***

- (1) January 2008: A wholly owned subsidiary of the Group entered into a development agreement with the Urban Renewal Authority for the joint development of a site at Nga Tsin Wai Village, Kowloon City.
- (2) March 2008: A wholly owned subsidiary of the Group entered into a sale and purchase agreement with Nan Fung Development Limited (“Nan Fung”) to dispose of the Group’s 15% interest in the development at Site E of the Remaining Portion of Tseung Kwan O Town Lot No. 70 to Nan Fung. With an aggregate area of approximately 13,587 sq. m., the site is earmarked for a residential development with kindergarten estimated to have a developable gross floor area of about 129,544 sq. m.
- (3) March 2008: A joint venture entered into by a wholly owned subsidiary of the Group and the owner of the land executed the particulars and conditions of exchange with the Government for the property at Area 85, Tseung Kwan O, Tseung Kwan O Town Lot No. 90. With an area of approximately 19,480 sq. m., the site is designated for a residential development estimated to have a total developable gross floor area of about 97,400 sq. m.
- (4) During the period under review, the Group continued to acquire 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***

- (5) January 2008: An indirect 50/50 joint venture company of the Group and the Hutchison Whampoa Group successfully bid for a piece of land with an area of approximately 211,621 sq. m. and a gross floor area of about 329,000 sq. m. at the east of Ruilin Road and south of Huanbei Road, Jiading District, Shanghai, the Mainland for residential, commercial and office purposes.
- (6) February 2008: An indirect 50/50 joint venture company of the Group and the Hutchison Whampoa Group successfully bid for a piece of land with an area of approximately 80,600 sq. m. and a developable gross floor area of about 220,460 sq. m. at east of Hongmei Park and north of Wuqing Road, Changzhou, the Mainland for development into residential properties.
- (7) March 2008: An indirect 50/50 joint venture company of the Group and the Hutchison Whampoa Group successfully bid for the parcel of land at West Coast Crescent in Singapore with a site area of approximately 12,000 sq. m. for development into residential properties.
- (8) During the period under review, the Group’s property projects in the Mainland and overseas were on schedule, both in terms of sales and leasing.



## **Property Sales**

Turnover of property sales for the first half year, including share of property sales of jointly controlled entities, was HK\$11,238 million (2007 – HK\$4,457 million), an increase of HK\$6,781 million when compared with the same period last year, and comprised mainly the sale of the remaining residential units of four property projects completed in previous years, The Legend at Jardine's Lookout, Le Point, Central Park Towers Phase 1 and Sausalito in Hong Kong, and the sale of residential units of property projects completed during the period, including CASA 880 in Hong Kong and Maison des Artistes in the Mainland.

Contribution from property sales, including share of results of jointly controlled entities, was HK\$5,247 million (2007 – HK\$1,800 million), an increase of HK\$3,447 million when compared with the same period last year, mainly attributable to the sales recognition during the period of the remaining residential units of property projects completed in previous years.

Contribution from property sales for the second half year will mainly be derived from the sale of residential units of The Capitol and Seasons Monarch in Hong Kong, The Riverside in the Mainland and several other property projects scheduled for completion.

The presale of the residential units of The Capitol as well as Celestial Heights Phase 1, which is scheduled for completion in 2009, was launched during the period and almost all of the residential units available for presale were sold within a short period.

## **Property Rental**

Turnover of the Group's property rental for the first half year was HK\$449 million (2007 – HK\$375 million), an increase of HK\$74 million when compared with the same period last year as rental rates for retail shops and commercial office properties have since risen generally in Hong Kong. The Group's existing investment properties comprise mainly retail shopping malls and commercial office properties in Hong Kong which accounted for approximately 30% and 51% respectively of the turnover of the Group's property rental for the period.

Contribution from property rental, including share of results of jointly controlled entities, was HK\$715 million (2007 – HK\$596 million), an increase of HK\$119 million when compared with the same period last year. During the period, strong demand for office space and retail shops at prime locations pushed rentals higher, and the Group's investment properties, including The Center in Central and the commercial portion of Metro Town which was acquired recently in Hong Kong, all experienced good rental income growth. An investment property project developed by the Group in Hong Kong, 1881 Heritage, is scheduled for completion in the second half year and contribution from property rental will be boosted.

At the interim balance sheet date, the Group accounted for an increase in the fair value of investment properties of HK\$1,069 million (2007 – HK\$956 million) based on a professional valuation, and shared an increase in the fair value of investment properties of HK\$256 million (2007 – HK\$586 million) of jointly controlled entities.

### **Hotels and Serviced Suites**

Turnover of the Group's hotels and serviced suites for the first half year was HK\$668 million (2007 – HK\$437 million), an increase of HK\$231 million when compared with the same period last year as Harbourview Horizon All-Suite Hotel and Harbourfront Horizon All-Suite Hotel have gradually reached full occupancy since their grand openings.

Contribution from hotels and serviced suites, including share of results of jointly controlled entities, was HK\$364 million (2007 – HK\$204 million), a significant increase of HK\$160 million when compared with the same period last year as contribution from Harbourview Horizon All-Suite Hotel and Harbourfront Horizon All-Suite Hotel increased sharply following their achievement of almost full occupancy, and other hotels and serviced suites properties, including those operated by jointly controlled entities, performed satisfactorily during the period.

The Apex Horizon, which was completed last year, will soon commence operation and Harbour Grand Hong Kong, of which the Group has a joint development interest, is scheduled for completion in the second half year. Both hotels are located in Hong Kong and will further uplift contribution from hotels and serviced suites.

## **Property and Project Management**

Turnover of property and project management for the first half year was HK\$86 million (2007 – HK\$90 million), of which income from property management was HK\$73 million (2007 – HK\$72 million), an increase of HK\$1 million when compared with the same period last year, and income from project related services was HK\$13 million (2007 – HK\$18 million), a decrease of HK\$5 million when compared with the same period last year.

Contribution from property management was HK\$45 million (2007 – HK\$44 million), an increase of HK\$1 million when compared with the same period last year, while project related services made a small contribution to Group profit.

The Group is committed to providing high quality services to properties under our management. At the interim balance sheet date, the total floor area under the Group's property management was approximately 84 million square feet and this is expected to grow steadily following the gradual completion of the Group's property projects in the years ahead.

## **Major Associates**

The Hutchison Whampoa Group, a listed associate, reported unaudited profit attributable to shareholders for the six months ended 30th June, 2008 of HK\$10,688 million (2007 – HK\$28,759 million).

The CK Life Sciences Group, another listed associate, reported unaudited profit attributable to shareholders for the six months ended 30th June, 2008 of HK\$8,269,000 (2007 – HK\$66,248,000).

## **FINANCIAL REVIEW**

### **Liquidity and Financing**

The Group monitors its liquidity requirements on a short to medium term basis and arranges refinancing of the Group's borrowings when appropriate. During the period, the Group issued notes with three-year and five-year terms in Hong Kong under the retail note issuance programme in the total amount of HK\$1.8 billion and redeemed notes upon maturity in the total amount of HK\$500 million.

At the interim balance sheet date, the outstanding bonds and notes issued by the Group amounted to HK\$10.2 billion. Together with bank loans of HK\$26.5 billion and a loan from a joint development partner of HK\$4 billion, the Group's total borrowings at the interim balance sheet date were HK\$40.7 billion, an increase of HK\$4.2 billion from the end of last year. The maturity profile is spread over a period of eight years, with HK\$7.8 billion repayable within one year, HK\$32.2 billion within two to five years and HK\$0.7 billion beyond five years.

The Group's gearing ratio at the interim balance sheet date was approximately 15.1%, determined as the proportion of the Group's net borrowings (after deducting bank balances and deposits of HK\$5.5 billion) to shareholders' funds.

With cash and marketable securities in 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. At the interim balance sheet date, approximately 85.1% of the Group's borrowings were in HK\$ with the balance in US\$ (or swapped into US\$), S\$ and RMB mainly for the purpose of financing projects outside Hong Kong. The Group derives its revenue mainly in HK\$, cash balances and marketable securities are maintained mainly in HK\$ or US\$, and the Group ensures that its exposure to fluctuations in foreign exchange rates is minimised.

The Group's borrowings are principally on a floating rate basis. The fixed rate or equity linked bonds and notes issued by the Group have associated swaps arrangements in place to convert the rates and related terms to a floating rate basis.

When appropriate and at times of interest rate or exchange rate uncertainty or volatility, hedging instruments including swaps and forwards are used by the Group in the management of exposure to interest rate and foreign exchange rate fluctuations.

### **Charges on Assets**

At the interim balance sheet date, certain subsidiaries of the Group pledged assets with aggregate carrying value of HK\$1,138 million (31st December, 2007 – HK\$1,318 million) to secure bank loan facilities utilised.

### **Contingent Liabilities**

At the interim balance sheet date, the Group's contingent liabilities were as follows:

- (1) share of contingent liability of jointly controlled entity in respect of guaranteed return payments payable to the other party of a co-operative joint venture in the next 41 years amounted to HK\$4,500 million;
- (2) guarantees provided for the minimum share of revenue/profit receivable by the other partners of joint development projects amounted to HK\$1,422 million (31st December, 2007 – HK\$1,422 million); and
- (3) guarantees provided for bank loans utilised by jointly controlled entities amounted to HK\$2,329 million (31st December, 2007 – HK\$3,404 million).

### **Employees**

At the interim balance sheet date, the Group employed approximately 7,800 employees for its principal businesses. The related employees' costs for the period (excluding directors' emoluments) amounted to approximately HK\$728 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 SHARES**

The Company has not redeemed any of its shares during the six months ended 30th June, 2008. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

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 emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices ("Code on CG Practices") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 30th June, 2008.

## **AUDIT COMMITTEE**

The Company established the audit committee ("Audit Committee") in December 1998 and has formulated its written terms of reference in accordance with the provisions set out in the Code on CG Practices. The Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Cheong Ying Chew, Henry (Chairman of the Audit Committee), Mr. Kwok Tun-li, Stanley 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 and review of the relationship with the external auditor of the Company.

The Group's interim results for the six months ended 30th June, 2008 have been reviewed by the Audit Committee.

## **REMUNERATION COMMITTEE**

According to the Code on CG Practices, the Company established its remuneration committee ("Remuneration Committee") on 1st January, 2005 with a majority of the members thereof being Independent Non-executive Directors. The Remuneration Committee comprises the Chairman, Mr. Li Ka-shing (Chairman of the Remuneration Committee) and two Independent Non-executive Directors, namely, Mr. Kwok Tun-li, Stanley and Dr. Wong Yick-ming, Rosanna.



# CHEUNG KONG (HOLDINGS) LIMITED

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 0001)

## NOTICE OF PAYMENT OF INTERIM DIVIDEND, 2008

The Board of Directors of Cheung Kong (Holdings) Limited announces that the Group's unaudited profit attributable to shareholders for the six months ended 30th June, 2008 amounted to HK\$12,022 million which represents earnings of HK\$5.19 per share. The Directors have declared an interim dividend for 2008 of HK\$0.50 per share to shareholders whose names appear on the Register of Members of the Company on Thursday, 9th October, 2008. The dividend will be paid on Friday, 10th October, 2008.

The Register of Members of the Company will be closed from Thursday, 2nd October, 2008 to Thursday, 9th October, 2008, both days inclusive, during which period no transfer of shares will be effected. 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 Registrars, 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 Tuesday, 30th September, 2008.

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

Hong Kong, 21st August, 2008

The Directors (*Note*) of the Company as at the date of this announcement 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, Ms. PAU Yee Wan, Ezra, Ms. WOO Chia Ching, Grace and Mr. CHIU Kwok Hung, Justin as Executive Directors; Mr. LEUNG Siu Hon, Mr. FOK Kin-ning, Canning, Mr. Frank John SIXT, Mr. CHOW Kun Chee, Roland and Mr. George Colin MAGNUS as Non-executive Directors; and Mr. KWOK Tun-li, Stanley, Mr. YEH Yuan Chang, Anthony, Mr. Simon MURRAY, Mr. CHOW Nin Mow, Albert, Ms. HUNG Siu-lin, Katherine, Dr. WONG Yick-ming, Rosanna (also Alternate Director to Mr. Simon MURRAY), Mr. CHEONG Ying Chew, Henry and Mr. KWAN Chiu Yin, Robert as Independent Non-executive Directors.

*Note: Other than Chairman, Managing Director and Deputy Managing Directors, order by date of appointment, and in the case of Non-executive Directors ("NED")/Independent Non-executive Directors ("INED"), order by date of appointment as NED/INED.*

**Consolidated Profit and Loss Account  
For the six months ended 30th June, 2008**

	(Unaudited)	
	2008	2007
	HK\$ Million	HK\$ Million
Group turnover	10,286	3,511
Share of property sales of jointly controlled entities	2,155	1,848
Turnover	<u>12,441</u>	<u>5,359</u>
<b>Group turnover</b>	<b>10,286</b>	<b>3,511</b>
Investment and other income	1,227	1,311
Operating costs		
Property and related costs	(5,146)	(1,379)
Salaries and related expenses	(482)	(365)
Interest and other finance costs	(283)	(460)
Other expenses	(237)	(192)
	<u>(6,148)</u>	<u>(2,396)</u>
Share of net profit of jointly controlled entities	1,154	1,085
Increase in fair value of investment properties	1,069	956
Operating profit	<u>7,588</u>	<u>4,467</u>
Share of net profit of associates	5,398	14,604
<b>Profit before taxation</b>	<b>12,986</b>	<b>19,071</b>
Taxation	(797)	(364)
<b>Profit for the period</b>	<b>12,189</b>	<b>18,707</b>
Profit attributable to minority interests	(167)	(171)
<b>Profit attributable to shareholders</b>	<b>12,022</b>	<b>18,536</b>
<b>Interim dividend</b>	<b>1,158</b>	<b>1,158</b>
<b>Earnings per share</b>	<b>HK\$5.19</b>	<b>HK\$8.00</b>
<b>Dividends per share</b>	<b>HK\$0.50</b>	<b>HK\$0.50</b>



**Consolidated Balance Sheet**  
**As at 30th June, 2008**

	(Unaudited) 30/6/2008 HK\$ Million	(Audited) 31/12/2007 HK\$ Million
Non-current assets		
Fixed assets	10,877	10,560
Investment properties	16,577	15,497
Associates	148,936	146,109
Jointly controlled entities	27,784	23,614
Investments available for sale	8,701	10,060
Long term loans	1,496	956
	<u>214,371</u>	<u>206,796</u>
Current assets		
Stock of properties	57,440	58,418
Debtors, deposits and prepayments	5,196	4,066
Investments held for trading	520	1,439
Derivative financial instruments	1,126	294
Bank balances and deposits	5,475	5,609
	<u>69,757</u>	<u>69,826</u>
Current liabilities		
Bank and other loans	7,773	8,872
Creditors and accruals	3,725	6,889
Derivative financial instruments	523	437
Provision for taxation	1,429	860
	<u>13,450</u>	<u>12,998</u>
Net current assets	<u>56,307</u>	<u>52,768</u>
Total assets less current liabilities	<u>270,678</u>	<u>259,564</u>
Non-current liabilities		
Bank and other loans	28,878	23,655
Loan from joint development partner	4,000	4,000
Deferred tax liabilities	1,406	1,300
	<u>34,284</u>	<u>28,955</u>
Net assets	<u>236,394</u>	<u>230,609</u>
<b>Representing:</b>		
Share capital	1,158	1,158
Share premium	9,331	9,331
Reserves	222,000	216,714
Shareholders' funds	<u>232,489</u>	<u>227,203</u>
Minority interests	3,905	3,406
<b>Total equity</b>	<u>236,394</u>	<u>230,609</u>

Notes:

(1) Turnover of the Group by operating activities for the period are as follows:

	<i>Six months ended 30th June</i>	
	<b>2008</b>	<b>2007</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Property sales	9,083	2,609
Property rental	449	375
Hotels and serviced suites	668	437
Property and project management	86	90
	<u>10,286</u>	<u>3,511</u>
Group turnover		
Share of property sales of jointly controlled entities	2,155	1,848
	<u>12,441</u>	<u>5,359</u>

Turnover of jointly controlled entities (save for proceeds from property sales shared by the Group) and turnover of listed and unlisted associates are not included.

During the period, the Group's overseas operating activities (including property sales of jointly controlled entities) were mainly in the Mainland which accounted for approximately 18% of the turnover.

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

	<i>Company and subsidiaries</i>		<i>Jointly controlled entities</i>		<i>Total</i>	
	<i>Six months ended 30th June</i>		<i>Six months ended 30th June</i>		<i>Six months ended 30th June</i>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>	<b>HK\$ Million</b>	<b>HK\$ Million</b>	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Property sales	3,999	1,400	1,248	400	5,247	1,800
Property rental	417	317	298	279	715	596
Hotels and serviced suites	221	78	143	126	364	204
Property and project management	46	46	-	-	46	46
	<u>4,683</u>	<u>1,841</u>	<u>1,689</u>	<u>805</u>	<u>6,372</u>	<u>2,646</u>
Investment and finance					1,167	1,085
Interest and other finance costs					(283)	(460)
Increase in fair value of investment properties						
Subsidiaries					1,069	956
Jointly controlled entities					256	586
Others					100	228
Taxation (excluding share of taxation of major listed associates)					(1,836)	(731)
Profit attributable to minority interests					(167)	(171)
					<u>6,678</u>	<u>4,139</u>
Share of net profit of major listed associates						
Hutchison Whampoa Limited					5,340	14,368
CK Life Sciences Int'l., (Holdings) Inc.					4	29
Profit attributable to shareholders					<u>12,022</u>	<u>18,536</u>

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

	<i>Six months ended 30th June</i>	
	<b>2008</b>	<b>2007</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Interest and other finance costs	524	825
Less: Amount capitalised	(241)	(365)
	<u>283</u>	<u>460</u>
Costs of properties sold	4,699	954
Depreciation	141	116
Gain on disposal of investments available for sale	(1,072)	(20)
Loss/(gain) on investments held for trading	127	(158)
	<u>127</u>	<u>(158)</u>

(3) Hong Kong profits tax has been provided for at the rate of 16.5% (2007 - 17.5%) on the estimated assessable profits for the period. Overseas tax 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 30th June</b>	
	<b>2008</b>	<b>2007</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Hong Kong profits tax	678	173
Overseas tax	13	2
Deferred tax	106	189
	<u>797</u>	<u>364</u>

(4) The calculation of earnings per share is based on profit attributable to shareholders and on 2,316,164,338 shares (2007 - 2,316,164,338 shares) in issue during the period.

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

Ageing analysis of the Group's trade debtors at the balance sheet date is as follows:

	<b>30/6/2008</b>	<b>31/12/2007</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Current to one month	2,620	1,395
Two to three months	48	25
Over three months	12	9
	<u>2,680</u>	<u>1,429</u>

Ageing analysis of the Group's trade creditors at the balance sheet date is as follows:

	<b>30/6/2008</b>	<b>31/12/2007</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Current to one month	303	3,186
Two to three months	16	24
Over three months	15	29
	<u>334</u>	<u>3,239</u>

(6) The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards. For those which are effective for accounting periods beginning on 1st January, 2008, the adoption 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.