

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.*



## **CHEUNG KONG (HOLDINGS) LIMITED**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 0001)

### **INTERIM RESULTS FOR 2010**

#### **HIGHLIGHTS**

	<b>Six months ended 30th June</b>		<b>Change</b>
	<b>2010</b>	<b>2009</b>	
	<b>HK\$ Million</b>	<b>HK\$ Million</b>	
Turnover ( <i>Note</i> )	<b>20,318</b>	15,537	+31%
Profit before share of results of Hutchison Whampoa Group	<b>8,701</b>	8,639	+1%
Share of profit of Hutchison Whampoa Group	<b>3,222</b>	2,878	+12%
Profit attributable to shareholders	<b>11,923</b>	11,517	+4%
Earnings per share	<b>HK\$5.15</b>	HK\$4.97	+4%
Dividend per share	<b>HK\$0.50</b>	HK\$0.50	-

*Note: Turnover does not include the turnover of jointly controlled entities (except for proceeds from property sales shared by the Group) or the turnover of associates, notably the Hutchison Whampoa Group.*

#### **PROFIT FOR THE FIRST HALF YEAR**

The Group's unaudited profit attributable to shareholders for the six months ended 30th June, 2010 amounted to HK\$11,923 million. Earnings per share were HK\$5.15.

#### **INTERIM DIVIDEND**

The Directors have declared an interim dividend for 2010 of HK\$0.50 per share (HK\$0.50 per share in 2009) to shareholders whose names appear on the Register of Members of the Company on Tuesday, 21st September, 2010. The dividend will be paid on Wednesday, 22nd September, 2010.

## **PROSPECTS**

### **Positioned For Strong Growth**

All of the Group's businesses reported solid performances in the first half of 2010 despite continuing challenges in the global market. For the six months ended 30th June, 2010, the Group's profit before share of results of the Hutchison Whampoa Group was HK\$8,701 million.

The Group recorded an increase in contributions from property sales and property rental in the first half of 2010. Contribution from hotels and serviced suites increased significantly as compared to the same period in 2009. A decrease in returns from investment and finance was reported due to the impact of fluctuating financial market conditions. The increase in fair value of investment properties has moderated, as compared to the substantial increase in the same period last year due to the completion of a major project.

#### **Business Review**

Hong Kong's economy improved solidly in the first half of 2010 due to strong rebounds in exports and consumption. The recovery momentum is expected to continue for the remainder of the year.

The local property market delivered an overall satisfactory performance in the first six months. The Government's measures to fine-tune the land supply arrangements and to stabilise property prices are expected to facilitate the healthy development of the market in the long run. The Group will take appropriate steps to ensure its property sales procedures remain in line with the Government's guidelines to enhance transparency in the property market. We have confidence in the sound fundamentals of the market. Underlying demand from end-users will continue to lend solid support to both property transactions and prices.

The good property sales results recorded in the first half year continue to provide substantial cash flows and increased liquidity. Leveraging our strong financial capability and with a low gearing ratio of below 7%, we are well positioned to capture attractive growth opportunities. An ample land bank is a significant pillar for growth. Currently we have sufficient land resources for development over the next five to six years, and will continue to expand the land reserve by cost-efficient means when suitable opportunities arise.

Development progress in the Mainland has been satisfactory. Various projects are progressing well in line with our disciplined approach, and the proportion of contribution from the Mainland will continue to increase. The tightening measures initiated by the Central Government to regulate property prices will enable the market to grow steadily on a healthier track. Long-term prospects remain positive as the purchasing power of homebuyers remains firm, and underlying housing demand continues to be strong.

Driven by our long-term vision in overseas property markets, we will continue to strengthen our market position by adding to our overseas property portfolio with timely quality investments.

### **Listed Affiliated Companies**

We are well positioned to capture opportunities globally through the strategic investments in our listed affiliated companies, particularly through the Hutchison Whampoa Group's diversified businesses across 54 countries.

***The Hutchison Whampoa Group*** The Hutchison Whampoa Group's global operations performed satisfactorily in the first half of 2010, including the improved 3 Group's performance and a significant improvement in cash flows. The Hutchison Whampoa Group will continue to focus on operational and financial disciplines, while seizing attractive investment opportunities to expand its core businesses when they arise. Barring major unforeseen circumstances, the Hutchison Whampoa Group is poised for more promising developments in the years to come. The Hutchison Whampoa Group has full confidence in its short, medium, and longer-term growth prospects.

***CKI*** The performance of the businesses of Cheung Kong Infrastructure Holdings Limited ("CKI") was steady and in line with expectations. The three new investments made during the period, each one in a different industry, have added to the diversity of CKI's businesses and strengthened its revenue base. With a strong cash position, CKI will continue to pursue new investments around the globe to further enhance and strengthen its portfolio. CKI looks forward to encouraging prospects for the rest of 2010.

***HK Electric*** Profits from Hong Kong operations of Hongkong Electric Holdings Limited (“HK Electric”) were in line with budget, while international investments, which accounted for over one-third of HK Electric’s total profit, recorded a solid increase as compared to last year. It is expected that the proportion of profit generated from international investments will increase over time as existing businesses grow and as more overseas acquisitions materialise.

***CK Life Sciences*** CK Life Sciences Int’l., (Holdings) Inc. (“CK Life Sciences”) achieved a satisfactory operational performance during the first half of 2010. The outlook for its key markets in Hong Kong, Australia and North America are positive. CK Life Sciences will strive to deliver strong organic growth in its existing operations, carefully consider opportunities to expand its businesses, and continue research initiatives in targeted therapies for cancer and cancer pain management.

## **Outlook**

The global economy remains vulnerable to a number of uncertainties and destabilising forces. In particular, the various economic uncertainties facing the United States and certain European nations will cast a shadow over the pace of global economic recovery. Nevertheless, the overall outlook for the global economy is likely to remain generally stable.

The strength of the Mainland’s economy is evident. GDP growth continued to be robust in the first half of 2010. The slowing growth in new lending suggests that pressure on tightening liquidity may ease in the second half year. These favourable conditions support optimism towards a continuing stable macroeconomic environment in the Mainland.

Hong Kong’s economy is expected to remain stable in the second half year, and will continue to benefit from the Mainland’s vibrant, sustainable growth in the long run. We are very confident in the economic prospects of the Mainland and Hong Kong.

The Group strives to achieve sustainable growth within the framework of financial discipline. By maintaining steady cash flows and ample liquidity, we are well placed to respond quickly to the various challenges and opportunities that arise in economic cycles. As an actively managed conglomerate with solid strengths and strong potential, the Cheung Kong Group is uniquely positioned for future growth and expansion. Barring major unforeseen circumstances, we are very optimistic and confident of the Group's promising prospects given its strong dynamics for robust development.

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, 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, 5th August, 2010

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Major Business Activities

#### 1. Developments Completed and Scheduled for Completion in 2010:

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
LOHAS Park Le Prestige and Le Prime	Site AB of The Remaining Portion of Tseung Kwan O Town Lot No. 70	226,430	Joint Venture
Conduit 18	Section A of Inland Lot No. 711	2,961	100%
Festival City Phases 1 and 2	Sha Tin Town Lot No. 529	200,744	Joint Venture
Central Park Towers II	Tin Shui Wai Town Lot No. 24	69,457	98.47%
Marina Bay Residences and Marina Bay Financial Centre Phase 1	Marina Bay, Singapore	243,797	16.7%
La Grande Ville Phase 1	Shun Yi District, Beijing	95,477	100%
Regency Park Phase 2	Jingyuetan, Changchun	111,713	50%
Regency Residence Phases 1 and 2A	Nanguan, Changchun	45,383	50%
Noble Hills Phases 1B2, 1B3 and 2	Wangcheng Jinxing Dadao, Changsha	147,204	50%
Tianning Project Phase 1	Tianning District, Changzhou	2,919	50%
Le Parc Phase 2	High-Tech Zone, Chengdu	319,554	50%
Regency Oasis Phase 1A	Wenjiang, Chengdu	27,118	50%
Noble Hills Phases 1B1, 1B2 and 1C	Douxi, Chongqing	132,831	50%

<b>Name</b>	<b>Location</b>	<b>Total Gross Floor Area (sq. m.)</b>	<b>Group's Interest</b>
The Riverside and Metropolitan Plaza Phases 1 and 3	Huangsha MTR Station Podium, Guangzhou	241,809	50%
Regency Cove Phases 1A and 1B	Maqiao Town, Ming Hang Area, Shanghai	19,944	42.5%
Regency Park Phase IIB	Huamu Road, Pudong, Shanghai	9,954	50%
Century Place Phases 1 and 2	Shennan Road, Huaqiangbei Futian District, Shenzhen	163,941	40%
Regency Park Phase 3	Guanlan, Shenzhen	60,336	50%
Le Sommet Phases 1A and 3	Ping Hu, Longgang, Shenzhen	53,910	50%
Tianjin Metropolitan Phase 1	Yingkoudao, Tianjin	57,064	40%
The Greenwich Phases 1B and 2A	Hi-Tech Industrial Development Zone, Xian	268,475	50%

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

### **Hong Kong**

- (1) January 2010: A wholly owned subsidiary of the Group successfully bid for the contract for the joint development of two sites located at Lai Chi Kok Road/Kweilin Street and Yee Kuk Street in Sham Shui Po in a public tender exercise. In February 2010, the Group entered into a development agreement with the Urban Renewal Authority for the joint development of the sites. With an aggregate area of approximately 3,339 sq.m., the sites are planned for a commercial and residential development estimated to have a total developable gross floor area of approximately 29,649 sq.m.
- (2) May 2010: A wholly owned subsidiary of the Group completed the lease modification with the Government in respect of the site at Nos. 106-114 Kwok Shui Road and Nos. 61-69 Yau Ma Hom Road, Kwai Chung Town Lot No. 157. With an area of approximately 4,645 sq.m., the lease allowed a residential development with a developable gross floor area of up to approximately 24,189 sq.m.
- (3) June 2010: A wholly owned subsidiary of the Group completed the lease modification with the Government in respect of the site at No. 41 Heung Yip Road, Wong Chuk Hang, Aberdeen Inland Lot No. 354. With an area of approximately 2,007 sq.m., the site is earmarked for a commercial development estimated to have a developable gross floor area of approximately 30,099 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) 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\$18,644 million (2009 – HK\$14,328 million), an increase of HK\$4,316 million when compared with the same period last year, and comprised mainly the sale of residential units of two property projects completed in previous years – La Mer and Celestial Heights Phases 1 and 2 in Hong Kong, and the sale of residential units of property projects completed during the period, including Le Prestige, Conduit 18 and Festival City Phase 1 in Hong Kong, Marina Bay Residences in Singapore, La Grande Ville Phase 1 (Zones A, B and D) in Beijing, The Greenwich Phase 1B in Xian and Noble Hills Phase 1B in Changsha.

Contribution from property sales, including share of results of jointly controlled entities, was HK\$5,809 million (2009 – HK\$5,661 million), an increase of HK\$148 million when compared with the same period last year. During the period, property sales were active and measures were introduced by the government authorities both in Hong Kong and the Mainland to regulate the red-hot property markets and to facilitate its stability and long term development.

Contribution from property sales for the second half year will mainly be derived from the sale of residential units of Central Park Towers II, Le Prime and Festival City Phase 2 in Hong Kong, La Grande Ville Phase 1 (Zones E, F and G) in Beijing, The Riverside Phase 3 in Guangzhou, Regency Park Phase 3 in Shenzhen, Regency Cove Phase 1 in Shanghai, and several other property projects scheduled for completion.

All units of Central Park Towers II and Le Prime had been presold shortly after presales were launched in last year. Presale of units of various property projects in the Mainland are in progress whereas presale of units of Festival City Phase 2 will be launched in the second half year upon receiving consent from the government.

## **Property Rental**

Turnover of the Group's property rental for the first half year was HK\$614 million (2009 – HK\$525 million), an increase of HK\$89 million when compared with the same period last year, mainly attributable to a full six-month rental contribution in the current period from 1881 Heritage which was completed in Hong Kong in the first half year of 2009. The Group's existing investment properties comprise mainly retail shopping malls and commercial office properties in Hong Kong which accounted for approximately 40% and 48% respectively of the turnover of the Group's property rental for the period.

Contribution from the Group's property rental was HK\$563 million (2009 – HK\$493 million), and contribution including share of results of jointly controlled entities was HK\$912 million (2009 – HK\$830 million), an increase of HK\$82 million when compared with the same period last year. During the period, business sentiment and consumer confidence continued to improve and the local commercial leasing market regained its strength with growing demand for quality commercial and retail spaces.

In March 2010, Marina Bay Financial Centre Tower I and portion of Marina Bay Link Mall (the “Marina Bay Properties”), being part of Phase One of a composite property development project in Singapore comprising Grade A office towers, retail shopping mall and luxury apartments of which the Group has a 16.7% interest, were completed and commenced to generate rental income during the period.

At the interim period end date, the Group accounted for an increase in the fair value of investment properties of HK\$1,508 million (2009 – HK\$3,228 million) based on a professional valuation and shared an increase in the fair value of investment properties, including the Marina Bay Properties completed during the period, of HK\$1,779 million (2009 – HK\$670 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\$928 million (2009 – HK\$598 million), an increase of HK\$330 million when compared with the same period last year. The increase in turnover was mainly a result of the full operation of Harbour Grand Hong Kong and Harbour Plaza 8 Degrees in the current period, both of which commenced to operate in Hong Kong during 2009.

Contribution from the Group's hotels and serviced suites was HK\$249 million (2009 – HK\$171 million) and contribution including share of results of jointly controlled entities was HK\$351 million (2009 – HK\$241 million), an increase of HK\$110 million when compared with the same period last year. Besides the increase in contribution from the Group's two new hotels in full operation, the operating results of other hotels and serviced suites owned by the Group and jointly controlled entities also improved as Hong Kong's economy returned to growth and the Mainland's economy continued to grow strongly during the period.

The Group's portfolio of hotels and serviced suites in Hong Kong and the Mainland is well positioned to achieve better results when the world economies continue to recover from the global financial crisis.

## **Property and Project Management**

Turnover of property and project management for the first half year was HK\$132 million (2009 – HK\$86 million), of which income from property management was HK\$75 million (2009 – HK\$75 million), and income from project related services was HK\$57 million (2009 – HK\$11 million), an increase of HK\$46 million when compared with the same period last year.

Contribution from property management was HK\$49 million (2009 – HK\$49 million), 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 period end 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, 2010 of HK\$6,450 million (2009 – HK\$5,760 million).

The CK Life Sciences Group, another listed associate, reported unaudited profit attributable to shareholders for the six months ended 30th June, 2010 of HK\$48,635,000 (2009 – HK\$256,454,000).

## **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 in the total amount of HK\$1.3 billion with ten-year term in Hong Kong under the Euro Medium Term Note Programme and redeemed notes in the amount of HK\$300 million upon maturity.

At the interim period end date, the Group's bonds and notes, bank loans and other loans (including a loan from a joint development partner) amounted to HK\$7.9 billion, HK\$23.1 billion and HK\$4.4 billion respectively, and the Group's total borrowings were HK\$35.4 billion, an increase of HK\$0.9 billion from the end of last year. The maturity profile is spread over a period of ten years, with HK\$13.9 billion repayable within one year, HK\$19.5 billion within two to five years and HK\$2 billion beyond five years.

The Group's gearing ratio at the interim period end date was approximately 6.8%, determined as the proportion of the Group's net borrowings (after deducting bank balances and deposits of HK\$18.4 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 period end date, approximately 82.1% of the Group's borrowings were in HK\$ with the balance in US\$ (or swapped into US\$) and S\$, 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 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 period end date, certain subsidiaries of the Group pledged assets with aggregate carrying value of HK\$970 million (31st December, 2009 – HK\$1,014 million) to secure bank loan facilities utilised.

## **Contingent Liabilities**

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

- (1) guarantees provided for minimum share of revenue/profit receivable by other partners of joint development projects amounted to HK\$1,148 million (31st December, 2009 – HK\$1,398 million); and
- (2) guarantees provided for bank loans utilised by jointly controlled entities and investee company amounted to HK\$1,553 million (31st December, 2009 – HK\$1,605 million) and HK\$283 million (31st December, 2009 – HK\$283 million) respectively.

## **Employees**

At the interim period end date, the Group employed approximately 8,900 employees for its principal businesses. The related employees' costs for the period (excluding directors' emoluments) amounted to approximately HK\$860 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 30th June, 2010, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **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 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 30th June, 2010.

## **AUDIT COMMITTEE**

The Company established the audit committee ("Audit Committee") in December 1998 and has formulated its written terms of reference, which may from time to time be modified, 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, 2010 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 of the Board, 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, 2010

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, 2010 amounted to HK\$11,923 million which represents earnings of HK\$5.15 per share. The Directors have declared an interim dividend for 2010 of HK\$0.50 per share to shareholders whose names appear on the Register of Members of the Company on Tuesday, 21st September, 2010. The dividend will be paid on Wednesday, 22nd September, 2010.

The Register of Members of the Company will be closed from Tuesday, 14th September, 2010 to Tuesday, 21st September, 2010, 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 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, 13th September, 2010.

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

Hong Kong, 5th August, 2010

The Directors (*Note*) 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, 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*) and Mr. CHEONG Ying Chew, Henry 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 Income Statement**  
**For the six months ended 30th June, 2010**

	(Unaudited)	
	2010	2009
	HK\$ Million	HK\$ Million
Group turnover	17,244	12,140
Share of property sales of jointly controlled entities	3,074	3,397
Turnover	<u>20,318</u>	<u>15,537</u>
<b>Group turnover</b>	<b>17,244</b>	<b>12,140</b>
Investment and other income	394	817
Operating costs		
Property and related costs	(11,553)	(6,718)
Salaries and related expenses	(581)	(481)
Interest and other finance costs	(101)	(165)
Depreciation	(200)	(154)
Other expenses	(154)	(149)
	<u>(12,589)</u>	<u>(7,667)</u>
Share of net profit of jointly controlled entities	3,148	1,546
Increase in fair value of investment properties	1,508	3,228
Operating profit	<u>9,705</u>	<u>10,064</u>
Share of net profit of associates	3,299	3,047
<b>Profit before taxation</b>	<b>13,004</b>	<b>13,111</b>
Taxation	(852)	(1,303)
<b>Profit for the period</b>	<b><u>12,152</u></b>	<b><u>11,808</u></b>
<b>Profit attributable to</b>		
Shareholders of the Company	11,923	11,517
Non-controlling interests	229	291
	<u>12,152</u>	<u>11,808</u>
<b>Earnings per share</b>	<b>HK\$5.15</b>	<b>HK\$4.97</b>

	2010	2009
	HK\$ Million	HK\$ Million
<b>Interim dividend</b>	<u>1,158</u>	<u>1,158</u>
<b>Dividends per share</b>	<b>HK\$0.50</b>	<b>HK\$0.50</b>



**Consolidated Statement of Financial Position**  
**As at 30th June, 2010**

	(Unaudited) 30/6/2010 HK\$ Million	(Audited) 31/12/2009 HK\$ Million
Non-current assets		
Fixed assets	10,532	10,696
Investment properties	20,941	19,433
Associates	148,731	148,049
Jointly controlled entities	35,558	32,591
Investments available for sale	6,887	7,026
Long term loan receivables	431	444
	<u>223,080</u>	<u>218,239</u>
Current assets		
Stock of properties	56,462	62,999
Debtors, deposits and prepayments	6,648	2,799
Investments held for trading	1,800	1,927
Derivative financial instruments	155	83
Bank balances and deposits	18,413	11,423
	<u>83,478</u>	<u>79,231</u>
Current liabilities		
Bank and other loans	11,894	7,210
Creditors and accruals	13,004	12,078
Loan from joint development partner	2,000	2,000
Derivative financial instruments	574	460
Provision for taxation	1,574	1,028
	<u>54,432</u>	<u>56,455</u>
Net current assets	<u>54,432</u>	<u>56,455</u>
Total assets less current liabilities	<u>277,512</u>	<u>274,694</u>
Non-current liabilities		
Bank and other loans	21,492	25,279
Deferred tax liabilities	2,311	2,011
	<u>23,803</u>	<u>27,290</u>
Net assets	<u>253,709</u>	<u>247,404</u>
<b>Representing:</b>		
Share capital	1,158	1,158
Share premium	9,331	9,331
Reserves	239,807	233,110
Shareholders' funds	<u>250,296</u>	<u>243,599</u>
Non-controlling interests	3,413	3,805
<b>Total equity</b>	<u>253,709</u>	<u>247,404</u>

Notes:

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

	Six months ended 30th June	
	2010	2009
	HK\$ Million	HK\$ Million
Property sales	15,570	10,931
Property rental	614	525
Hotels and serviced suites	928	598
Property and project management	132	86
	<u>17,244</u>	<u>12,140</u>
Group turnover	17,244	12,140
Share of property sales of jointly controlled entities	3,074	3,397
	<u>20,318</u>	<u>15,537</u>
Turnover	<u>20,318</u>	<u>15,537</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, turnover of the Group's operating activities outside Hong Kong (including property sales of jointly controlled entities) accounted for approximately 18% (2009 - 23%) of the turnover and was derived from the following locations:

	Six months ended 30th June	
	2010	2009
	HK\$ Million	HK\$ Million
The Mainland	2,617	3,515
Singapore	1,052	-
	<u>3,669</u>	<u>3,515</u>
	<u>3,669</u>	<u>3,515</u>

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

	Six months ended 30th June					
	Company and subsidiaries		Jointly controlled entities		Total	
	2010	2009	2010	2009	2010	2009
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Property sales	4,145	4,193	1,664	1,468	5,809	5,661
Property rental	563	493	349	337	912	830
Hotels and serviced suites	249	171	102	70	351	241
Property and project management	55	50	-	-	55	50
	<u>5,012</u>	<u>4,907</u>	<u>2,115</u>	<u>1,875</u>	<u>7,127</u>	<u>6,782</u>
Investment and finance					350	668
Interest and other finance costs					(101)	(165)
Increase in fair value of investment properties						
Subsidiaries					1,508	3,228
Jointly controlled entities					1,779	670
Others					67	28
Taxation						
Company and subsidiaries					(852)	(1,303)
Jointly controlled entities					(970)	(1,094)
Profit attributable to non-controlling interests					(229)	(291)
					<u>8,679</u>	<u>8,523</u>
Share of net profit of listed associates						
Hutchison Whampoa Limited					3,222	2,878
CK Life Sciences Int'l., (Holdings) Inc.					22	116
Profit attributable to shareholders of the Company					<u>11,923</u>	<u>11,517</u>

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

	<b>Six months ended 30th June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Interest and other finance costs	153	335
Less: Amount capitalised	(52)	(170)
	<u>101</u>	<u>165</u>
Costs of properties sold	10,660	6,090
Gain on disposal of investments available for sale	(65)	(16)
Loss/(gain) on investments held for trading	102	(228)
Gain on disposal of investment properties	-	(21)
	<u><u>-</u></u>	<u><u>(21)</u></u>

(3) Hong Kong profits tax has been provided for at the rate of 16.5% (2009 - 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 30th June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Current tax		
Hong Kong profits tax	533	723
Tax outside Hong Kong	19	10
Deferred tax	300	570
	<u>852</u>	<u>1,303</u>
	<u><u>852</u></u>	<u><u>1,303</u></u>

(4) The calculation of earnings per share is based on profit attributable to shareholders of the Company and on 2,316,164,338 shares (2009 - 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 period/year end date is as follows:

	<b>30/6/2010</b>	<b>31/12/2009</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Current to one month	4,999	491
Two to three months	43	27
Over three months	10	8
	<u>5,052</u>	<u>526</u>
	<u><u>5,052</u></u>	<u><u>526</u></u>

Ageing analysis of the Group's trade creditors at the period/year end date is as follows:

	<b>30/6/2010</b>	<b>31/12/2009</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Current to one month	707	365
Two to three months	26	40
Over three months	20	39
	<u>753</u>	<u>444</u>
	<u><u>753</u></u>	<u><u>444</u></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, 2010, 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.