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CHEUNG KONG (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0001)

INTERIM RESULTS FOR 2011

HIGHLIGHTS

| | Six months ended 30th June | | Change |
|--|----------------------------|----------------------------------|--------|
| | 2011 | 2010 (Restated) <i>Note 2</i> | |
| | HK\$ Million | HK\$ Million | |
| Turnover <i>Note 1</i> | 26,103 | 20,318 | +28% |
| Profit before property revaluation | 8,303 | 5,996 | +38% |
| Property revaluation (net of tax) | 1,826 | <u>3,186</u> | -43% |
| Profit before share of results of Hutchison Whampoa Group | 10,129 | 9,182 | +10% |
| Share of results of Hutchison Whampoa Group | | | |
| Operating profit | 4,555 | 3,161 | +44% |
| Profit on disposal of investments and others | 18,575 | - | N/A |
| Profit attributable to shareholders | 33,259 | 12,343 | +169% |
| Earnings per share | HK\$14.36 | HK\$5.33 | +169% |
| Dividend per share | HK\$ 0.53 | HK\$0.50 | +6% |

Note 1: 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. Total revenue of the Hutchison Whampoa Group for the period amounted to HK\$187,359 million (2010 (restated) – HK\$148,780 million).

Note 2: The 2010 comparative figures have been restated mainly as a result of the current period's adoption of HKAS 12 (Amendments) "Deferred Tax: Recovery of Underlying Assets" which has been applied retrospectively.

PROFIT FOR THE FIRST HALF YEAR

The Group's unaudited profit attributable to shareholders for the six months ended 30th June, 2011 amounted to HK\$33,259 million. Earnings per share were HK\$14.36.

INTERIM DIVIDEND

The Directors have declared an interim dividend for 2011 of HK\$0.53 per share (HK\$0.50 per share in 2010) to shareholders whose names appear on the Register of Members of the Company on Thursday, 22nd September, 2011. The dividend will be paid on Friday, 23rd September, 2011.

PROSPECTS

Continuing To Drive Value Creation

The Group continued to deliver solid progress on all business fronts in the first half of 2011, taking advantage of its strong business position and growth potential. For the six months ended 30th June, 2011, the Group's profit before share of results of the Hutchison Whampoa Group was HK\$10,129 million, a rise of 10% over the same period last year.

Business Review

Operating results were satisfactory for the Group's property businesses during the period, with solid increases in contributions from property sales as well as hotels and serviced suites. A one-off gain was recorded during the period arising from the injection of the Group's interest in Oriental Plaza in Beijing into Hui Xian Real Estate Investment Trust listed on the Hong Kong Stock Exchange.

Hong Kong's economy generally remained firm and stable in the first half year, although the pace of global economic recovery was affected by various uncertainties. However, inflationary pressure has continued due to soaring global commodity prices, and increases in local food prices and housing rentals.

Property trading activities in Hong Kong showed consolidation in several months of the period, reflecting the impact of further measures by the Government to stabilise property prices and the tightening of mortgage limits. Local market sentiment was, to a certain extent, affected by external economic conditions and the development of housing policies in Hong Kong. Nevertheless, the market outlook is positive for the long term, supported by Hong Kong's strong economic fundamentals, favourable labour market conditions, and continuing inflation.

Momentum for our long-term, sustainable growth has been underpinned by the proactive expansion of our landbank. A number of prime sites with excellent development potential were acquired during the period, establishing a platform to strengthen our diversified, high-quality property portfolio, and our capability to create value.

On the Mainland, we will continue to focus on quality land acquisition, project development and the marketing of properties in a timely manner. China's monetary tightening has continued, and measures such as home purchase restrictions and property tax experiments were introduced in an accelerated effort to stabilise property prices. These measures are fundamental in guiding the market's future development, and are conducive to its long-term healthy growth.

The Group will continue to develop its property business in markets beyond Hong Kong, taking full advantage of the strengths and capabilities accumulated over many years of operations in Hong Kong, coupled with considerable experience of successful developments in chosen markets outside Hong Kong.

Listed Affiliated Companies

The Group continued to benefit from the global opportunities arising from the strategic investments in our listed affiliated companies, particularly through the Hutchison Whampoa Group's diversified portfolio of global businesses. In the first half of 2011, businesses in markets beyond Hong Kong continued to perform well and generate increased profits for the Group and its listed affiliated companies.

The Hutchison Whampoa Group

The core businesses of the Hutchison Whampoa Group continued to prosper, and reported strong profit growth in the first six months of 2011. The disposal of Hutchison Whampoa Group's interests in port businesses to Hutchison Port Holdings Trust generated a significant one-off gain. For the 3 Group, overall EBIT positive results were achieved and this significant improvement in its operating performance reflects growth in customer base and revenue. Given the good performance of the core businesses, a stronger balance sheet and healthy cash flow, the Hutchison Whampoa Group has every confidence that momentum for sustaining positive results will continue in the second half year, and prospects are very promising.

CKI

During the first half of 2011, Cheung Kong Infrastructure Holdings Limited (“CKI”) achieved a strong performance that was largely attributable to the positive impact of the acquisition of UK Power Networks, an electricity distribution business. At the same time, good overall results and organic growth have been achieved throughout CKI’s portfolio. The share placement exercise in July 2011 marks CKI’s first equity issue since listing in 1996 and has provided CKI with additional funding for further expansion. With a strong balance sheet and extensive acquisition experience, CKI will continue to pursue more investment opportunities.

Power Assets

The international businesses of Power Assets Holdings Limited (“Power Assets”) recorded significant growth in the first half of 2011, while the Hong Kong business remained comparable to the same period last year. The success of Power Assets’ strategy of investing outside Hong Kong in order to establish a solid base from which to grow earnings has been reflected in its record earnings achieved in the first half of the year. Power Assets will continue to build on this strong foundation as it actively seeks further investment opportunities.

CK Life Sciences

CK Life Sciences Int’l., (Holdings) Inc. (“CK Life Sciences”) delivered a strong performance during the first half of 2011. The growth in profits is mainly attributable to the contribution from the newly-acquired Challenger Wine Trust, a trust and registered managed investment scheme with vineyards and related infrastructure assets in Australia and New Zealand. The future prospects for CK Life Sciences are bright. The steady performance and organic growth of its existing businesses are expected to continue. Going forward, CK Life Sciences will explore ways to maximise the potential of these businesses.

Outlook

Strong global inflation, the continuing European debt problem, and uncertain economic prospects in the United States and Japan, would continue to pose major challenges and risks to the global markets in the near future.

High growth was, however, maintained on the Mainland, with GDP growth recorded at 9.6% for the first half year. Monetary tightening measures are in place to contain inflation, and performances of several sectors will be negatively affected in the short term. Maintaining price stability has emerged as a top priority on the Central Government’s macroeconomic control agenda. With these macroeconomic policies, and given the ongoing process of shifting economic drivers from investment to domestic consumption, China’s economy is expected to sustain healthy, impressive growth on a firmer footing in the long run.

Hong Kong remains well positioned to benefit from China's continuing growth and development, particularly given its positioning and advantages, during the National 12th Five Year Plan period. I have every confidence in the long-term economic outlook of the Mainland and Hong Kong.

Our solid fundamentals ensure a strong capacity for sustainable growth and value creation. The Cheung Kong Group is well poised to capitalise on the many excellent opportunities which will arise around the world to extend the global reach of our operations. I am very confident that the strengths of the Cheung Kong Group will underpin its growth prospects in the near, medium and long term.

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, 4th August, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Major Business Activities

1. Developments Completed and Scheduled for Completion in 2011:

| Name | Location | Total Gross Floor Area (sq.m.) | Group's Interest |
|---|--|--------------------------------|------------------|
| LOHAS Park Le Prime | Site AB of The Remaining Portion of Tseung Kwan O Town Lot No. 70 | 101,470 | Joint Venture |
| Festival City Phase 3 | Sha Tin Town Lot No. 529 | 113,211 | Joint Venture |
| Uptown | The Remaining Portion of Lot No. 2064 in D.D. 121 Hung Shui Kiu, Yuen Long | 49,876 | 50% |
| Meridian Hill | New Kowloon Inland Lot No. 5099 | 12,795 | 100% |
| Oceanaire | The Remaining Portion of Sha Tin Town Lot No. 548 | 82,200 | 100% |
| The Greenwich Phase 1C | Yao Jia Yuan Dong Li, Chaoyang District, Beijing | 88,979 | 50% |
| Regency Park Phase 2 | Jingyue Economic Development Zone, Changchun | 110,794 | 50% |
| Regency Residence Phases 1 and 2A(2) | Nanguan District, Changchun | 22,544 | 50% |
| Noble Hills Phase 2 | Wangcheng County, Changsha | 72,663 | 50% |
| Regency Park Phases 1 and 2 | Tianning District, Changzhou | 32,968 | 50% |
| Le Parc Phases 2B and 3 | Chengdu High-Tech Zone | 342,017 | 50% |
| Regency Oasis Phases 1 and 2 | Wenjiang District, Chengdu | 168,789 | 50% |
| Noble Hills Phase 2A | Douxu, Chongqing | 88,288 | 50% |

| Name | Location | Total Gross Floor Area (sq.m.) | Group's Interest |
|--|--|---------------------------------------|-------------------------|
| Laguna Verona Phases D1a1, D1b1 and G1a1 | Hwang Gang Lake, Dongguan | 35,036 | 49.91% |
| The Riverside and Metropolitan Plaza Phases 1 and 3 | Huangsha, Guangzhou | 164,842 | 50% |
| Regency Cove Phase 2 | Maqiao Town, Minhang District, Shanghai | 24,348 | 42.5% |
| Regency Park Phase IIB | Huamu Road, Pudong New District, Shanghai | 10,188 | 50% |
| Century Place Phases 1 and 2 | Shennan Road, Huaqiangbei, Futian District, Shenzhen | 179,606 | 40% |
| Le Sommet Phase 3 | Longgang District, Shenzhen | 48,968 | 50% |
| Tianjin Metropolitan Phases 1 and 2 | Yingkoudao, Heping District, Tianjin | 159,702 | 40% |
| Regency Cove Phase 1A | Caidian District, Wuhan | 59,871 | 50% |
| The Greenwich Phase 3 | Xian Hi-Tech Industries Development Zone | 260,158 | 50% |

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

Hong Kong

- (1) March 2011: A wholly owned subsidiary of the Group was awarded a Government tender for the development at Yuen Long On Ning Road, Tai Kiu Road and Yuen Long On Lok Road, Yuen Long Town Lot No. 518. With an area of approximately 12,340 sq.m., the site is planned for a commercial and residential development estimated to have a developable gross floor area of approximately 61,700 sq.m.
- (2) May 2011: A wholly owned subsidiary of the Group successfully bid for Ngau Tam Mei, Yuen Long, Lot No. 2086 in D.D. 105 at a Government auction. With an area of approximately 23,480 sq.m., the site is designated for a residential development estimated to have a developable gross floor area of approximately 9,392 sq.m.
- (3) June 2011: A wholly owned subsidiary of the Group successfully bid for Borrett Road, Hong Kong, Inland Lot No. 8949 at a Government auction. With an area of approximately 10,488 sq.m., the site is earmarked for a residential development estimated to have a developable gross floor area of approximately 40,440 sq.m.
- (4) June 2011: A wholly owned subsidiary of the Group successfully bid for Ping Kwai Road, Ping Shan, Yuen Long, Lot No. 2129 in D.D. 121 at a Government auction. With an area of approximately 6,076 sq.m., the site is planned for a residential development estimated to have a developable gross floor area of approximately 6,076 sq.m.
- (5) June 2011: A wholly owned subsidiary of the Group was awarded a Government tender for the development at Lee Kung Street, Hung Hom, Hung Hom Inland Lot No. 556. With an area of approximately 1,299 sq.m., the site is designated for a residential development estimated to have a developable gross floor area of approximately 9,740 sq.m.
- (6) During the period under review, the Group continued to pursue opportunities for acquisition of properties and agricultural land with potential for development. Some of the properties and agricultural land are under varying stages of design and planning applications.

The Mainland and Overseas

- (7) June 2011: 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 158,892 sq.m. and a gross floor area of approximately 225,194 sq.m. at Bayi Reservoir, Gaoxin District, Changchun, the Mainland for residential and commercial purposes.
- (8) During the period under review, the Group continued to focus on project development and the marketing of properties on the Mainland and overseas in a timely manner.

Property Sales

Turnover of property sales for the first half year, including share of property sales of jointly controlled entities, was HK\$24,118 million (2010 – HK\$18,644 million), an increase of HK\$5,474 million when compared with the same period last year, and comprised mainly the sale of residential units of two property projects completed last year – Festival City Phases 1 and 2 in Hong Kong and La Grande Ville Phase 1 in Beijing, and the sale of residential units of property projects completed during the period, including Le Prime, Oceanaire and Uptown in Hong Kong, The Riverside Phase 3 in Guangzhou, Le Sommet Phase 3 in Shenzhen and Regency Oasis Phase 1A and Le Parc Phase 2B in Chengdu.

Contribution from property sales, including share of results of jointly controlled entities, was HK\$7,006 million (2010 – HK\$5,809 million), an increase of HK\$1,197 million when compared with the same period last year. During the period, the government authorities in Hong Kong and the Mainland continued to introduce cooling measures to the overheated property markets, and property sales remained steady with demand in an inflationary environment.

Contribution from property sales for the second half year will mainly be derived from the sale of the remaining units of Festival City Phases 1 and 2 and the sale of residential units of Meridian Hill in Hong Kong, The Greenwich Phase 1C in Beijing, Regency Park Phase 2 in Changchun, Century Place Phase 1 in Shenzhen, Le Parc Phase 3 in Chengdu, Tianjian Metropolitan Phase 2 in Tianjian and several other property projects scheduled for completion.

During the period, sale/presale of residential units of various property projects in Hong Kong and the Mainland were progressing well including Crown by the Sea in Hong Kong which is scheduled for completion in 2012.

Property Rental

Turnover of the Group's property rental for the first half year was HK\$662 million (2010 – HK\$614 million), an increase of HK\$48 million when compared with the same period last year, mainly due to increase in rental rates generally. The Group's existing investment properties comprise mainly retail shopping malls and commercial office properties in Hong Kong which accounted for approximately 44% and 43% respectively of the turnover of the Group's property rental for the period.

Contribution from the Group's property rental was HK\$635 million (2010 – HK\$563 million), and contribution including share of results of jointly controlled entities was HK\$919 million (2010 – HK\$912 million), an increase of HK\$7 million when compared with the same period last year. During the period, strong retail sales in Hong Kong and growing business confidence pushed up rentals for shops at prime locations and office spaces in major business districts.

In April 2011, Oriental Plaza in Beijing, of which the Group had a 33.4% interest, was listed on the Hong Kong Stock Exchange through the setup of Hui Xian Real Estate Investment Trust and an initial public offering (“IPO”) of units denominated in Renminbi, and the transaction made a contribution of HK\$1,731 million to group profit for the period.

At the interim period end date, the Group accounted for an increase in fair value of investment properties of HK\$1,419 million (2010 – HK\$1,508 million) based on a professional valuation and shared an increase in fair value of investment properties of HK\$514 million (2010 – HK\$1,779 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\$1,151 million (2010 – HK\$928 million), an increase of HK\$223 million when compared with the same period last year. The increase in turnover was mainly attributable to a growing number of Mainland visitor arrivals and improving consumer confidence.

Contribution from the Group’s hotels and serviced suites was HK\$414 million (2010 – HK\$249 million) and contribution including share of results of jointly controlled entities was HK\$545 million (2010 – HK\$351 million), an increase of HK\$194 million when compared with the same period last year. During the period, most of the hotels and serviced suites owned by the Group and jointly controlled entities in Hong Kong and the Mainland achieved good occupancy and room rates, and satisfactory operating results were reported.

With positive economic outlook and growing inbound tourism, the Group’s hotels and serviced suites will continue to strive for good performance.

Property and Project Management

Turnover of property and project management for the first half year was HK\$172 million (2010 – HK\$132 million), of which income from property management was HK\$76 million (2010 – HK\$75 million), an increase of HK\$1 million when compared with the same period last year, and income from project related services was HK\$96 million (2010 – HK\$57 million), an increase of HK\$39 million when compared with the same period last year.

Contribution from property management was HK\$50 million (2010 – HK\$49 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 period end date, the total floor area under the Group's property management was approximately 87 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, 2011 of HK\$46,296 million (2010 (restated) – HK\$6,327 million). A net gain of HK\$37,180 million, comprising a gain on the IPO of Hutchison Port Holdings Trust of HK\$44,290 million and impairment charges on certain port assets totalling HK\$7,110 million was included in the interim profit reported by the Hutchison Whampoa Group.

The CK Life Sciences Group, another listed associate, reported unaudited profit attributable to shareholders for the six months ended 30th June, 2011 of HK\$82,332,000 (2010 – HK\$48,635,000).

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 redeemed notes in the amount of HK\$500 million upon maturity.

At the interim period end date, the Group's bonds and notes, bank loans and other loans amounted to HK\$6.4 billion, HK\$22.6 billion and HK\$3.4 billion respectively, and the Group's total borrowings were HK\$32.4 billion, a decrease of HK\$4.7 billion from the end of last year. The maturity profile is spread over a period of nine years, with HK\$15.3 billion repayable within one year, HK\$15.3 billion within two to five years and HK\$1.8 billion beyond five years.

The Group's net debt to net total capital ratio at the interim period end date was approximately 3.4%. Net debt is arrived at by deducting bank balances and deposits from the Group's total borrowings and net total capital is the aggregate of total equity and net debt. If cash amounting to HK\$12.7 billion reserved for land acquisition costs payable in July 2011 is not taken into account, the Group's net debt to net total capital ratio at the interim period end date would increase to 7.2%.

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 91.7% of the Group's borrowings were in HK\$ and US\$, with the balance in SGD 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 and where appropriate, swaps are arranged to convert the rates and related terms of the fixed rate bonds and notes issued to a floating rate basis.

At times of interest rate or exchange rate uncertainty or volatility and when appropriate, 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, a subsidiary of the Group pledged assets with aggregate carrying value of HK\$151 million (31st December, 2010 – HK\$938 million) to secure bank loan facilities utilised.

Contingent Liabilities

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

- (1) guarantee provided for the minimum share of revenue receivable by the partner of a joint development project amounted to HK\$624 million (31st December, 2010 – HK\$636 million); and
- (2) guarantees provided for bank loans utilised by jointly controlled entities and investee company amounted to HK\$1,607 million (31st December, 2010 – HK\$1,530 million) and HK\$303 million (31st December, 2010 – HK\$286 million) respectively.

Employees

At the interim period end date, the Group employed approximately 9,600 employees for its principal businesses. The related employees' costs for the period (excluding directors' emoluments) amounted to approximately HK\$1,013 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, 2011, 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, 2011.

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, 2011 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, 2011

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, 2011 amounted to HK\$33,259 million which represents earnings of HK\$14.36 per share. The Directors have declared an interim dividend for 2011 of HK\$0.53 per share to shareholders whose names appear on the Register of Members of the Company on Thursday, 22nd September, 2011. The dividend will be paid on Friday, 23rd September, 2011.

The Register of Members of the Company will be closed from Thursday, 15th September, 2011 to Thursday, 22nd September, 2011, 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 Wednesday, 14th September, 2011.

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

Hong Kong, 4th August, 2011

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, 2011

| | (Unaudited) | |
|--|----------------------|----------------------------|
| | 2011 | 2010 |
| | HK\$ Million | (Restated) HK\$ Million |
| Group turnover | 22,418 | 17,244 |
| Share of property sales of jointly controlled entities | 3,685 | 3,074 |
| Turnover | <u>26,103</u> | <u>20,318</u> |
| Group turnover | 22,418 | 17,244 |
| Investment and other income | 497 | 394 |
| Operating costs | | |
| Property and related costs | (14,646) | (11,553) |
| Salaries and related expenses | (706) | (581) |
| Interest and other finance costs | (130) | (101) |
| Depreciation | (199) | (200) |
| Other expenses | (218) | (154) |
| | <u>(15,899)</u> | <u>(12,589)</u> |
| Share of net profit of jointly controlled entities | 2,948 | 3,382 |
| Increase in fair value of investment properties | 1,419 | 1,508 |
| Operating profit | <u>11,383</u> | <u>9,939</u> |
| Share of net profit of associates | 23,284 | 3,238 |
| Profit before taxation | 34,667 | 13,177 |
| Taxation | (1,350) | (605) |
| Profit for the period | <u>33,317</u> | <u>12,572</u> |
| Profit attributable to | | |
| Shareholders of the Company | 33,259 | 12,343 |
| Non-controlling interests | 58 | 229 |
| | <u>33,317</u> | <u>12,572</u> |
| Earnings per share | HK\$14.36 | HK\$5.33 |

| | 2011 | 2010 |
|----------------------------|-----------------|-----------------|
| | HK\$ Million | HK\$ Million |
| Interim dividend | <u>1,228</u> | <u>1,158</u> |
| Dividends per share | HK\$0.53 | HK\$0.50 |

**Consolidated Statement of Financial Position
As at 30th June, 2011**

| | (Unaudited) 30/6/2011 HK\$ Million | (Restated) 31/12/2010 HK\$ Million |
|---------------------------------------|--|--|
| Non-current assets | | |
| Fixed assets | 10,196 | 10,399 |
| Investment properties | 22,589 | 21,170 |
| Associates | 176,861 | 156,369 |
| Jointly controlled entities | 42,272 | 39,497 |
| Investments available for sale | 11,173 | 9,282 |
| Long term loan receivables | 392 | 357 |
| | <u>263,483</u> | <u>237,074</u> |
| Current assets | | |
| Stock of properties | 68,620 | 65,679 |
| Debtors, deposits and prepayments | 2,758 | 2,459 |
| Investments held for trading | 290 | 258 |
| Derivative financial instruments | 141 | 334 |
| Bank balances and deposits | 21,847 | 25,147 |
| | <u>93,656</u> | <u>93,877</u> |
| Current liabilities | | |
| Bank and other loans | 15,337 | 13,127 |
| Creditors and accruals | 20,495 | 18,298 |
| Loan from joint development partner | - | 2,000 |
| Derivative financial instruments | 560 | 647 |
| Provision for taxation | 1,799 | 633 |
| | <u>55,465</u> | <u>59,172</u> |
| Net current assets | <u>55,465</u> | <u>59,172</u> |
| Total assets less current liabilities | <u>318,948</u> | <u>296,246</u> |
| Non-current liabilities | | |
| Bank and other loans | 17,141 | 22,027 |
| Deferred tax liabilities | 820 | 761 |
| | <u>17,961</u> | <u>22,788</u> |
| Net assets | <u><u>300,987</u></u> | <u><u>273,458</u></u> |
| Representing: | | |
| Share capital | 1,158 | 1,158 |
| Share premium | 9,331 | 9,331 |
| Reserves | 286,799 | 259,148 |
| Shareholders' funds | <u>297,288</u> | <u>269,637</u> |
| Non-controlling interests | 3,699 | 3,821 |
| Total equity | <u><u>300,987</u></u> | <u><u>273,458</u></u> |

Notes:

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

| | <i>Six months ended 30th June</i> | |
|--|-----------------------------------|---------------------|
| | 2011 | 2010 |
| | HK\$ Million | HK\$ Million |
| Property sales | 20,433 | 15,570 |
| Property rental | 662 | 614 |
| Hotels and serviced suites | 1,151 | 928 |
| Property and project management | 172 | 132 |
| | <u>22,418</u> | <u>17,244</u> |
| Group turnover | | |
| Share of property sales of jointly controlled entities | 3,685 | 3,074 |
| | <u>26,103</u> | <u>20,318</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 17% (2010 - 18%) of the turnover and was derived from the following locations:

| | <i>Six months ended 30th June</i> | |
|--------------|-----------------------------------|---------------------|
| | 2011 | 2010 |
| | HK\$ Million | HK\$ Million |
| The Mainland | 4,398 | 2,617 |
| Singapore | - | 1,052 |
| | <u>4,398</u> | <u>3,669</u> |

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

| | <i>Six months ended 30th June</i> | | | | | |
|--|-----------------------------------|---------------------|------------------------------------|---------------------|---------------------|---------------------|
| | <i>Company and subsidiaries</i> | | <i>Jointly controlled entities</i> | | <i>Total</i> | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | HK\$ Million | HK\$ Million | HK\$ Million | HK\$ Million | HK\$ Million | HK\$ Million |
| Property sales | 5,796 | 4,145 | 1,210 | 1,664 | 7,006 | 5,809 |
| Property rental | 635 | 563 | 284 | 349 | 919 | 912 |
| Hotels and serviced suites | 414 | 249 | 131 | 102 | 545 | 351 |
| Property and project management | 59 | 55 | - | - | 59 | 55 |
| | <u>6,904</u> | <u>5,012</u> | <u>1,625</u> | <u>2,115</u> | <u>8,529</u> | <u>7,127</u> |
| Investment and finance | | | | | 421 | 350 |
| Interest and other finance costs | | | | | (130) | (101) |
| Increase in fair value of investment properties | | | | | | |
| Subsidiaries | | | | | 1,419 | 1,508 |
| Jointly controlled entities | | | | | 514 | 1,779 |
| Surplus on loss of control of indirect interest in jointly controlled entities | | | | | 1,731 | - |
| Others | | | | | 308 | 67 |
| Taxation | | | | | | |
| Company and subsidiaries | | | | | (1,350) | (605) |
| Jointly controlled entities | | | | | (1,292) | (736) |
| Profit attributable to non-controlling interests | | | | | (58) | (229) |
| | | | | | <u>10,092</u> | <u>9,160</u> |
| Share of net profit of listed associates | | | | | | |
| Hutchison Whampoa Limited | | | | | 23,130 | 3,161 |
| CK Life Sciences Int'l., (Holdings) Inc. | | | | | 37 | 22 |
| Profit attributable to shareholders of the Company | | | | | <u>33,259</u> | <u>12,343</u> |

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

| | Six months ended 30th June | |
|--|-----------------------------------|---------------------|
| | 2011 | 2010 |
| | HK\$ Million | HK\$ Million |
| Interest and other finance costs | 223 | 153 |
| Less: Amount capitalised | (93) | (52) |
| | <u>130</u> | <u>101</u> |
| Costs of properties sold | 13,428 | 10,660 |
| Impairment of investments available for sale | 385 | - |
| Gain on disposal of investments available for sale | (21) | (65) |
| (Gain)/loss on investments held for trading | <u>(35)</u> | <u>102</u> |

(3) Hong Kong profits tax has been provided for at the rate of 16.5% (2010 - 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.

| | Six months ended 30th June | |
|-----------------------|-----------------------------------|---------------------|
| | 2011 | 2010 |
| | HK\$ Million | HK\$ Million |
| Current tax | | |
| Hong Kong profits tax | 1,123 | 533 |
| Tax outside Hong Kong | 168 | 19 |
| Deferred tax | 59 | 53 |
| | <u>1,350</u> | <u>605</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 (2010 - 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:

| | 30/6/2011 | 31/12/2010 |
|----------------------|---------------------|---------------------|
| | HK\$ Million | HK\$ Million |
| Current to one month | 362 | 817 |
| Two to three months | 41 | 22 |
| Over three months | 13 | 8 |
| | <u>416</u> | <u>847</u> |

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

| | 30/6/2011 | 31/12/2010 |
|----------------------|---------------------|---------------------|
| | HK\$ Million | HK\$ Million |
| Current to one month | 13,660 | 500 |
| Two to three months | 23 | 32 |
| Over three months | 23 | 25 |
| | <u>13,706</u> | <u>557</u> |

(6) *The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs"). For those HKFRSs which are effective for accounting periods beginning on 1st January, 2011, the adoption has no significant impact on the Group's results and financial position. The Group and its listed associate, Hutchison Whampoa Limited ("Hutchison"), have also adopted HKAS 12 (Amendments) "Deferred Tax: Recovery of Underlying Assets", which will be effective for accounting periods beginning on 1st January, 2012, in the preparation of the interim financial statements.*

In prior years, deferred tax was provided on the basis that the carrying amounts of investment properties would be recovered through use. Following the adoption of HKAS 12 (Amendments), deferred tax is provided on the basis that the carrying amounts of the investment properties will be recovered through sale except that the basis of recovery through use will continue to apply to those investment properties which are depreciable and are held with an objective to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. This change in accounting policy has been applied retrospectively.

The impact of the said change in accounting policy, and the Group's share of its impact on Hutchison's interim financial statements as well as Hutchison's restatement of its interim results for the comparative period following its adoption of a new accounting policy in the second half of 2010, have effects on the interim financial statements as follows:

| | Six months ended 30th June | |
|---|-----------------------------------|---------------------|
| | 2011 | 2010 |
| | HK\$ Million | HK\$ Million |
| <i>Increase in share of net profit of jointly controlled entities</i> | 15 | 234 |
| <i>Increase/(decrease) in share of net profit of associates</i> | 7 | (61) |
| <i>Decrease in taxation</i> | 230 | 247 |
| <i>Increase in profit attributable to shareholders of the Company</i> | 252 | 420 |
| <i>Increase in earnings per share</i> | HK\$0.11 | HK\$0.18 |
| | 30/6/2011 | 31/12/2010 |
| | HK\$ Million | HK\$ Million |
| <i>Increase in associates</i> | 2,259 | 2,252 |
| <i>Increase in jointly controlled entities</i> | 84 | 66 |
| <i>Decrease in deferred tax liabilities</i> | 1,859 | 1,629 |
| <i>Increase in net assets</i> | 4,202 | 3,947 |
| <i>Increase in retained profits</i> | 4,193 | 3,941 |
| <i>Increase in exchange reserve</i> | 3 | - |
| <i>Increase in non-controlling interests</i> | 6 | 6 |
| <i>Increase in total equity</i> | 4,202 | 3,947 |

For the other HKFRSs 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.*