Growth Through Diversification

CHEUNG KONG PROPERTY HOLDINGS LIMITED
長江實業地產有限公司
(Incorporated in the Cayman Islands with limited liability)
STOCK CODE: 1113

Interim Report 2017

This interim report 2017 (both English and Chinese versions) ("Interim Report") has been posted on the Company's website at www.ckph.com.hk. Shareholders who have chosen (or are deemed to have consented) to read the Company's corporate communications (including but not limited to the Interim Report) published on the Company's website in place of receiving printed copies thereof may request the printed copy of the Interim Report in writing to the Company c/o the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email to ckph.ecom@computershare.com.hk.

Shareholders who have chosen (or are deemed to have consented) to receive the corporate communications using electronic means through the Company's website and who for any reason have difficulty in receiving or gaining access to the Interim Report posted on the Company's website will upon request in writing to the Company c/o the Company's Hong Kong Share Registrar or by email to ckph.ecom@computershare.com.hk promptly be sent the Interim Report in printed form free of charge.

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Corporate Information and Key Dates

Board of Directors

LI Ka-shing *Chairman*
LI Tzar Kuoi, Victor *Managing Director and Deputy Chairman*
KAM Hing Lam *Deputy Managing Director*
IP Tak Chuen, Edmond *Deputy Managing Director*
CHUNG Sun Keung, Davy *Executive Director*
CHIU Kwok Hung, Justin *Executive Director*
CHOW Wai Kam *Executive Director*
PAU Yee Wan, Ezra *Executive Director*
WOO Chia Ching, Grace *Executive Director*

CHEONG Ying Chew, Henry *Independent Non-executive Director*
CHOW Nin Mow, Albert *Independent Non-executive Director*
HUNG Siu-lin, Katherine *Independent Non-executive Director*
YEH Yuan Chang, Anthony *Independent Non-executive Director*
Colin Stevens RUSSEL *Independent Non-executive Director*
Donald Jeffrey ROBERTS *Independent Non-executive Director*

Audit Committee

CHEONG Ying Chew, Henry *(Chairman)*
CHOW Nin Mow, Albert
HUNG Siu-lin, Katherine
Colin Stevens RUSSEL
Donald Jeffrey ROBERTS

Remuneration Committee

HUNG Siu-lin, Katherine *(Chairman)*
LI Ka-shing
CHEONG Ying Chew, Henry

Executive Committee

LI Tzar Kuoi, Victor *(Chairman)*

KAM Hing Lam	IP Tak Chuen, Edmond
CHUNG Sun Keung, Davy	CHIU Kwok Hung, Justin
CHOW Wai Kam	PAU Yee Wan, Ezra
WOO Chia Ching, Grace	YIP Kin Ming, Emmanuel
MAN Ka Keung, Simon	SHEN Wai Yee, Grace
KWAN Chi Kin, Anthony	Eirene YEUNG
MA Lai Chee, Gerald	KOH Poh Chan

Company Secretary

Eirene YEUNG

Authorised Representatives

IP Tak Chuen, Edmond
Eirene YEUNG

General Manager, Accounts Department

MAN Ka Keung, Simon

Principal Bankers

China Construction Bank Corporation
Bank of China (Hong Kong) Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Sumitomo Mitsui Banking Corporation
DBS Bank Ltd., Hong Kong Branch
Mizuho Bank, Ltd.
Oversea-Chinese Banking Corporation Limited
Industrial and Commercial Bank of China Limited
The Hongkong and Shanghai Banking Corporation Limited
Shanghai Pudong Development Bank Co., Ltd.

Auditor

Deloitte Touche Tohmatsu

Legal Advisers

Woo, Kwan, Lee & Lo

Registered Office

PO Box 309, Ugland House, Grand Cayman,
KY1-1104, Cayman Islands

Principal Place of Business

7th Floor, Cheung Kong Center,
2 Queen's Road Central, Hong Kong

Principal Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall, Cricket Square,
Grand Cayman, KY1-1102, Cayman Islands

Hong Kong Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Hong Kong

Stock Codes

The Stock Exchange of Hong Kong Limited: 1113
Bloomberg: 1113 HK
Reuters: 1113.HK

Website

www.ckph.com.hk

Key Dates

Interim Results Announcement	3 August 2017
Record Date for Interim Dividend	5 September 2017
Payment of Interim Dividend	14 September 2017

Chairman's Statement

Growth Through Diversification

PROFIT FOR THE FIRST HALF YEAR

The Group's unaudited profit attributable to shareholders for the six months ended 30 June 2017 amounted to HK$14,410 million. Earnings per share were HK$3.82.

INTERIM DIVIDEND

The Directors have declared an interim dividend for 2017 of HK$0.42 per share (HK$0.38 per share in 2016) to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 5 September 2017. The interim dividend will be paid on Thursday, 14 September 2017.

PROSPECTS

Business Review

Having gone through a highly volatile year in 2016, the global political and economic landscape has shown signs of stabilisation in the first half of 2017, with some improvement in business confidence and investor sentiment. However, certain market uncertainties and challenges have continued.

The Group is progressing on track in meeting its operating targets and executing its development strategy. Several significant investments have been made since late 2016. These investments present to the Group opportunities to further diversify its businesses globally, and enhance its earnings base with a higher proportion of stable recurring revenue and resulting in stronger cash flows on a medium to long term basis. For the six months ended 30 June 2017, the Group's unaudited profit attributable to shareholders was HK$14,410 million, 67% higher than the same period last year. Profit before investment property revaluation was HK$9,480 million, an increase of 14% over the corresponding period in 2016. An increase in fair value of investment properties of HK$4,930 million after tax was recorded, largely due to the rising market value of prime office buildings in Central. Our newly acquired businesses in the energy and infrastructure sector, together with aircraft leasing, have contributed profits to the Group during the period.

Property Businesses

The Group's property business delivered a sound performance in the interim period:

Property Development

The Hong Kong residential market recorded active trading in the first six months of 2017, with increases in both property prices and transactions. On the Mainland, although growth in property prices showed signs of slowing in major cities, market conditions remained largely stable and overall sentiment continued to be positive. Steady performance was achieved by the Group in property sales in Hong Kong, the Mainland and Singapore and total sales exceeded HK$40 billion during the period under review. We will continue to adopt a cautious and disciplined approach in operating the property development business.

Property Investment

While local retail sales have stabilised since March 2017, growth in per capita tourist spending has yet to resume, and the continued downturn of the retail sector has impacted the Group's retail leasing business. The Group is nevertheless optimistic about the outlook of the retail market. Our retail property portfolio is set to become a stronger platform for rental generation following the completion of a new commercial project. An increase in occupancy rates and rentals was reported for the Group's premium commercial properties as global investor confidence continued to strengthen. As a whole, contribution from property rental improved for the period. The Group will seize suitable opportunities to strengthen its investment property portfolio in order to boost growth in stable returns.

Hotel and Serviced Suite Operation

Inbound tourism has improved with visitor arrivals gradually increasing. The average hotel room occupancy rate has shown a small improvement, while the year-on-year decline in average achieved hotel room rate has stabilised and started to turn around. The Group's hotel business continued to operate in a challenging market while the serviced suite operation remained resilient. During the period under review, the Group transferred its interests in two hotels in Chongqing and Chengdu to Hui Xian Real Estate Investment Trust. An increase in overall operating contribution was recorded in the first half of 2017. Our hotel business will be further enhanced with the addition of a total of approximately 1,200 rooms from two hotel projects in Hong Kong.

Property and Project Management

The property and project management business continued to generate steady recurrent income for the Group. An increase in turnover and contribution was recorded as compared to the corresponding period last year. We expect further expansion of the total floor area of properties under the Group's property management following the completion of upcoming developments.

New Business Ventures

The Group has made several significant investments since late 2016 to broaden its business scope and market coverage, with a view to optimising its asset portfolio mix and diversifying recurring income sources to offer stable returns for shareholders. Some of these investments have provided profit contribution during the period under review.

On 27 July 2017, the Group agreed to acquire 100% of ista Luxemburg GmbH ("ista") at the consideration of approximately EUR4,500 million (equivalent to approximately HK$41,400 million). ista is one of the world's leading fully integrated energy management services providers with strong market positions in Europe including Germany, Denmark, the Netherlands, France, Italy and Spain. Subject to obtaining the respective independent shareholders' approval and the necessary regulatory clearances, this investment will be held by a consortium comprising the Group (65%) and CK Infrastructure Holdings Limited ("CKI") (35%).

In mid-July 2017, the Group completed the acquisition of the building equipment services business (the "Business") which provides water heaters and related services under the consumer brand, "Reliance Home Comfort", in Canada, at the adjusted consideration of approximately C$2,800 million (equivalent to approximately HK$17,160 million). Also in mid-July, the Group entered into an agreement with CKI to dispose of 25% equity interest in the Business to CKI, which will be appointed as the manager of the Business given its experience in owning and operating infrastructure business. The disposal is subject to the approval of the independent shareholders of the Company. The Business provides stable revenue and cash flows.

In May 2017, a consortium which is held as to 40%, 40% and 20% respectively by the Group, CKI and Power Assets Holdings Limited completed the acquisition of all the stapled securities in issue of the DUET Group at the adjusted total consideration of approximately AUD7,410 million (equivalent to approximately HK$42,690 million). The DUET Group is an owner and operator of energy utility assets in Australia, the United States, the United Kingdom and Europe, and represents an attractive investment opportunity with good growth potential.

In December 2016, the Group purchased from CK Hutchison Holdings Limited the equity interests in CK Capital Limited and Harrier Global Limited, companies engaged in the aircraft leasing business. The acquisition was completed at the adjusted total consideration of approximately US$988 million (equivalent to approximately HK$7,690 million). During the period, this aircraft portfolio has been integrated into the aircraft leasing business already owned by the Group. We will continue to strengthen our management platform and expand our asset base pursuant to our predefined return criteria.

Outlook

Global market sentiment and economic confidence have been improving, but the pace of growth is still subject to various uncertainties such as those arising from Brexit negotiations and the still-evolving policy developments under the new U.S. administration. The planned scale-back of the balance sheet of the U.S. Federal Reserve within this year could potentially add to market instability.

China reported stronger than expected growth in the first half of 2017 as its economy continued to grow solidly. With the Central Government's efforts to maintain policy stability and continuity, particularly through proactive fiscal and prudent monetary policies, China is expected to maintain growth momentum in the second half year and realise its full-year growth target. The steady implementation of the 13th Five Year Plan and the Belt and Road initiative also provides impetus to sustaining solid economic progress in achieving medium-to-high growth.

The recent strengthening of the global market and the Mainland's solid economic growth provide a positive backdrop for Hong Kong's sustainable economic development. This will support stable property market conditions despite the current upcycle of U.S. interest rates. Government housing policies will nevertheless continue to be a determining factor for the property market both in Hong Kong and on the Mainland.

The Group has been actively pursuing new growth opportunities to diversify globally in accordance with its stated target to invest in areas beyond property development. Following the principle "to advance while maintaining stability" and bearing in mind the objective of maximising long-term shareholder's value, we are prudent in selecting investments with sound operating base and growth prospects, and a strong capability to generate predictable recurring revenue. Investments have been made in continental Europe, Australia, Canada and the United Kingdom; and in the area of aircraft leasing, accomplishing over half of our new investment targets in or about the past 6 months. In Hong Kong, we have acquired the OP Mall at Tsuen Wan for long-term rental purposes; and invested in two hotel projects, with more than 800 rooms from the newly built hotel at Harbour Glory, North Point, and over 300 rooms from the expansion program of Harbour Grand Kowloon, Hung Hom. These projects will further enhance the Group's hotel business upon completion. Going forward, we will continue to seek investments with steady recurring income in order to strengthen our fundamentals, and recompense the impact of reduced land acquisitions due to our prudent strategy and stringent cost budget amid rising land prices. The Group is poised to benefit from a stronger earnings base while maintaining a healthy debt ratio. Some of the new investments are delivering immediate profit contribution while the others are on track to generating the expected recurring revenue.

The Group has utilised a total of approximately HK$7 billion in share buy-backs in the first half to reflect the underlying value of the Company, and signify the Group's confidence in its long term growth prospects. With a firm commitment to establishing a strong recurring income base, the Group will press ahead with its globalisation and diversification initiatives to achieve long term value growth through synergies of different functionalities by building on its sound financial strengths and strong management capabilities in business expansion. Given the sound performances of its existing businesses and stable revenue streams generated by the new investments, the Group is confident in its overall results for the full year of 2017.

PROPOSED CHANGE OF COMPANY NAME

As announced on 14 July 2017, with a view to aligning the Company's name with the name of other listed companies within the CK Group, and to better reflect the Company's strategy to achieve long-term sustainable business growth and value creation for shareholders through property businesses and the pursuit of quality investments worldwide with stable recurring revenue, such as infrastructure investment, property investment, and aircraft leasing, it was proposed that the English name of the Company be changed to "CK Asset Holdings Limited" from "Cheung Kong Property Holdings Limited", and the Chinese name of the Company be changed to "長江實業集團有限公司" from "長江實業地產有限公司" (together, the "Change of Company Name").

The Change of Company Name is conditional upon (i) the approval of the change of name by the shareholders of the Company by way of a special resolution at the extraordinary general meeting of the Company to be held on 24 August 2017 and (ii) the approval of the proposed new name by the Registrar of Companies in the Cayman Islands.

Intelligent, creative, dedicated, experienced and loyal employees are the Group's most valuable asset in this extremely competitive and challenging global environment. We take this opportunity to thank our colleagues on the Board and our diligent employees for their hard work, loyal service and contributions during the period.

Li Ka-shing
Chairman

Hong Kong, 3 August 2017

Management Discussion and Analysis

BUSINESS REVIEW

Major Business Activities

1. Developments Completed and Scheduled for Completion in 2017:

Name	Location	Gross Floor Area (sq.ft.)	Group's Interest
Repulse Bay Road Project	The Remaining Portion of Rural Building Lot No. 177	71,182	100%
Seanorama	Sha Tin Town Lot No. 574	562,171	100%
La Grande Ville Phases 3 and 4	Shun Yi District, Beijing	2,737,296	100%
Yuhu Mingdi Phases 2(1) and 3	Huangpu District, Guangzhou	862,587	80%
Upper West Shanghai Phase 2 Tenders 1 and 2 and Phase 4 Tender 1	Putuo District, Shanghai	2,471,434	60%
Hupan Mingdi Land Nos. 905 and 911 South	Jiading District, Shanghai	1,451,114	100%
Noble Hills Phases 4A and 5B	Wangcheng District, Changsha	765,356	100%
Le Parc Phase 6C	Chengdu High-Tech Zone, Chengdu	611,971	100%
Regency Hills Land Nos. 11A and 13A	Yangjiashan, Chongqing	959,699	95%
The South Bay Phase 5B	Jinzhou New Area, Dalian	618,332	100%
Laguna Verona Phases D2a, G1b/G2a Zone 1 & 2 and H	Hwang Gang Lake, Dongguan	2,927,070	99.8%

Name	Location	Gross Floor Area (sq.ft.)	Group's Interest
Cape Coral Phase 4B	Panyu District, Guangzhou	1,041,601	100%
Emerald City Phases 1B and 1C	Jianye District, Nanjing	330,742	100%
The Harbourfront Land No. 7	Shibei District, Qingdao	863,469	90%
City Link Phase 1	Jing An District, Shanghai	726,757	60%
The Greenwich Phase 4B	Xian Hi-Tech Industries Development Zone, Xian	568,635	100%
Chelsea Waterfront Claydon House, Chartwell House and Compton House	Chelsea/Fulham, London	162,914	95%

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

(1) January 2017: The Company, CK Infrastructure Holdings Limited ("CKI", formerly Cheung Kong Infrastructure Holdings Limited) and Power Assets Holdings Limited ("PAH") formed a joint venture with respective interests of 40%, 40% and 20% for the acquisition of all of the stapled securities in issue of the DUET Group, which is an owner and operator of energy utility assets in Australia, the United States, the United Kingdom and Europe. Upon fulfillment of all requisite conditions, the said acquisition was completed in May 2017.

(2) March 2017: A wholly owned subsidiary of the Group reached a land exchange agreement with the Government in respect of the site at Hung Shui Kiu, Yuen Long, Lot No. 4328 in D.D.124 for an area of approximately 110,222 sq.ft. The site is designated for residential development and estimated to have a developable gross floor area of approximately 138,876 sq.ft.

(3) March 2017: A wholly owned subsidiary of the Group ("Project Company") entered into an agreement to acquire the building equipment services business which provides water heaters and related services under the consumer brand of "Reliance Home Comfort" in Canada, with the Company as the guarantor, at the adjusted consideration of approximately C$2,800 million (equivalent to approximately HK$17,160 million). Completion of the acquisition took place in mid-July 2017. Also in mid-July 2017, a wholly owned subsidiary of the Group ("Vendor") entered into a sale and purchase agreement with a wholly owned subsidiary of CKI ("Purchaser"), pursuant to which, conditional upon the obtaining of the independent shareholders' approval of the Company, the Vendor will sell to the Purchaser 25% equity interest in the Project Company.

(4) May 2017: A wholly owned subsidiary of the Group issued Guaranteed Senior Perpetual Capital Securities ("Securities") in an aggregate principal amount of US$1,500 million with an annual distribution rate of 4.60% which are guaranteed by the Company. The Securities are sold to professional investors only and are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

(5) During the period: The Company bought back a total of 126,501,000 shares of a nominal value of HK$1.00 each in the capital of the Company ("Shares") in January, March, April, May and June 2017 on the Stock Exchange with the aggregate consideration paid (before expenses) amounting to HK$6,981,950,600. All the Shares bought back were subsequently cancelled.

(6) July 2017: The Group and CKI formed a consortium with respective interests of 65% and 35%, subject to the obtaining of their respective independent shareholders' approval and the necessary regulatory clearances, to acquire 100% of ista Luxemburg GmbH ("ista") at the consideration of approximately EUR4,500 million (equivalent to approximately HK$41,400 million). ista is one of the world's leading fully integrated energy management services providers with strong market positions in Europe including Germany, Denmark, the Netherlands, France, Italy and Spain.

Property Sales

Revenue of property sales (including share of joint ventures) recognised for the period was HK$21,831 million (2016 – HK$21,296 million), comprising mainly (i) sale of residential and commercial units of projects in Hong Kong – Stars by the Harbour and Yuccie Square; and (ii) sale of residential and commercial units of projects on the Mainland – La Grande Ville in Beijing, Cape Coral in Guangzhou, The Harbourfront in Qingdao and Millennium Waterfront in Wuhan, and is summarised by locations as follows:

Location	**2017 HK$ Million**	2016 HK$ Million
Hong Kong	**7,535**	8,663
The Mainland	**14,292**	12,628
Overseas	**4**	5
	21,831	21,296

Contribution from property sales (including share of joint ventures) for the period was HK$9,132 million (2016 – HK$6,856 million) and was derived from the following locations:

Location	**2017 HK$ Million**	2016 HK$ Million
Hong Kong	**3,018**	3,464
The Mainland	**6,136**	3,431
Overseas	**(22)**	(39)
	9,132	6,856

In Hong Kong, the presales of residential units of Seanorama, Harbour Glory and Ocean Pride have been well received and profit contribution is expected when sales are recognised upon completion of these projects. On the Mainland, the sales and presales of various projects including Regency Hills and Regency Lakeview in Chongqing, Laguna Verona in Dongguan and The Harbourfront in Qingdao are progressing well, whilst the presales of Chelsea Waterfront in the United Kingdom and Stars of Kovan in Singapore are ongoing.

At the interim period end date, the Group had a development land bank (excluding agricultural land and completed properties but including developers' interests in joint development projects) of approximately 124 million sq.ft., of which 6 million sq.ft., 114 million sq.ft. and 4 million sq.ft. were located in Hong Kong, on the Mainland and overseas respectively; and property sales contracted (including share of joint ventures) but not yet recognised were as follows:

Location	Contracted Sales Amount HK$ Million
Hong Kong	27,965
The Mainland	38,101
Overseas	2,669
	68,735

Property Rental

Revenue of property rental (including share of joint ventures) for the period was HK$3,889 million (2016 – HK$3,670 million), comprising rental income derived from leasing of office, retail, industrial and other properties as follows:

Use of Property	**2017 HK$ Million**	2016 HK$ Million
Office	**1,590**	1,566
Retail	**1,673**	1,484
Industrial	**393**	392
Others	**233**	228
	3,889	3,670

The Group's investment properties are mostly located in Hong Kong, including The Center, Cheung Kong Center, China Building and Hutchison House in Central, 1881 Heritage in Tsimshatsui, Whampoa Garden in Hunghom, Hutchison Logistics Centre in Kwai Chung and others.

Contribution from property rental (including share of joint ventures) for the period was HK$3,594 million (2016 – HK$3,363 million), an increase of HK$231 million when compared with the same period last year, and was derived from the following locations:

Location	**2017 HK$ Million**	2016 HK$ Million
Hong Kong	**3,205**	3,115
The Mainland	**226**	209
Overseas	**163**	39
	3,594	3,363

At the interim period end date, the Group had an investment property portfolio of approximately 17 million sq.ft. (including share of joint ventures but excluding car parking spaces) as follows:

Location	Office Million sq.ft.	Retail Million sq.ft.	Industrial Million sq.ft.	Total Million sq.ft.
Hong Kong	4	3	7	14
The Mainland	1	1	–	2
Overseas	–	1	–	1
	5	5	7	17

An increase in fair value of investment properties of HK$4,832 million (2016 – HK$228 million), mainly due to increase in fair value of office properties in Hong Kong, was recorded at the interim period end date based on a professional valuation using capitalisation rates ranging from approximately 4% to 8%. The Group also shared an increase in fair value of investment properties of HK$5 million (2016 – HK$3 million) of joint ventures.

Hotel and Serviced Suite Operation

Revenue of hotel and serviced suite operation (including share of joint ventures) for the period was HK$2,228 million (2016 – HK$2,295 million), comprising revenue generated mainly by Harbour Grand Hotels, Harbour Plaza Hotels & Resorts and Horizon Hotels & Suites located in Hong Kong and operated by the Group.

Contribution (including share of joint ventures) after depreciation charge of HK$200 million on properties was HK$685 million (2016 – HK$633 million), an increase of HK$52 million when compared with the same period last year, and was derived from the following locations:

Location	**2017 HK$ Million**	2016 HK$ Million
Hong Kong	**765**	698
The Mainland	**(30)**	(17)
Overseas	**(50)**	(48)
	685	633

During the period, the average occupancy rate of the Group's hotels and serviced suites was 86.9% (2016 – 79.1%) and the average hotel operating profit per square foot was HK$19 per month, representing an annualised yield of 16.7% on the carrying amount of the Group's completed hotel and serviced suite properties at the interim period end date.

In early 2017, the Group's interests in 2 hotels on the Mainland, namely Harbour Plaza Chongqing and Sheraton Chengdu Lido Hotel, were disposed of to Hui Xian Real Estate Investment Trust at a profit of HK$363 million.

At the interim period end date, the Group's completed hotel and serviced suite portfolio comprised 15 hotels and serviced suites in Hong Kong, 2 hotels on the Mainland, 1 hotel in The Bahamas and a total of over 15,000 rooms.

Property and Project Management

Revenue of property and project management (including share of joint ventures) for the period was HK$309 million (2016 – HK$302 million), comprising mainly management fee received for provision of property management and related services to property development projects completed and sold.

Contribution from property and project management (including share of joint ventures) for the period was HK$138 million (2016 – HK$133 million), an increase of HK$5 million when compared with the same period last year, and was derived from the following locations:

Location	**2017 HK$ Million**	2016 HK$ Million
Hong Kong	**108**	100
The Mainland	**17**	15
Overseas	**13**	18
	138	133

At the interim period end date, the total floor area of properties managed by the Group was approximately 262 million sq.ft. and this is expected to grow steadily following gradual completion of the Group's property development projects in the years ahead. The Group is committed to providing high quality services to the properties under its management.

Aircraft Leasing

Revenue of aircraft leasing (including share of joint ventures) for the period was HK$1,057 million (2016 – Nil), comprising lease income derived from leasing of narrow body and wide body aircraft to airlines.

Contribution (including share of joint ventures) after depreciation charge of HK$526 million on aircraft was HK$517 million (2016 – Nil) and is analysed by location with reference to lessee's place of operation as follows:

Location	**2017 HK$ Million**	2016 HK$ Million
Asia	**185**	–
Europe	**154**	–
North America	**111**	–
Latin America	**67**	–
	517	–

At the interim period end date, the Group (including interest in joint ventures) owned a total of 66 narrow body and 5 wide body aircraft with an average age of 5 years and an average remaining lease term of 5.8 years, and was committed to acquiring another 43 aircraft for an aggregate consideration of approximately HK$15.6 billion.

Energy and Infrastructure Assets

During the period, the Group together with CKI and PAH successfully acquired DUET Group, an owner and operator of energy utility assets in Australia, the United States, the United Kingdom and Europe. Since completion of the acquisition in May this year, the DUET Group has begun to make contribution to group profit and the Group's 40% share of revenue and profit contribution up to the interim period end date amounted to HK$549 million and HK$247 million respectively.

The Group has recently completed the acquisition of a Canadian group of companies which is principally engaged in the building equipment sector providing water heaters, HVAC (heating, ventilation and air conditioning) equipment, comfort protection plans and other services to homeowners in Canada, under the consumer brand identity of "Reliance Home Comfort". Subject to independent shareholders' approval at an extraordinary general meeting to be held later this month, the Group together with CKI will own and operate this business through a 75/25 joint venture. Contribution to group profit is expected to take place in the second half year.

Interests in Real Estate Investment Trusts

At the interim period end date, the Group had effective interests in listed real estate investment trusts ("REITs") as follows:

	Principal Activities	Effective Interest
Hui Xian REIT	Investment in hotels and serviced suites, office and retail properties on the Mainland	32.2%
Fortune REIT	Investment in retail properties in Hong Kong	27.6%
Prosperity REIT	Investment in office, retail and industrial properties in Hong Kong	18.8%

Profit contribution for the period was HK$393 million (2016 – HK$212 million), including (i) distribution received from Fortune REIT and Prosperity REIT amounting to HK$153 million and (ii) a share of profit of HK$240 million of Hui Xian REIT which reported a significant exchange gain in its results for the period, whereas cash flows generated during the period by the Group's interests in REITs amounted to HK$416 million.

FINANCIAL REVIEW

Liquidity and Financing

The Group monitors its liquidity requirements on a short to medium term basis and arranges bank and other borrowings accordingly. During the period, the Group issued notes amounting to HK$1.1 billion with a 10-year term under the Euro Medium Term Note programme. The Group also issued perpetual capital securities with an annual distribution rate of 4.60% in the amount of US$1.5 billion in May 2017. Redeemable at the Group's option on or after 18 May 2020, the perpetual capital securities have no fixed maturity and are taken as long term equity.

At the interim period end date, the Group's bank and other borrowings amounted to HK$85.2 billion, an increase of HK$15.0 billion from last year. The maturity profile was spread over a period of 10 years, with HK$44.0 billion repayable within 1 year, HK$31.7 billion within 2 to 5 years and HK$9.5 billion beyond 5 years.

The Group's net debt to net total capital ratio at the interim period end date was approximately 0.8%. Net debt is arrived at by deducting bank balances and deposits of HK$82.7 billion from bank and other borrowings, and net total capital is the aggregate of total equity and net debt.

With plenty of cash on hand as well as available banking facilities, the Group's liquidity position remains strong and the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

Treasury Policies

The Group maintains a conservative approach on foreign exchange exposure management and borrows principally on a floating rate basis. The Group manages and reviews its exposure to foreign exchange rates and interest rates on a regular basis. At times of exchange rate and interest rate uncertainty or volatility and when appropriate, hedging instruments including swaps and forwards are used in the management of exposure to foreign exchange rate and interest rate fluctuations.

At the interim period end date, approximately 84.1% of the Group's borrowings were in HK$ and US$, with the balance in RMB and AUD mainly for the purposes of financing property development projects on the Mainland and investment in energy and infrastructure assets in Australia. The Group derives its revenue from property development mainly in HK$ and RMB and maintains cash balances substantially in HK$ and RMB. Income in foreign currencies, including US$, GBP, SGD and AUD, is derived from the Group's overseas projects and investments, and cash in these currencies is maintained for operational requirements.

Charges on Assets

At the interim period end date, (i) properties amounting to HK$14,732 million (31 December 2016 – HK$15,089 million) were charged to secure bank loans arranged for property projects on the Mainland; and (ii) aircraft amounting to HK$12,436 million (31 December 2016 – HK$12,733 million) were charged to secure bank loans arranged for aircraft acquisitions.

Contingent Liabilities

At the interim period end date, the Group provided guarantees to (i) land owner of a hotel project for its share of revenue amounting to HK$552 million (31 December 2016 – HK$564 million); (ii) banks for mortgage loans provided to purchasers of properties developed and sold by the Group on the Mainland amounting to HK$4,312 million (31 December 2016 – HK$5,385 million); and (iii) banks for loans lent to a joint venture amounting to HK$1,073 million (31 December 2016 – HK$1,164 million).

Employees

At the interim period end date, the Group (including its subsidiaries) employed approximately 20,000 employees and remuneration for the period (excluding directors' emoluments) amounted to approximately HK$2,905 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.

Directors' Biographical Information

LI Ka-shing, GBM, KBE, Commandeur de la Légion d'Honneur, Grand Officer of the Order Vasco Nunez de Balboa, Commandeur de l'Ordre de Léopold, aged 89, is the founder of the Cheung Kong Group. He has been the Chairman and an Executive Director of the Company and a member of the Remuneration Committee of the Company since February 2015. He is the Chairman of CK Hutchison Holdings Limited ("CK Hutchison"), a listed company, and a member of the Remuneration Committee of CK Hutchison. He is also the Chairman of Li Ka Shing Foundation Limited, Li Ka Shing (Overseas) Foundation and Li Ka Shing (Canada) Foundation. He has been engaged in many major commercial developments in Hong Kong for more than 60 years. Mr. Li served as a member of the Hong Kong Special Administrative Region's Basic Law Drafting Committee, Hong Kong Affairs Adviser and the Preparatory Committee for the Hong Kong Special Administrative Region. He is also an Honorary Citizen of a number of cities on the Mainland and overseas. Mr. Li is a keen supporter of community service organisations, and has served as honorary chairman of many such groups over the years. Mr. Li has received Honorary Doctorates from Peking University, the University of Hong Kong, The Hong Kong University of Science and Technology, The Chinese University of Hong Kong, City University of Hong Kong, The Open University of Hong Kong, University of Calgary in Canada and University of Cambridge in the United Kingdom. Mr. Li has been awarded Entrepreneur of the Millennium, the Carnegie Medal of Philanthropy and The Berkeley Medal. He is the recipient of many other major honors and awards from renowned institutions on the Mainland and abroad. Mr. Li Ka-shing is the father of Mr. Li Tzar Kuoi, Victor, the Managing Director and Deputy Chairman and the Chairman of the Executive Committee of the Company, and the brother-in-law of Mr. Kam Hing Lam, Deputy Managing Director and a Member of the Executive Committee of the Company. Mr. Li Ka-shing also holds directorships in certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Directors' Biographical Information *(continued)*

LI Tzar Kuoi, Victor, aged 53, joined the Cheung Kong Group in 1985, and has been a Director since January 2015, the Managing Director and Deputy Chairman and an Executive Director of the Company since February 2015 and the Chairman of the Executive Committee of the Company since June 2015. Mr. Victor Li is the Group Co-Managing Director and Deputy Chairman of CK Hutchison Holdings Limited. He is also the Chairman of CK Infrastructure Holdings Limited (formerly known as Cheung Kong Infrastructure Holdings Limited) and CK Life Sciences Int'l., (Holdings) Inc., a Non-executive Director of Power Assets Holdings Limited and HK Electric Investments Manager Limited ("HKEIM") which is the trustee-manager of HK Electric Investments, a Non-executive Director and the Deputy Chairman of HK Electric Investments Limited and Co-Chairman of Husky Energy Inc. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong or overseas. Mr. Victor Li is also the Deputy Chairman of Li Ka Shing Foundation Limited, Li Ka Shing (Overseas) Foundation and Li Ka Shing (Canada) Foundation, and a Director of The Hongkong and Shanghai Banking Corporation Limited. He serves as a member of the Standing Committee of the 12th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also a Vice Chairman of the Hong Kong General Chamber of Commerce. Mr. Victor Li is the Honorary Consul of Barbados in Hong Kong. He was previously a member of the Commission on Strategic Development of the Hong Kong Special Administrative Region. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Civil Engineering and an honorary degree, Doctor of Laws, honoris causa (LL.D.). Mr. Victor Li is a son of Mr. Li Ka-shing, the Chairman of the Company and a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), and a nephew of Mr. Kam Hing Lam, Deputy Managing Director and a Member of the Executive Committee of the Company. Mr. Victor Li is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company.

KAM Hing Lam, aged 70, joined the Cheung Kong Group in 1993, and has been an Executive Director and Deputy Managing Director of the Company since February 2015 and a Member of the Executive Committee of the Company since June 2015. He is Deputy Managing Director of CK Hutchison Holdings Limited. He is also the Group Managing Director of CK Infrastructure Holdings Limited (formerly known as Cheung Kong Infrastructure Holdings Limited) and the President and Chief Executive Officer of CK Life Sciences Int'l., (Holdings) Inc. All the companies mentioned above are listed companies. Mr. Kam is also the Chairman of Hui Xian Asset Management Limited as the manager of Hui Xian REIT (listed in Hong Kong). He is an Advisor of the 12th Beijing Municipal Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. Mr. Kam is the brother-in-law of Mr. Li Ka-shing, the Chairman of the Company and a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance, and an uncle of Mr. Li Tzar Kuoi, Victor, the Managing Director and Deputy Chairman and the Chairman of the Executive Committee of the Company.

IP Tak Chuen, Edmond, aged 65, joined the Cheung Kong Group in 1993, and has been a Director since January 2015, Deputy Managing Director and an Executive Director of the Company since February 2015 and a Member of the Executive Committee of the Company since June 2015. He is Deputy Managing Director of CK Hutchison Holdings Limited. He is also an Executive Director and Deputy Chairman of CK Infrastructure Holdings Limited (formerly known as Cheung Kong Infrastructure Holdings Limited), and the Senior Vice President and Chief Investment Officer of CK Life Sciences Int'l., (Holdings) Inc. All the companies mentioned above are listed companies. Mr. Ip is also a Non-executive Director of Hui Xian Asset Management Limited as the manager of Hui Xian REIT (listed in Hong Kong). Mr. Ip was previously a Non-executive Director of ARA Asset Management Limited (whose shares were withdrawn from listing on 19 April 2017). He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration. Mr. Ip is a director of certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

CHUNG Sun Keung, Davy, aged 66, joined the Cheung Kong Group in 1978, and has been an Executive Director of the Company since February 2015 and a Member of the Executive Committee of the Company since June 2015. Mr. Chung is a Registered Architect. He was a member of the 11th Guangzhou Committee of the Chinese People's Political Consultative Conference of the People's Republic of China.

CHIU Kwok Hung, Justin, aged 67, joined the Cheung Kong Group in 1997, and has been an Executive Director of the Company since February 2015 and a Member of the Executive Committee of the Company since June 2015. He is the Chairman of ARA Asset Management (Prosperity) Limited as the manager of Prosperity REIT (listed in Hong Kong). Mr. Chiu is also a Non-executive Director of ARA Asset Management (Fortune) Limited as the manager of Fortune REIT (listed in Hong Kong and Singapore). He is also a Director of ARA Fund Management (Asia Dragon) Limited as the manager of the ARA Asia Dragon Fund. He was previously the Chairman of ARA Asset Management Limited (whose shares were withdrawn from listing on 19 April 2017). Mr. Chiu has more than 30 years of international experience in real estate in Hong Kong and various countries. He serves as a member of the Standing Committee of the 12th Shanghai Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. Mr. Chiu is a Council Member and a Fellow of The Hong Kong Institute of Directors, a Fellow of Hong Kong Institute of Real Estate Administrators, a member of the Board of Governors of Hong Kong Baptist University Foundation, an Honorary Associate Member of Business of Trent University, Canada, a Senior Visiting Fellow of the Department of Land Economy at University of Cambridge and an Honorary Professor of School of Pharmaceutical Sciences of Sun Yat-sen University. He holds Bachelor of Arts degree in Sociology and Economics, and was conferred with the degree of Doctor of Social Sciences, honoris causa by Hong Kong Baptist University and the degree of Doctor of Laws, honoris causa by Trent University, Canada. Mr. Chiu is a director of a company controlled by a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Directors' Biographical Information *(continued)*

CHOW Wai Kam, JP, aged 69, has been an Executive Director of the Company since February 2015 and a Member of the Executive Committee of the Company since June 2015. He joined the Hutchison Group in July 1995 and before his appointment on the Board, he was previously the Group Managing Director of the property and hotels divisions of the Hutchison Group. Mr. Chow is currently the Group Managing Director of Hutchison Property Group Limited, a wholly owned subsidiary of the Company. He is also a Non-executive Director of AVIC International Holding (HK) Limited, a listed company. He has over 40 years of experience in project management and architectural design for various developments, including hotel, residential, commercial, industrial and school projects in Hong Kong, the Mainland and overseas. He holds a Bachelor of Arts degree in Architectural Studies and a Bachelor of Architecture degree from the University of Hong Kong. He is an Authorised Person (List of Architects) and a Registered Architect. He was also admitted as a Fellow of The Hong Kong Institute of Architects since August 2001.

PAU Yee Wan, Ezra, aged 61, joined the Cheung Kong Group in 1982, and has been an Executive Director of the Company since February 2015 and a Member of the Executive Committee of the Company since June 2015. Ms. Pau is a director of certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance, and a director of certain companies controlled by certain substantial shareholders of the Company.

WOO Chia Ching, Grace, aged 60, joined the Cheung Kong Group in 1987, and has been an Executive Director of the Company since February 2015 and a Member of the Executive Committee of the Company since June 2015. She holds a Bachelor of Arts degree from the University of Pennsylvania, U.S.A. and a Master's degree in City and Regional Planning from Harvard University, U.S.A. Ms. Woo is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

CHEONG Ying Chew, Henry, aged 69, has been an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company since February 2015. Mr. Cheong is also an Independent Non-executive Director of CK Infrastructure Holdings Limited (formerly known as Cheung Kong Infrastructure Holdings Limited), CNNC International Limited, Greenland Hong Kong Holdings Limited, Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"), New World Department Store China Limited, Skyworth Digital Holdings Limited and TOM Group Limited, an Independent Director of BTS Group Holdings Public Company Limited, and an Alternate Director to Dr. Wong Yick-ming, Rosanna, an Independent Non-executive Director of HTHKH. Mr. Cheong is an Executive Director and Deputy Chairman of Worldsec Limited. All companies mentioned above are listed companies. Mr. Cheong holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management.

CHOW Nin Mow, Albert, aged 68, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since February 2015. Mr. Chow is the Chairman and Managing Director of Wah Yip (Holdings) Limited.

HUNG Siu-lin, Katherine, aged 69, joined the Cheung Kong Group in March 1972, and has been an Independent Non-executive Director, the Chairman of the Remuneration Committee and a member of the Audit Committee of the Company since February 2015. Ms. Hung is a member of the Tianjin Committee of the 13th Chinese People's Political Consultative Conference of the People's Republic of China; also a member of the Supervisory Board of Hong Kong Housing Society, a Governing Committee Member of The Hong Kong Polytechnic University Foundation, an Honorary Court Member of The Hong Kong Polytechnic University, an Honorary Court Member of Lingnan University, President Consultant of Tianjin University and Vice Chairman of Chinese Academy of Governance (HK) Industrial and Commercial Professionals Alumni Association. She was a Court Member of The Hong Kong University of Science and Technology for the period from 2011 to May 2016, an Executive Committee Member of Hong Kong Housing Society from September 2008 to August 2014, a Member of HKSAR Estate Agents Authority during the period from November 2006 to October 2012, and a Steering Committee Member of the Institute for Enterprise of The Hong Kong Polytechnic University from April 2000 to August 2011. Ms. Hung is a University Fellow of The Hong Kong Polytechnic University.

YEH Yuan Chang, Anthony, aged 94, has been an Independent Non-executive Director of the Company since February 2015. Mr. Yeh holds a Master's degree in Science (Mechanical Engineering). He is the Honorary Life President of Tai Ping Carpets International Limited, a listed company.

Colin Stevens RUSSEL, aged 76, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since March 2017. He is also an Independent Non-executive Director of CK Infrastructure Holdings Limited (formerly known as Cheung Kong Infrastructure Holdings Limited), CK Life Sciences Int'l., (Holdings) Inc. and Husky Energy Inc. All the companies mentioned above are listed companies. He was previously an Independent Non-executive Director of ARA Asset Management Limited (whose shares were withdrawn from listing on 19 April 2017). Mr. Russel is the founder and Managing Director of Emerging Markets Advisory Services Ltd., a company which provides advisory services to organisations on business strategy and planning, market development, competitive positioning and risk management. He is also Managing Director of EMAS (HK) Limited. He was the Canadian Ambassador to Venezuela, Consul General for Canada in Hong Kong, Director for China of the Department of Foreign Affairs, Ottawa, Director for East Asia Trade in Ottawa, Senior Trade Commissioner for Canada in Hong Kong, Director for Japan Trade in Ottawa, and was in the Trade Commissioner Service for Canada in Spain, Hong Kong, Morocco, the Philippines, London and India. He was Project Manager for RCA Ltd in Liberia, Nigeria, Mexico and India and electronic equipment development engineer in Canada with RCA Ltd and in Britain with Associated Electrical Industries. Mr. Russel received his Bachelor's degree in electronics engineering and Master's degree in Business Administration from McGill University, Canada. He is a Qualified Commercial Mediator.

Donald Jeffrey ROBERTS, aged 66, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since March 2017. He is also an Independent Non-executive Director of HK Electric Investments Manager Limited, which is the trustee-manager of HK Electric Investments ("HKEI"), and HK Electric Investments Limited, a company listed together with HKEI in Hong Kong. He is also a Director of The Hongkong Electric Company, Limited. Mr. Roberts joined the Hutchison Whampoa Limited ("HWL") Group in 1988 and was the Group Deputy Chief Financial Officer of HWL from 2000 until his retirement in 2011. Mr. Roberts is a Member of the Listing Committee of the Main Board and Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. Mr. Roberts holds a Bachelor of Commerce degree. He is a Chartered Accountant with the Chartered Professional Accountants of Canada, Chartered Professional Accountants of Alberta and British Columbia, and also a fellow of the Hong Kong Institute of Certified Public Accountants.

Disclosure of Interests

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2017, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company ("Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in Shares

(a) The Company

		Number of Ordinary Shares					
Name of Director	Capacity	Personal Interest	Family Interest	Corporate Interest	Other Interest	Total	Approximate % of Shareholding
Li Ka-shing	Interest of controlled corporations & founder of discretionary trusts	–	–	133,150,256 (Note 1)	1,028,753,254 (Note 2)	1,161,903,510	31.34%
Li Tzar Kuoi, Victor	Beneficial owner, interest of child or spouse, interest of controlled corporations & beneficiary of trusts	220,000	405,200	3,572,350 (Note 3)	1,028,753,254 (Note 2)	1,032,950,804	27.86%
Kam Hing Lam	Beneficial owner & interest of child or spouse	51,040	57,360	–	–	108,400	0.0029%
Chow Nin Mow, Albert	Beneficial owner	66	–	–	–	66	≈0%
Hung Siu-lin, Katherine	Beneficial owner	43,256	–	–	–	43,256	0.0012%
Yeh Yuan Chang, Anthony	Interest of child or spouse	–	91,920	–	–	91,920	0.0025%
Donald Jeffrey Roberts	Beneficial owner	167,396	–	–	–	167,396	0.0045%

Disclosure of Interests *(continued)*

Long Positions in Shares *(continued)*

(b) Associated Corporations

Name of Company	Name of Director	Capacity	Number of Ordinary Shares: Personal Interest	Family Interest	Corporate Interest	Other Interest	Total	Approximate % of Shareholding
Precise Result Global Limited	Li Ka-shing	Founder of discretionary trusts	–	–	–	15 (Note 4)	15	15%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	15 (Note 4)	15	15%
Jabrin Limited	Li Ka-shing	Founder of discretionary trusts	–	–	–	2,000 (Note 4)	2,000	20%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	2,000 (Note 4)	2,000	20%
Mightycity Company Limited	Li Ka-shing	Founder of discretionary trusts	–	–	–	168,375 (Note 4)	168,375	1.53%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	168,375 (Note 4)	168,375	1.53%

Notes:

(1) The 133,150,256 shares of the Company comprise:

(a) 131,850,256 shares held by certain companies of which Mr. Li Ka-shing is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.

(b) 1,300,000 shares held by Li Ka Shing Foundation Limited ("LKSF"). By virtue of the terms of the constituent documents of LKSF, Mr. Li Ka-shing may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.

(2) The two references to 1,028,753,254 shares of the Company relate to the same block of shares comprising:

(a) 936,462,744 shares held by Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of The Li Ka-Shing Unity Trust ("UT1") and its related companies in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("TUT1 related companies"). Mr. Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2"). Each of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of DT2) holds units in UT1 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard.

The entire issued share capital of TUT1, TDT1 and TDT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco"). Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Unity Holdco or any of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor as a holder of the shares of Unity Holdco as aforesaid.

As Mr. Li Ka-shing may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO and Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT1 and DT2, and by virtue of the above, both Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the shares of the Company held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO as Directors of the Company.

(b) 7,863,264 shares held by Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of The Li Ka-Shing Castle Trust ("UT3"). Mr. Li Ka-shing is the settlor of each of the two discretionary trusts ("DT3" and "DT4"). Each of Li Ka-Shing Castle Trustee Corporation Limited ("TDT3", which is the trustee of DT3) and Li Ka-Shing Castle Trustcorp Limited ("TDT4", which is the trustee of DT4) holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT3 and DT4 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard.

The entire issued share capital of TUT3, TDT3 and TDT4 are owned by Li Ka-Shing Castle Holdings Limited ("Castle Holdco"). Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Castle Holdco. TUT3 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Castle Holdco or any of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor as a holder of the shares of Castle Holdco as aforesaid.

Disclosure of Interests *(continued)*

As Mr. Li Ka-shing may be regarded as a founder of each of DT3 and DT4 for the purpose of the SFO and Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT3 and DT4, and by virtue of the above, both Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the said shares of the Company held by TUT3 as trustee of UT3 under the SFO as Directors of the Company.

(c) 84,427,246 shares held by a company controlled by TDT3 as trustee of DT3.

(3) The 3,572,350 shares of the Company comprise:

(a) 2,272,350 shares held by certain companies of which Mr. Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.

(b) 1,300,000 shares held by LKSF. By virtue of the terms of the constituent documents of LKSF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.

(4) These are subsidiaries of the Company and such shares are held through TUT1 as trustee of UT1. Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, as Directors, by virtue of their deemed interests in TUT1 as trustee of UT1 as described in Note (2)(a) above, are taken to have a duty of disclosure in relation to such shares under the SFO.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 30 June 2017, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 30 June 2017, shareholders of the Company (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

1. Long Positions of Substantial Shareholders in the Shares of the Company

Name of Shareholder	Capacity	Number of Ordinary Shares	Approximate % of Shareholding
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	936,462,744 (Note 1)	25.26% (Note 5)
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of a trust	936,462,744 (Note 1)	25.26% (Note 5)
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of a trust	936,462,744 (Note 1)	25.26% (Note 5)

2. (a) Long Positions of Other Persons in the Shares and Underlying Shares of the Company

Name of Shareholder	Capacity	Number of Shares/ Underlying Shares	Total	Approximate % of Shareholding
JPMorgan Chase & Co.	(i) Beneficial owner	17,113,067)		
	(ii) Investment manager	51,170,945)		
	(iii) Trustee	27,364)		
	(iv) Custodian corporation/ approved lending agent	158,588,817)	226,900,193 (Notes 2 & 3)	5.97% (Note 3)
JPMorgan Chase Bank, N.A.	(i) Investment manager	2,998,249)		
	(ii) Trustee	27,364)		
	(iii) Custodian corporation/ approved lending agent	198,383,039)	201,408,652 (Note 4)	5.43% (Note 5)
The Capital Group Companies, Inc.	Interest of controlled corporations	227,477,600	227,477,600 (Note 6)	5.99% (Note 6)
BlackRock, Inc.	Interest of controlled corporations	187,239,059	187,239,059 (Note 7)	5.05% (Note 5)

Disclosure of Interests *(continued)*

(b) Short Positions of Other Persons in the Shares and Underlying Shares of the Company

Name of Shareholder	Capacity	Number of Shares/ Underlying Shares	Total	Approximate % of Shareholding
JPMorgan Chase & Co.	Beneficial owner	15,406,410	15,406,410 (Notes 3 & 8)	0.40% (Note 3)
BlackRock, Inc.	Interest of controlled corporations	343,500	343,500 (Note 9)	0.01% (Note 5)

(c) Lending Pool of Other Persons in the Shares and Underlying Shares of the Company

Name of Shareholder	Capacity	Number of Shares/ Underlying Shares	Total	Approximate % of Shareholding
JPMorgan Chase & Co.	Custodian corporation/ approved lending agent	158,588,817	158,588,817 (Note 3)	4.17% (Note 3)
JPMorgan Chase Bank, N.A.	Custodian corporation/ approved lending agent	198,383,039	198,383,039 (Note 4)	5.35% (Note 5)

Notes:

(1) The three references to 936,462,744 shares relate to the same block of shares in the Company. Of these 936,462,744 shares of the Company, 913,378,704 shares of the Company are held by TUT1 as trustee of UT1 and 23,084,040 shares of the Company are held by companies controlled by TUT1 as trustee of UT1. Each of TUT1 as trustee of UT1, TDT1 as trustee of DT1 and TDT2 as trustee of another discretionary trust is taken to have a duty of disclosure in relation to the said shares of the Company as described in Note (2) under the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" under the SFO.

(2) Such long position includes derivative interests in 4,627,358 underlying shares of the Company of which 456,000 underlying shares are derived from listed and physically settled derivatives, 12,059 underlying shares are derived from unlisted and physically settled derivatives and 4,159,299 underlying shares are derived from unlisted and cash settled derivatives.

(3) Such disclosure of interest was made in the form of notice pursuant to Part XV of the SFO submitted by JPMorgan Chase & Co. to the Company on 4 April 2017, based on the then issued share capital of the Company (i.e. 3,800,194,500 shares).

(4) Such long position and lending pool reported by JPMorgan Chase Bank, N.A., were based on the notice filed on 9 June 2015 by JPMorgan Chase Bank, N.A. to the Company. JPMorgan Chase Bank, N.A. is a wholly-owned subsidiary of JPMorgan Chase & Co.

(5) The approximate percentages of shareholding were based on the issued share capital of the Company as at 30 June 2017 (i.e. 3,707,720,000 shares).

(6) Such disclosure of interest was made in the form of notice pursuant to Part XV of the SFO submitted by The Capital Group Companies, Inc. to the Company on 14 March 2017, based on the then issued share capital of the Company (i.e. 3,800,194,500 shares).

(7) Such long position includes derivative interests in 2,500 underlying shares of the Company derived from unlisted and cash settled derivatives.

(8) Such short position includes derivative interests in 15,406,410 underlying shares of the Company of which 396,000 underlying shares are derived from listed and physically settled derivatives, 557,000 underlying shares are derived from listed and cash settled derivatives, 744,830 underlying shares are derived from unlisted and physically settled derivatives and 13,708,580 underlying shares are derived from unlisted and cash settled derivatives.

(9) Such short position includes derivative interests in 166,500 underlying shares of the Company derived from unlisted and cash settled derivatives.

Save as disclosed above, as at 30 June 2017, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Corporate Governance

The Board of Directors ("Board") and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders.

Save as disclosed below, the Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the six months ended 30 June 2017. In respect of code provisions A.5.1 to A.5.4 of the CG Code, the Company does not have a nomination committee. At present, the full Board is responsible for reviewing the structure, size and composition of the Board and the appointment of new Directors from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular the Chairman of the Board ("Chairman") and the Managing Director. In respect of code provision A.6.7 of the CG Code, two Independent Non-executive Directors were not in a position to attend the extraordinary general meeting of the Company held on 14 March 2017 due to an overseas commitment and indisposition respectively, and two Independent Non-executive Directors were not in a position to attend the annual general meeting of the Company held on 11 May 2017 due to indisposition.

The Group is committed to achieving and maintaining standards of openness, probity and accountability. In line with this commitment and in compliance with the CG Code, the Company has established the Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters. In addition, the Company has also established the Policy on Handling of Confidential Information, Information Disclosure, and Securities Dealing for compliance by the Company's employees.

BOARD COMPOSITION AND BOARD PRACTICES

The Board is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing shareholders' value. The Board consists of a total of fifteen Directors, comprising nine Executive Directors and six Independent Non-executive Directors. More than one-third of the Board are Independent Non-executive Directors and more than one of them have appropriate professional qualifications, or accounting or related financial management expertise as required by the Listing Rules. All Directors (including Independent Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Amended and Restated Articles of Association and the CG Code.

The positions of the Chairman and the Managing Director are currently held by separate individuals with a view to maintaining an effective segregation of duties respecting management of the Board and the day-to-day management of the Group's business.

All Directors have made active contribution to the affairs of the Board and the Board has always acted in the best interests of the Group. In addition to regular Board meetings, the Chairman shall meet with the Independent Non-executive Directors without the presence of Executive Directors at least once every year.

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and for ensuring that the Board is briefed on all legislative, regulatory and corporate governance developments and that the Board has regard to them when making decisions. The Company Secretary is also directly responsible for the Group's compliance with the continuing obligations of the Listing Rules, Codes on Takeovers and Mergers and Share Buy-backs, Companies Ordinance, the Securities and Futures Ordinance and other applicable laws, rules and regulations.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions, effective from 3 June 2015, which will be revised and adopted from time to time. Confirmation has been received from all Directors that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2017.

Written guidelines on no less exacting terms than the Model Code relating to securities transactions for employees are set out in the Employee Handbook of the Company.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Company has an internal audit function in place to provide an independent assessment of the Group's risk management and internal control systems and review of their effectiveness in accordance with the CG Code. The Internal Audit Department prepares its audit plan using a risk based methodology in consultation with, but independent of, the management for review by the audit committee of the Company ("Audit Committee"). The audit work focuses on financial, operational and compliance controls review and those areas of the Group's activities with significant perceived risks. An integral part of the internal audit function is to monitor and ensure effective implementation of the risk management and internal control systems.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group for the six months ended 30 June 2017.

AUDIT COMMITTEE

The Company established an Audit Committee on 26 February 2015 and has formulated its written terms of reference, which have from time to time been modified, in accordance with the prevailing provisions of the CG Code. The Audit Committee comprises five Independent Non-executive Directors, namely, Mr. Cheong Ying Chew, Henry (Chairman of the Audit Committee), Mr. Chow Nin Mow, Albert, Ms. Hung Siu-lin, Katherine, Mr. Colin Stevens Russel and Mr. Donald Jeffrey Roberts. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system, risk management and internal control systems, review of the Group's financial information, review of the relationship with the external auditor of the Company and performance of the corporate governance functions delegated by the Board.

The Group's interim report for the six months ended 30 June 2017 has been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

In compliance with the CG Code, the Company established its remuneration committee ("Remuneration Committee") on 26 February 2015 with a majority of the members thereof being Independent Non-executive Directors. The Remuneration Committee comprises the Chairman, Mr. Li Ka-shing and two Independent Non-executive Directors, namely, Ms. Hung Siu-lin, Katherine (Chairman of the Remuneration Committee) and Mr. Cheong Ying Chew, Henry.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration of Directors and the management, and reviewing the remuneration packages of all Executive Directors and the management with reference to the corporate goals and objectives of the Board resolved from time to time.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company establishes different communication channels with shareholders and investors, including (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules, and shareholders can choose to receive such documents using electronic means through the Company's website; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company's website offers a communication channel between the Company and its shareholders and stakeholders; (v) press conferences and briefing meetings with analysts are arranged from time to time to update on the performance of the Group; (vi) the Company's Hong Kong Share Registrar deals with shareholders for share registration and related matters; and (vii) the Corporate Affairs Department of the Company handles enquiries from shareholders and investors generally.

In compliance with the CG Code, the Company has established a shareholders communication policy on 26 February 2015 which is subject to review on a regular basis to ensure its effectiveness.

Other Information

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2017, the Company bought back a total of 126,501,000 shares of a nominal value of HK$1.00 each in the capital of the Company ("Shares") on The Stock Exchange of Hong Kong Limited, with the aggregate consideration paid (before expenses) amounting to HK$6,981,950,600. All the Shares bought back were subsequently cancelled. As at 30 June 2017, the total number of Shares in issue was 3,707,720,000 (out of which, 10,221,500 Shares bought back in June 2017 were cancelled on 12 July 2017). As at the date of this Report, the total number of Shares in issue is 3,697,498,500.

Particulars of the share buy-backs are as follows:

Month	Number of Shares bought back	Purchase price per Share		Aggregate consideration (before expenses) (HK$)
		Highest (HK$)	Lowest (HK$)	
January 2017	23,805,000	52.40	49.15	1,218,199,525
March 2017	23,749,500	54.50	52.80	1,281,750,825
April 2017	33,925,500	55.45	52.35	1,818,529,225
May 2017	20,806,000	58.10	55.70	1,182,354,750
June 2017	24,215,000	61.85	59.10	1,481,116,275
	126,501,000			6,981,950,600

Save as disclosed above, during the six months ended 30 June 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

The Directors believed that the above share buy-backs should reflect the underlying value of the Company, and signify the Group's confidence in its long term growth prospects.

RISK FACTORS

The Group's businesses, financial condition, results of operations and growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses. The risk factors set out below are those that could result in the Group's businesses, financial condition, results of operations or growth prospects differing materially from expected or historical results. Such factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future. In addition, this Interim Report does not constitute a recommendation or advice to invest in the shares of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the shares of the Company.

Property Developments

There exist general risks inherent in property development and in the ownership of properties, including, among other things, rising construction costs, risks that financing for developments may not be available on favourable terms, that construction may not be completed on schedule or within budget especially due to issues such as aging workforce, labour shortage, skills mismatch and succession gap as well as the escalation of material prices, that long-term financing may not be available on completion of construction, that developed properties may not be sold or leased on profitable terms, that there will be intense competition from other developers or property owners which may lead to vacant properties or an inability to sell or rent properties on favourable terms, that purchasers or tenants may default, that properties held for rental purpose will need to be renovated, repaired and re-let on a periodic basis, that it may not be possible to renew leases or re-let spaces when existing leases expire, and that the property market conditions are subject to changes in environmental laws and regulations and zoning laws and other governmental rules and fiscal policies. Property values and rental values are also affected by factors such as the changes in the relationships between countries or sovereign states, the state of the local economy, political and societal developments, governmental regulations and changes in planning or tax laws, levels of interest rates and consumer prices, the overall supply of properties, and the imposition of governmental measures to dampen property prices. Taxes, levies, stamp duties and similar taxes or charges payable for the sale or transfer of residential properties as well as policies and rules on profit repatriation may be imposed by the relevant authorities from time to time.

Investment in property is generally illiquid, which may limit the ability of the Group to timely monetise property assets.

Supply of land is subject to the development of land policies in different markets. Acquisition of land in Hong Kong, the Mainland and other overseas markets may be subject to various regulatory requirements or restrictions as well as changes in demand and supply dynamics. Future growth prospects of the property development business are therefore affected by the availability and price levels of prime sites in Hong Kong, the Mainland and other overseas markets.

Other Information *(continued)*

The Group may be subject to fines or sanctions if it does not pay land premiums or does not develop properties according to the terms of the land grant documents. Under the Mainland laws and regulations relating to idle land, if a developer fails to develop land according to the terms of the land grant contracts (including but not limited to, the payment of fees, the designated uses of land and the time for commencement and completion of development of the land), the relevant authorities may issue a warning to or impose a fine on the developer or require the developer to forfeit the land use rights. Any violation of the terms of the land grant contracts may also restrict a developer's ability to participate, or prevent it from participating, in future land bidding. Furthermore, there are specific requirements regarding idle land and other aspects of land use rights grant contracts in many cities on the Mainland, and the local authorities are expected to enforce such rules in accordance with the instructions from the central government of the Mainland.

Circumstances leading to the repossession of land or delays in the completion of a property development may arise and if the Group's land is repossessed, the Group will not be able to continue its property development on the forfeited land, recover the costs incurred for the initial acquisition of the repossessed land or recover development costs and other costs incurred up to the date of the repossession. Furthermore, regulations relating to idle land or other aspects of land use rights may become more restrictive or punitive in the future. If the Group does not comply with the terms of any land use rights grant contracts as a result of delays in project development, or as a result of other factors, the Group may lose the opportunity to develop the project, as well as its past investments in the land, which may materially and adversely impact its businesses, financial condition, results of operations and growth prospects.

Properties could suffer physical damage by fire or other causes and the Group may be exposed to any potential risks associated with public liability claims, resulting in losses (including loss of rent and value of properties) which may not be fully compensated for by insurance proceeds, and such events may in turn affect the Group's financial condition or results of operations. There is also the possibility of other losses for which the Group may not obtain insurance at a reasonable cost or at all. Should an uninsured loss or a loss in excess of insured limits occur, payment of compensation may be required and this may affect the returns on capital invested in that property. The Group would also remain liable for any debt or other financial obligation, such as committed capital expenditures, related to that property. In addition, insurance policies will have to be renewed every year and acceptable terms for coverage will have to be negotiated, thus exposing the Group to the volatility of the insurance markets, including the possibility of rate increases. Any such factors may adversely affect the Group's businesses, financial condition, results of operations or growth prospects.

Industry Trends and Interest Rates

The trends in the industries in which the Group operates, including the property market sentiment and conditions, property values, the mark to market value of investment securities, the currency environment and interest rate cycles, may pose significant risks to the Group's businesses, financial condition, results of operations or growth prospects. There can be no assurance that the combination of industry trends and interest rates the Group experiences in the future will not adversely affect its businesses, financial condition, results of operations or growth prospects.

In particular, income from finance and treasury operations is dependent upon the capital markets, interest rate and currency environment, and the worldwide economic and market conditions, and therefore there can be no assurance that changes in these conditions will not adversely affect the Group's businesses, financial condition, results of operations or growth prospects. The volatility in the financial markets may also adversely affect the income to be derived by the Group from its finance and treasury activities.

Highly Competitive Markets

The Group's business operations face significant competition across the markets in which they operate. New market entrants and intensified price competition among existing market players could adversely affect the Group's businesses, financial condition, results of operations or growth prospects. Competition risks faced by the Group include (a) an increasing number of developers undertaking property investment and development in Hong Kong, the Mainland and in other overseas markets, which may affect the market share and returns of the Group; and (b) significant competition and pricing pressure from other developers which may adversely affect the Group's businesses, financial condition, results of operations or growth prospects.

New Business Ventures and Investments

To balance and mitigate the inherent risks associated with cyclical nature of property development, or generally, the Group is committed to balancing and strengthening its business portfolio through diversification and globalisation. The Group has taken steps to create and will continue to explore ways to create new sources of revenue by investing into new business sectors and geographical regions if appropriate in respect of investments that meet its criteria. However, there is no assurance that the Group will implement its diversification and globalisation strategies successfully or that its strategies will be able to deliver the results as anticipated. Also, expansion into new sectors and markets may expose the Group to new uncertainties including but not limited to risks relating to insufficient operating experience in certain sectors and markets, changes in governmental policies and regulations and other adverse developments affecting such sectors and markets. There is also no assurance that all investors would favour the new ventures or investments that may be made by the Group.

The Aviation Industry

Deterioration in the Financial Condition of the Commercial Airline Industry

The financial condition of the commercial airline industry generally may have an impact on the Group's businesses, results of operations or growth prospects. The Group may experience (a) downward pressure on demand for the aircraft in the Group's fleet and reduced market lease rates and effective lease margins, as well as reduced aircraft values; (b) a higher incidence of lessee defaults, lease restructurings, repossessions and airline bankruptcies and restructurings, resulting in lower lease rates and effective margins and/or increased costs due to maintenance, insurance, storage and legal costs associated with the repossession, as well as lost revenue for the time the aircraft are off lease, increased aircraft transition costs to new lessees (including refurbishment and modification of aircraft to fit the specifications of new lessees) and possibly lower lease rates from the new lessees; and (c) an inability to lease aircraft on commercially acceptable terms, resulting in lower lease margins due to aircraft not earning revenue and resulting in storage, insurance and maintenance costs. Any such factors may adversely affect the Group's businesses, results of operations or growth prospects.

Cyclicality of Supply and Demand for Aircraft

The commercial jet aircraft leasing and sales industry has periodically experienced cycles of aircraft oversupply and undersupply. The oversupply of a specific type of aircraft in the market is likely to depress aircraft lease rates and values of that type of aircraft.

The supply and demand of aircraft is affected by various cyclical factors that are not under the Group's control, including (a) passenger air travel demand; (b) airline profitability; (c) fuel costs and general economic condition; (d) geopolitical events; (e) outbreaks of communicable, pandemic diseases and natural disasters; (f) governmental regulation, including new Airworthiness Directives and environmental and safety regulations; (g) interest rates; (h) airline restructurings and bankruptcies; (i) cancellation or deferral of orders for aircraft; (j) delays in delivery by manufacturers; (k) the cost and availability of credit; (l) manufacturer production levels and technological innovation, including introduction of new generation aircraft; (m) retirement and obsolescence of aircraft models; (n) manufacturers merging or exiting the industry or ceasing to produce aircraft or engine types; (o) accuracy of estimates relating to future supply and demand made by manufacturers and airlines; (p) re-introduction into service of aircraft previously in storage; and (q) airport and air traffic control infrastructure constraints.

These factors may produce sharp decreases or increases in aircraft values and lease rates, and may result in lease defaults and may prevent the aircraft from being re-leased or, where applicable, sold on satisfactory terms. This would have an adverse effect on the Group's businesses, results of operations or growth prospects.

Effects of Fuel Costs

Fuel costs represent a major expense to companies operating within the airline industry. Fuel prices fluctuate widely depending primarily on international market conditions, geopolitical and environmental events, natural disasters, regulatory changes and currency exchange rates. Significant changes in fuel prices could have a material adverse impact on airline profitability (including the profitability of the initial lessees) and may adversely affect the Group's businesses, results of operations or growth prospects.

Dependence on Aircraft and Engine Manufacturers

The supply of large passenger jet aircraft is dominated by a small number of airframe manufacturers, and a limited number of engine manufacturers. The Group therefore depends on these manufacturers' success in remaining financially stable, producing aircraft and related components that meet technical and regulatory requirements and airlines' demands and providing ongoing and reliable customer support. Should the manufacturers fail to respond appropriately to market changes, or to fulfill their contractual obligations or to produce aircraft or components that meet technical or regulatory requirements, the Group may experience (a) poor customer support from the manufacturers of aircraft and components resulting in reduced demand for a particular manufacturer's product, creating downward pressure on demand for those aircraft and components of those types in the Group's fleet and reduced market lease rates for aircraft of those types; (b) a reduction in the Group's competitiveness due to deep discounting by the manufacturers, which may lead to reduced market lease rates and may adversely affect the value of the Group's portfolio and the Group's ability to remarket or sell some of the aircraft; and (c) poor customer support from the manufacturers of associated components resulting in disruption to the lessees' operations and consequent loss of revenue for the lessees. Any such factors may adversely affect the Group's businesses, results of operations or growth prospects.

Effects of Environmental Regulation

Many aspects of commercial airlines' operations are subject to increasingly stringent federal, state, local and foreign laws protecting the environment, including the imposition of additional taxes on airlines or their passengers. Regulatory actions that may be taken in the future by the relevant governments and authorities may have a materially adverse impact on the airline industry, particularly if regulators were to conclude that emissions from commercial aircraft cause significant harm to the upper atmosphere or have a greater impact on climate change. Potential actions may include the imposition of requirements to purchase emission offsets or credits, which could require participation in emission trading, substantial taxes on emissions and growth restrictions on airline operations, among other potential regulatory actions. Any such factors may adversely affect the Group's businesses, results of operations or growth prospects.

Effects of Terrorist Attacks, War or Armed Hostilities and Other Geopolitical Conditions

Terrorist attacks and geopolitical conditions have negatively affected the airline industry and concerns about geopolitical conditions, war or armed hostilities and further terrorist attacks could continue to negatively affect airlines (including the initial lessees) for the foreseeable future depending upon various factors including (a) higher costs to airlines due to the increased security measures; (b) losses in passenger revenue due to a decrease in travel; (c) the price and availability of jet fuel and the ability to obtain fuel hedges under current market conditions; (d) higher financing costs and difficulty in raising financing; (e) significantly higher costs of aircraft insurance coverage for future claims caused by acts of war, terrorism, sabotage, hijacking and other similar perils, and the extent to which such insurance will continue to be available or may exclude events such as radioactive dirty bombs, bio-hazardous materials and electromagnetic pulsing, which may damage or destroy aircraft; (f) the ability of airlines to reduce their operating costs and conserve financial resources; and (g) special charges recognised by some airlines, such as those related to the impairment of aircraft and other long lived assets stemming from the grounding of aircraft as a result of terrorist attacks. Any such factors may adversely affect the Group's businesses, results of operations or growth prospects.

Infrastructure Market

Some of the investments as may be acquired or owned by the Group (for example, gas and electricity) are subject to regulatory pricing and strict adherence must be made to the licence requirements, codes and guidelines established by the relevant regulatory authorities from time to time. Failure to comply with these licence requirements, codes or guidelines may lead to penalties, or, in extreme circumstances, amendment, suspension or cancellation of the relevant licences by the authorities. Infrastructure projects are capital intensive, and with only a few major players in the market, there is no assurance of ready buyers on disposal.

The distribution and transmission networks of the Group's utilities investments are also exposed to supply interruptions. If a severe earthquake, storm, flood, fire, sabotage, terrorist attack or other unplanned event interrupts service, the loss of cash flow resulting from the interruption and the cost of recovery from network damage could be considerable and potentially cause poor customer perception and may also lead to claims and litigations. Moreover, some losses from events such as terrorist attacks may not be recoverable. Increases in the number or duration of supply interruptions could result in material increases in the costs associated with the operation of the distribution and transmission networks. All of these uncertain factors could have a material adverse effect on the businesses, financial condition, results of operations or growth prospects of the Group.

Currency Fluctuations

The results of the Group are reported in Hong Kong dollars but its various subsidiaries, associates and joint ventures may receive revenue and incur expenses in other currencies. Any currency fluctuations on translation of the accounts of these subsidiaries, associates and joint ventures and also on the repatriation of earnings, equity investments and loans may therefore impact on the Group's financial position or potential income, asset value and liabilities.

To minimise currency risk exposure in respect of its investments in other countries, the Group generally hedges those investments with (a) currency swaps and (b) appropriate level of borrowings denominated in the local currencies. The Group has not entered into any speculative derivative transaction.

Although currency exposures have been managed by the Group, a depreciation or fluctuation of the currencies in which the Group conducts operations relative to the Hong Kong dollars could adversely affect its businesses, financial condition, results of operations or growth prospects. For instance, the depreciation of the British pounds relative to the Hong Kong dollars subsequent to the referendum in the United Kingdom in favour of Brexit could adversely affect the Group's results of operations.

Cybersecurity

With the fast expanding adoption of Internet and networking operational technology, cyberattacks around the world are occurring at a higher frequency and intensity. The Group's critical utility and information assets are exposed to attack, damage or unauthorised access in the cyberworld. Cybersecurity risks could have material adverse effect on the operational and business performance, as well as the business reputation of the Group.

Although the Group has not experienced any major damage to its assets or activities from cyberattacks to date, there can be no assurance that future cyberattacks or breaches of the Group's cybersecurity will not occur and result in significant impact on the Group's reputation, businesses, results of operations and financial condition.

Strategic Partners

Some of the businesses of the Group are conducted through non-wholly owned subsidiaries, associates and joint ventures in which the Group shares control (in whole or in part) and strategic alliances have been formed by the Group with other strategic or business partners. There can be no assurance that any of these strategic or business partners will continue their relationships with the Group in the future or that the Group will be able to pursue its stated strategies with respect to its non-wholly owned subsidiaries, associates and joint ventures and the markets in which they operate. Furthermore, the joint venture partners may (a) have economic or business interests or goals that are inconsistent with those of the Group; (b) take actions contrary to the Group's policies or objectives; (c) undergo a change of control; (d) experience financial and other difficulties; or (e) be unable or unwilling to fulfil their obligations under the joint ventures, which may affect the Group's businesses, financial condition, results of operations or growth prospects.

Impact of Local, National and International Regulations

The local business risks in different countries and cities in which the Group operates could have a material impact on the businesses, financial condition, results of operations or growth prospects. The Group has investments in different countries and cities around the world and the Group is, and may increasingly become, exposed to different and changing political, social, legal, tax, regulatory and environmental requirements at the local, national or international level. Also, new guidelines, directives, policies or measures by governments, whether fiscal, tax, regulatory, environmental or other competitive changes, may lead to an increase in additional or unplanned operating expenses and capital expenditures, increase in market capacity, reduction in government subsidies, pose a risk to the overall investment return of the Group's businesses and may delay or prevent the commercial operation of a business with resulting loss of revenue and profit, which may adversely affect the Group's businesses, financial condition, results of operations or growth prospects.

Impact of New Accounting Standards

The International Accounting Standards Board has from time to time issued new and revised International Financial Reporting Standards ("IFRS"). As accounting standards continue to develop, the International Accounting Standards Board may in the future issue more new and revised IFRS and the Group may be required to adopt new accounting policies which might or could have a significant impact on the Group's financial position, results of operations or profit growth.

Outbreak of Highly Contagious Disease

In 2003, there was an outbreak of Severe Acute Respiratory Syndrome ("SARS") in Hong Kong, the Mainland and other places. The SARS outbreak had a significant adverse impact on the economies of the affected areas. The spread of Influenza and other communicable diseases from time to time have also affected many areas of the world. The outbreak of the Ebola virus disease and Zika virus also pose a significant threat to global industries. Additional outbreaks of other epidemic diseases may adversely affect the Group's businesses, financial condition, results of operations or growth prospects.

Natural Disasters

Some of the Group's assets and businesses, customers and suppliers are located in areas at risk of damage from earthquakes, floods and similar events and the occurrence of any of these events could disrupt the Group's businesses and materially and adversely affect the Group's businesses, financial condition, results of operations or growth prospects.

Although the Group has not experienced any major structural damage to its property development projects or assets or facilities from earthquakes or natural disasters to date, there can be no assurance that future earthquakes or other natural disasters will not occur and result in major damage to the Group's property development projects, or assets or facilities or on the general supporting infrastructure facilities in the vicinity, which could adversely affect the Group's businesses, financial condition, results of operations or growth prospects.

Past Performance and Forward-Looking Statements

The performance and the results of operations of the Group as contained in this Interim Report are historical in nature and past performance can be no guarantee of future results of the Group. This Interim Report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the directors, employees or agents of the Group assume (a) any obligation to correct or update the forward-looking statements or opinions contained in this Interim Report; and (b) any liability in the event that any of the forward-looking statements or opinions does not materialise or turns out to be incorrect.

Interim Financial Statements

Consolidated Income Statement

For the six months ended 30 June 2017

	Note	(Unaudited) 2017 HK$ Million	2016 HK$ Million
Group revenue		28,931	27,252
Share of revenue of joint ventures		932	311
Total	(2)	29,863	27,563
Group revenue		28,931	27,252
Investment and other income		737	341
Operating costs			
Property and related costs		(12,392)	(14,092)
Salaries and related expenses		(1,920)	(1,885)
Interest and other finance costs		(576)	(318)
Depreciation		(768)	(340)
Other expenses		(256)	(223)
		(15,912)	(16,858)
Increase in fair value of investment properties		4,832	228
Profit on disposal of hotel properties		363	–
Share of profit of joint ventures		(7)	66
Share of profit of associates		240	64
Profit before taxation	(3)	19,184	11,093
Taxation	(4)	(4,576)	(2,314)
Profit after taxation		14,608	8,779
Profit attributable to			
Shareholders		14,410	8,606
Non-controlling interests and holders of perpetual capital securities		198	173
		14,608	8,779
Earnings per share	(6)	HK$3.82	HK$2.23

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2017

	(Unaudited) 2017 HK$ Million	2016 HK$ Million
Profit after taxation	**14,608**	8,779
Other comprehensive income (loss) – reclassifiable to income statement		
Translation of financial statements of operations outside Hong Kong		
Exchange gain (loss)	**2,177**	(2,293)
Exchange loss reclassified to income statement	**180**	–
Investments available for sale – gain in fair value	**567**	890
Derivative financial instruments for hedging – loss in fair value	**(816)**	–
Share of other comprehensive income (loss) of joint ventures	**290**	(93)
Other comprehensive income (loss)	**2,398**	(1,496)
Total comprehensive income	**17,006**	7,283
Total comprehensive income attributable to		
Shareholders	**16,809**	7,233
Non-controlling interests and holders of perpetual capital securities	**197**	50
	17,006	7,283

Interim Financial Statements *(continued)*

Consolidated Statement of Financial Position
As at 30 June 2017

	(Unaudited) 30/6/2017 HK$ Million	(Audited) 31/12/2016 HK$ Million
Non-current assets		
Fixed assets	32,777	33,695
Investment properties	133,670	125,306
Joint ventures	25,822	7,907
Associates	7,365	7,333
Investments available for sale	6,681	6,233
Long term receivables and others	1,928	1,715
Deferred tax assets	2,477	1,843
	210,720	184,032
Current assets		
Stock of properties	132,118	137,548
Debtors, prepayments and others	6,325	12,655
Bank balances and deposits	82,744	62,601
	221,187	212,804
Current liabilities		
Bank and other loans	43,977	4,378
Creditors, accruals and others	16,240	17,396
Customers' deposits received	22,300	19,527
Provision for taxation	3,203	2,456
	85,720	43,757
Net current assets	135,467	169,047
Non-current liabilities		
Bank and other loans	41,190	65,798
Deferred tax liabilities	11,440	10,824
Pension obligations	193	183
	52,823	76,805
Net assets	293,364	276,274
Representing:		
Share capital	3,708	3,824
Share premium	242,177	249,179
Reserves	29,738	17,196
Shareholders' funds	275,623	270,199
Perpetual capital securities	11,670	–
Non-controlling interests	6,071	6,075
Total equity	293,364	276,274

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2017

	Shareholders' funds				Holders of perpetual capital securities	Non-controlling interests	(Unaudited) Total equity
	Share capital	Share premium	Reserves[1]	Total			
	HK$ Million	HK$ Million	HK$ Million	HK$ Million	HK$ Million	HK$ Million	HK$ Million
Balance at 1 January 2016	3,860	250,951	8,285	263,096	–	6,591	269,687
Total comprehensive income	–	–	7,233	7,233	–	50	7,283
Change in non-controlling interests	–	–	–	–	–	(91)	(91)
Buy-back and cancellation of issued shares	(14)	(664)	14	(664)	–	–	(664)
Dividend paid to non-controlling interests	–	–	–	–	–	(133)	(133)
Dividend paid to shareholders							
2015 final dividend HK$1.05 per share	–	–	(4,038)	(4,038)	–	–	(4,038)
Balance at 30 June 2016	3,846	250,287	11,494	265,627	–	6,417	272,044
Balance at 1 January 2017	3,824	249,179	17,196	270,199	–	6,075	276,274
Total comprehensive income	–	–	16,809	16,809	66	131	17,006
Change in non-controlling interests	–	–	–	–	–	207	207
Buy-back and cancellation of issued shares	(116)	(7,002)	116	(7,002)	–	–	(7,002)
Issue of perpetual capital securities	–	–	–	–	11,670	–	11,670
Costs for issue of perpetual capital securities	–	–	(92)	(92)	–	–	(92)
Distribution to holders of perpetual capital securities	–	–	–	–	(66)	–	(66)
Dividend paid to non-controlling interests	–	–	–	–	–	(342)	(342)
Dividend paid to shareholders							
2016 final dividend HK$1.15 per share	–	–	(4,291)	(4,291)	–	–	(4,291)
Balance at 30 June 2017	3,708	242,177	29,738	275,623	11,670	6,071	293,364

Condensed Consolidated Statement of Changes in Equity *(continued)*

(1) Reserves

	Business combination reserve HK$ Million	Investment revaluation reserve HK$ Million	Exchange reserve HK$ Million	Other reserves HK$ Million	Retained profits HK$ Million	Total HK$ Million
Balance at 1 January 2016	(69,014)	2,211	650	–	74,438	8,285
Total comprehensive income	–	890	(2,263)	–	8,606	7,233
Buy-back and cancellation of issued shares	–	–	–	14	–	14
Dividend paid to shareholders 2015 final dividend HK$1.05 per share	–	–	–	–	(4,038)	(4,038)
Balance at 30 June 2016	(69,014)	3,101	(1,613)	14	79,006	11,494
Balance at 1 January 2017	**(69,014)**	**2,924**	**(5,105)**	**11**	**88,380**	**17,196**
Total comprehensive income	–	567	1,854	(22)	14,410	16,809
Buy-back and cancellation of issued shares	–	–	–	116	–	116
Costs for issue of perpetual capital securities	–	–	–	–	(92)	(92)
Dividend paid to shareholders 2016 final dividend HK$1.15 per share	–	–	–	–	(4,291)	(4,291)
Balance at 30 June 2017	**(69,014)**	**3,491**	**(3,251)**	**105**	**98,407**	**29,738**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Note	(Unaudited) 2017 HK$ Million	2016 HK$ Million
Net cash from operating activities		21,923	16,694
Net cash from (used in) investing activities			
Investment in/loan advance to joint ventures		(17,304)	–
Increase in bank deposits maturing over three months		(15,559)	–
Other net cash flows		890	(2,714)
		(31,973)	(2,714)
Net cash from (used in) financing activities			
Net borrowing (repayment) of bank and other loans		14,745	(3,373)
Buy-back and cancellation of issued shares		(7,002)	(664)
Issue of perpetual capital securities		11,578	–
Other net cash flows		(5,268)	(4,970)
		14,053	(9,007)
Net increase in cash and cash equivalents		4,003	4,973
Translation difference		550	(614)
Cash and cash equivalents at 1 January		61,530	44,540
Cash and cash equivalents at 30 June	(a)	66,083	48,899

Note:

(a) Cash and cash equivalents

	30/6/2017 HK$ Million	30/6/2016 HK$ Million
Bank balances and deposits	82,744	50,332
Less: Restricted bank balances	(1,102)	(1,433)
Bank deposits maturing over three months	(15,559)	–
	66,083	48,899

Restricted bank balances represent property sale proceeds placed with banks in accordance with the requirements of property development on the Mainland and are restricted for use before certain conditions are fulfilled.

Notes to Interim Financial Statements

1. Basis of preparation

The interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The principal accounting policies used in the preparation of the interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2016.

The International Accounting Standards Board has issued a number of new and revised International Financial Reporting Standards ("IFRSs"). The adoption of these IFRSs which are effective for the Group's annual accounting periods beginning on 1 January 2017 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.

2. Revenue and profit contribution

The principal activities of the Group are property development and investment, hotel and serviced suite operation, property and project management, aircraft leasing, and investment in energy and infrastructure assets.

Revenue for the period by principal activities is as follows:

	Six months ended 30 June					
	Group		Joint ventures		Total	
	2017 HK$ Million	2016 HK$ Million	2017 HK$ Million	2016 HK$ Million	2017 HK$ Million	2016 HK$ Million
Property sales	21,810	21,111	21	185	21,831	21,296
Property rental	3,823	3,622	66	48	3,889	3,670
Hotel and serviced suite operation	2,216	2,282	12	13	2,228	2,295
Property and project management	251	237	58	65	309	302
Aircraft leasing	831	–	226	–	1,057	–
Energy and infrastructure assets	–	–	549	–	549	–
	28,931	27,252	932	311	29,863	27,563

and is derived from the following locations:

	Six months ended 30 June	
	2017 HK$ Million	2016 HK$ Million
Hong Kong	13,227	14,184
The Mainland	14,961	13,180
Overseas	1,675	199
	29,863	27,563

2. Revenue and profit contribution *(continued)*

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

	Six months ended 30 June					
	Group		Joint ventures		Total	
	2017 HK$ Million	2016 HK$ Million	2017 HK$ Million	2016 HK$ Million	2017 HK$ Million	2016 HK$ Million
Property sales	9,119	6,757	13	99	9,132	6,856
Property rental	3,539	3,356	55	7	3,594	3,363
Hotel and serviced suite operation	692	640	(7)	(7)	685	633
Property and project management	113	104	25	29	138	133
Aircraft leasing	342	–	175	–	517	–
Energy and infrastructure assets	–	–	247	–	247	–
	13,805	10,857	508	128	14,313	10,985
Interest and other finance costs	(576)	(318)	(123)	–	(699)	(318)
	13,229	10,539	385	128	13,614	10,667
Interests in real estate investment trusts					393	212
Increase in fair value of investment properties						
Group					4,832	228
Joint ventures					5	3
Profit on disposal of hotel properties					363	–
Others					46	35
Taxation						
Group					(4,576)	(2,314)
Joint ventures					(69)	(52)
Profit attributable to non-controlling interests and holders of perpetual capital securities					(198)	(173)
Profit attributable to shareholders					14,410	8,606

Management discussion and analysis of principal activities is set out on pages 8 to 18 of the interim report.

3. Profit before taxation

	Six months ended 30 June	
	2017	2016
	HK$ Million	HK$ Million
Profit before taxation is arrived at after charging:		
Interest and other finance costs		
Bank and other loans	**836**	708
Less: Amount capitalised	**(260)**	(390)
	576	318
Costs of properties sold	**10,797**	12,427

4. Taxation

	Six months ended 30 June	
	2017	2016
	HK$ Million	HK$ Million
Current tax		
Hong Kong	**984**	677
Outside Hong Kong	**3,657**	1,491
Deferred tax	**(65)**	146
	4,576	2,314

5. Interim dividend

An interim dividend of HK$0.42 (2016 – HK$0.38) per share, amounting to HK$1,553 million (2016 – HK$1,461 million), was declared by the Directors on 3 August 2017.

6. Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders and on the weighted average of 3,767,484,133 shares (2016 – 3,851,764,657 shares) in issue during the period.

7. Ageing analysis

Ageing analysis of trade debtors with reference to the terms of the agreements is as follows:

	30/6/2017 HK$ Million	31/12/2016 HK$ Million
Current to one month	1,522	9,057
Two to three months	61	46
Over three months	22	44
	1,605	9,147

Ageing analysis of trade creditors with reference to invoice dates and credit terms is as follows:

	30/6/2017 HK$ Million	31/12/2016 HK$ Million
Current to one month	4,818	5,814
Two to three months	29	36
Over three months	8	15
	4,855	5,865

8. Buy-back and cancellation of issued shares

During the period, the Company bought back 126,501,000 of its own issued shares on The Stock Exchange of Hong Kong Limited for a total consideration (including expenses) of HK$7,002 million. Of the 126,501,000 shares bought back, 116,279,500 shares were cancelled before the period end date and 10,221,500 shares were cancelled after the period end date.

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

Month	Number of shares bought back	Purchase price per share		Aggregate consideration (before expenses)
		Highest	Lowest	
January	23,805,000	HK$52.40	HK$49.15	HK$1,218,199,525
March	23,749,500	HK$54.50	HK$52.80	HK$1,281,750,825
April	33,925,500	HK$55.45	HK$52.35	HK$1,818,529,225
May	20,806,000	HK$58.10	HK$55.70	HK$1,182,354,750
June	24,215,000	HK$61.85	HK$59.10	HK$1,481,116,275
	126,501,000			HK$6,981,950,600

9. Fair values of financial assets and financial liabilities

At the period end date, listed investments available for sale amounting to HK$6,025 million were measured at fair value based on quoted prices in active markets. Unlisted investments available for sale amounting to HK$656 million were measured at fair value based on value inputs that are not observable market data but change of these value inputs to reasonably possible alternatives would not have material effect on the Group's results and financial position.

Derivative financial instruments were measured at fair value based on value inputs, other than quoted prices, that are observable either directly or indirectly.

The carrying amounts of the Group's other financial assets and financial liabilities approximated their fair values at the period end date.

10. Commitments

At the period end date, the Group had capital commitments for (i) additions of fixed assets amounting to HK$14,110 million; (ii) additions of investment properties amounting to HK$949 million; and (iii) investment in energy and infrastructure assets amounting to HK$17,160 million.

11. Events after the period end date

Please refer to paragraphs (3) and (6) of New Acquisitions and Joint Developments and Other Major Events under Management Discussion and Analysis on page 10 of the interim report.

12. Review of interim financial statements

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