



Building Quality Assets

– the pillar for future growth



CHEUNG KONG (HOLDINGS) LIMITED
長江實業(集團)有限公司

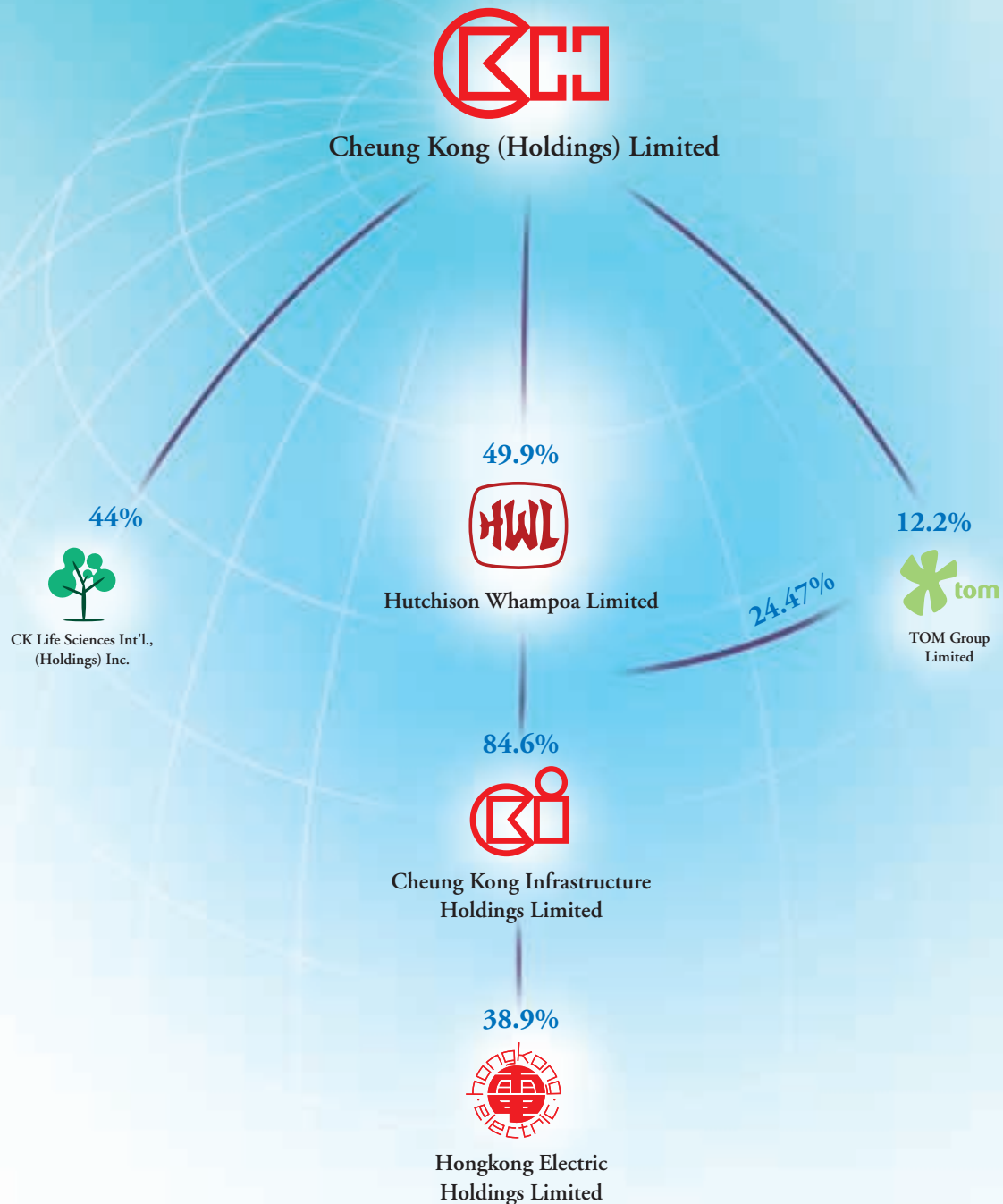
STOCK CODE: 0001

Annual Report 2005

CONTENTS

1	Group Structure
2	Group Financial Summary
3	Results Highlights
4	The Year at a Glance
6	Report of the Chairman and the Managing Director
13	Management Discussion and Analysis
24	Directors' Biographical Information
28	Senior Management's Biographical Information
32	Report of the Directors
55	Corporate Governance Report
86	Highlights of Development Projects
94	Schedule of Major Properties
100	Financial Statements
141	Report of the Auditors
142	Listed Affiliated Companies
148	Corporate Information

Group Structure



CHEUNG KONG GROUP
TOTAL MARKET CAPITALISATION
HK\$640 Billion

23rd March, 2006

Group Financial Summary

Consolidated Profit and Loss Account (HK\$ million)

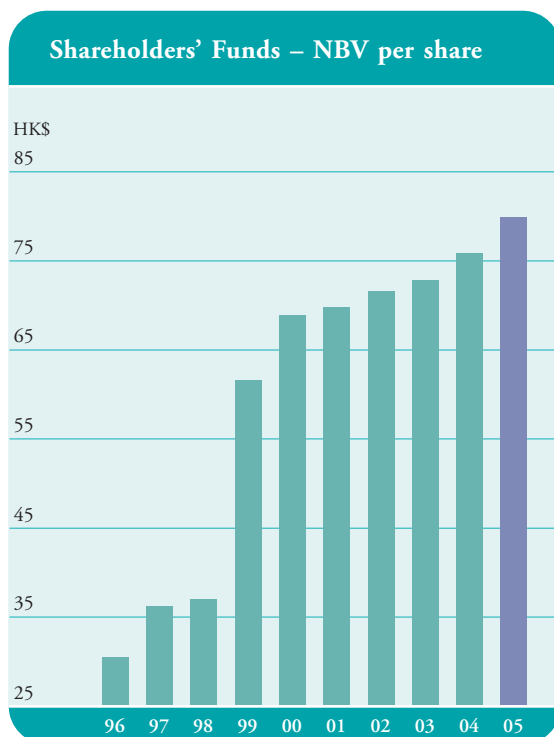
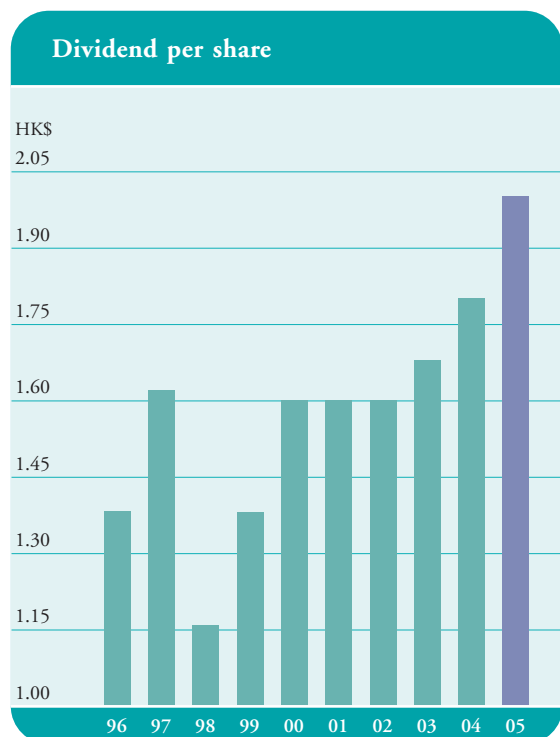
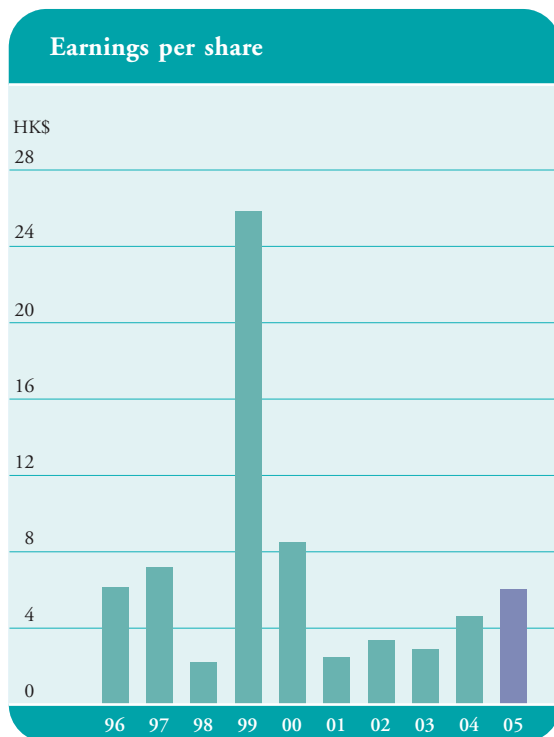
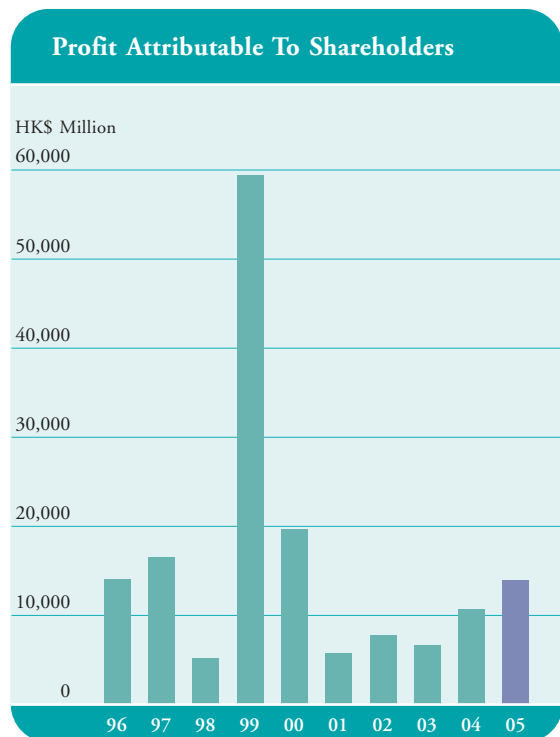
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Turnover	13,202	7,857	11,865	8,193	9,341	7,486	9,122	14,336	18,431	14,358
Profit attributable to shareholders	14,043	16,594	5,170	59,405	19,678	5,792	7,835	6,724	10,700	13,995
Interim dividend paid	758	896	643	758	880	880	880	880	880	973
Final dividend proposed	2,412	2,826	2,022	2,412	2,826	2,826	2,826	3,011	3,289	3,659
Profit for the year retained	10,873	12,872	2,505	56,235	15,972	2,086	4,129	2,833	6,531	9,363

Consolidated Balance Sheet (HK\$ million)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Fixed assets	2,628	811	3,131	9,530	3,167	3,274	6,762	6,987	7,385	9,612
Investment properties	2,229	2,483	10,805	11,760	12,039	11,476	11,999	9,876	10,545	11,710
Associates	35,287	47,636	48,652	103,518	117,264	118,657	121,387	121,617	124,444	126,281
Other non-current assets	23,844	25,503	28,553	24,544	29,769	33,805	31,270	30,673	30,123	30,421
Net current assets	22,978	22,763	9,346	9,376	14,554	17,979	18,359	20,435	26,784	31,126
Total assets less current liabilities	86,966	99,196	100,487	158,728	176,793	185,191	189,777	189,588	199,281	209,150
Bank and other loans	12,016	13,642	10,245	10,238	13,806	18,728	19,255	16,357	17,907	18,683
Deferred tax liabilities and others	112	131	86	138	194	189	316	354	428	544
Net assets	74,838	85,423	90,156	148,352	162,793	166,274	170,206	172,877	180,946	189,923
Representing:										
Share capital	1,149	1,149	1,149	1,149	1,158	1,158	1,158	1,158	1,158	1,158
Share premium	7,856	7,856	7,856	7,856	9,331	9,331	9,331	9,331	9,331	9,331
Reserves	61,001	74,291	75,994	132,616	149,026	151,138	155,284	158,349	165,312	174,673
Shareholders' funds	70,006	83,296	84,999	141,621	159,515	161,627	165,773	168,838	175,801	185,162
Minority interests	4,832	2,127	5,157	6,731	3,278	4,647	4,433	4,039	5,145	4,761
Total equity	74,838	85,423	90,156	148,352	162,793	166,274	170,206	172,877	180,946	189,923
Shareholders' funds										
– NBV per share (HK\$)	30.47	36.25	37.00	61.64	68.87	69.78	71.57	72.90	75.90	79.94
Earnings per share (HK\$)	6.15	7.22	2.25	25.86	8.53	2.50	3.38	2.90	4.62	6.04
Dividend per share (HK\$)	1.38	1.62	1.16	1.38	1.60	1.60	1.60	1.68	1.80	2.00

Note: Prior year figures have been restated to account for the prior year adjustments described in note 2(a) to financial statements and to conform with the current year's presentation.

Results Highlights



The Year at a Glance



Development at Area 86, Tseung Kwan O



Grand Hyatt Beijing

- Acquisitions were made by the Group and the Hutchison Whampoa Group for a list of prime sites in the Mainland for joint developments since the beginning of the year.
- Received the “Gold List 2005 – The World’s Best Hotels” award for Grand Hyatt Beijing from *Condé Nast Traveller* (The U.S.A. version).
- Awarded the tender for the development at Area 86, Tseung Kwan O, Site F of Tseung Kwan O Town Lot No. 70.
- Ranked No. 574 in “The Forbes Global 2000”, a comprehensive ranking of the world’s biggest companies.

1-3



St. Paul's Terrace



HK\$4.1 billion Revolving Credit Facility



The Legend at Jardine's Lookout

- Acquired the site at 81 Broadcast Drive, New Kowloon Inland Lot No. 5099 for residential purposes.
- Successfully raised a revolving credit facility of HK\$4.1 billion for general working capital.
- Entered into an agreement to acquire the premises known as the Convoys Wharf located at Deptford, London, the United Kingdom for redevelopment into a mixed residential and commercial project.
- Launch of St. Paul's Terrace at MacDonnell Road, Mid-levels was well-received by purchasers.
- Ranked No. 283 in “Top 500 Global Companies” in the “FT500 - 2005” survey made by the *Financial Times* based on market capitalisation.
- The Legend at Jardine's Lookout was put to the market with positive sales results.
- Received the “10 Best Commercial Properties in China” award for The Malls at Oriental Plaza, Beijing from *Xin Di Chan*.

4-6

- Awarded the tender for Marina Bay Project, Singapore for business, financial and public attraction purposes with other parties.
- Issue of Japanese Yen Bonds with a five years' term in Japan met with strong market responses.

- Release of Metro Town Phase 1, Tseung Kwan O, with good sales results.
- The Cheung Kong Group was ranked as the “Second Top Donor” in “The Community Chest 2004/2005 Awards” - its sixth consecutive year to be ranked amongst the top three donors.

Marina Bay Project, Singapore



The Community Chest Awards

- Ranked No. 3 in the “Top 500 International Chinese Entrepreneurs in 2005” survey conducted by *Yazhou Zhoukan*.
- Seasons Palace, Yuen Long, was offered for sale with favourable responses.
- Received various awards for the Oriental Plaza, Beijing from the Ministry of Construction's China Architectural Culture Centre and *Economic Daily*: “2005 Top 10 New City Landmarks in China”, “2005 Top 10 Intelligent Buildings in China” and “2005 Top 10 Best Commercial Properties in China”.

- Received the “Best Business Hotel in Chengdu” award for Sheraton Chengdu Lido Hotel from *Business Traveller China*.
- Signed a Memorandum of Understanding with World Wide Fund for Nature Hong Kong to develop a wetland nature reserve in Fung Lok Wai.
- Successful listing of Prosperity REIT on the Main Board of the Stock Exchange.

Sheraton Chengdu Lido Hotel



Fung Lok Wai Wetland Nature Reserve



Prosperity REIT

Building Quality Assets

– the pillar for future growth



Our continued pursuit of a superior portfolio of diversified assets and investments places us in a stronger position to drive exciting new growth.

PROFIT FOR THE YEAR

The Group's audited profit attributable to shareholders for the year ended 31st December, 2005 amounted to HK\$13,995 million (2004 (restated) – HK\$10,700 million). Earnings per share were HK\$6.04 (2004 (restated) – HK\$4.62).

The Group's audited profit attributable to shareholders amounted to HK\$13,995 million, increased by **31%**.

DIVIDEND

The Directors have decided to recommend the payment of a final dividend of HK\$1.58 per share in respect of 2005, to shareholders whose names appear on the Register of Members of the Company on 18th May, 2006. This together with the interim dividend of HK\$0.42 per share gives a total of HK\$2.00 per share for the year (2004 – HK\$1.80 per share). The proposed final dividend will be paid on 23rd May, 2006 following approval at the Annual General Meeting.

PROSPECTS

Solid Growth in 2005

2005 was another year of solid operating and financial performance for the Group. It was a year in which our growth momentum strengthened, our pace of expansion accelerated, and our asset value continued to grow. Timely opportunities were seized to realise the underlying value of the Group's quality businesses, adding significant value for shareholders.

The Group's profit before share of results of the Hutchison Whampoa Group increased by 62% for the year of 2005. This solid growth was contributed by all of the Group's core businesses as they continued to improve upon operational efficiency and deliver a steady performance.

Property Business

Hong Kong enjoyed favourable economic conditions during the year under review. Despite the growing pressure from high oil prices and rising interest rates, real GDP growth of 7.3% was recorded as solid export growth and domestic demand continued to support a steady recovery. Positive indicators such as declining unemployment and modest inflation also point to an optimistic outlook for Hong Kong's economy.

Activity in the local property market slowed down in the second half of 2005 as the impact of interest rate increases started to influence market sentiment. However, this modest correction was welcome as it is conducive to the long-term healthy growth of the market. Housing demand remains strong as buyers' confidence is bolstered by strengthening economic prospects and rising income. With interest rate rises likely to be moderate despite any further possible increases in the United States, we expect the local property market to gather momentum again as accumulated purchasing power is released.

The Group's property operations have continued to expand and solid progress was achieved in project design, management, construction and marketing. In 2005, the volume of sales secured and the price levels achieved for the Group's quality projects were better than expected despite the market consolidation in the latter part of the year. This reflects a strong market recognition of the Group's focus on quality and the success of its innovative marketing concepts.

In December 2005, the Group completed the disposal of some of its interests in seven commercial properties in Hong Kong to Prosperity Real Estate Investment Trust ("Prosperity REIT"), the first private sector REIT in Hong Kong. Units of Prosperity REIT were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 16th December last year. Through this transaction, the underlying value of the Group's prime properties was realised, and the Group will benefit from a rationalised asset portfolio and improved cost efficiency. The Group will continue to examine further investment and financing opportunities with good value creation potential as part of its longstanding policy to maximise shareholders' returns.

Rental rates continue to grow as the market is underpinned by strong demand for rental space. To strengthen our solid base of recurrent earnings growth, the Group will continue to enhance its rental portfolio with high quality commercial properties and hotels, while also seeking further opportunities to rationalise its portfolio.

To strengthen our long-term growth capability through active landbank replenishment is always at the core of the Group's strategic framework. We closed 2005 with a number of land acquisitions across Hong Kong, the Mainland and overseas markets. With the addition of various premier sites in good locations for commercial and/or residential purposes, our sizeable quality landbank is sufficient for development over the next five to six years, providing a strong platform for growth in the medium and long term.

The Group's quality land portfolio across various cities in the Mainland has significantly increased in recent years, and large-scale development plans of these prime sites are underway. It is expected that these developments will further accelerate our pace of expansion and strengthen our market position in the Mainland. We have also accelerated efforts to strengthen our presence in overseas markets such as Singapore and the United Kingdom, and good progress has been made in areas of land acquisition and project development, making the Group one of the major foreign developers in these markets. We will continue to actively take advantage of opportunities which arise in the Mainland and overseas to expand in terms of geographical breadth and market depth, leveraging our sound financials, extensive experience and strong brand recognition.

Listed Affiliated Companies

In 2005, positive results were reported for all the core businesses of the Hutchison Whampoa Group encompassing ports and related services, property and hotels, retail, energy, infrastructure, finance and investments and telecommunications. We anticipate that this good performance will be sustained in 2006 as the positive momentum looks set to continue. Solid growth was achieved by the 3G business in 2005 with the customer base expanding at a brisk pace and market coverage continuing to extend. The 3 Group's capital expenditure is expected to decline significantly in 2006 and improved earnings performance will follow. As a whole, the 3 Group's target is to achieve positive EBITDA after all customer acquisition costs for 2006. Further improvement in performance is expected in 2007, with a key target being to achieve positive EBIT for the year. A primary objective of the Hutchison Whampoa Group has been to enhance shareholders' returns by establishing the real value of its quality businesses. The Hutchison Whampoa Group will continue to study the possible listing of suitable businesses at the right time and under optimal market conditions to get the best possible returns for shareholders.

Cheung Kong Infrastructure Holdings Limited ("CKI") reported continued growth momentum for the year under review, and an overall good performance was achieved in 2005. A sizeable gain from the listing of Spark Infrastructure Group significantly boosted CKI's profits and strengthened its balance sheet. Building on its strong position in the infrastructure industry and formidable financial resources, CKI looks forward to continued growth by further expanding its market presence and making more quality acquisitions. Hongkong Electric Holdings Limited ("Hongkong Electric") reported a solid performance in 2005 primarily driven by the continued success of its overseas diversification strategy. Hongkong Electric will continue to build on its strong financial position and expertise to explore new business opportunities which offer stable returns with manageable risks.

New Tech Ventures

In 2005, CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences") continued to strengthen its R&D platform following a prudent and disciplined approach to development. Business scale and reach was further extended through overseas acquisitions, strengthening CK Life Sciences' position and quickly establishing a momentum of sales and profit growth. This will continue in 2006 following another milestone achievement – the acquisition in January of an 80% stake in Vitaquest International Holdings LLC, a nutraceutical company based in the United States. This acquisition will further strengthen CK Life Sciences' core business and accelerate its global development. CK Life Sciences has every confidence in the potential of its businesses to deliver sustainable growth in performance, particularly in the area of health-related and nutraceutical businesses.

Other new tech businesses of the Group are progressing well as expected. The major pillars for growth – sound financial resources and professional expertise – are firmly in place, and our value-added projects are poised to generate returns when their capacity for value creation and profitability comes to fruition.

Promising Growth Ahead

Looking ahead to 2006, China's robust growth and Hong Kong's steady economic recovery are expected to continue. As a visionary and responsive conglomerate, the Cheung Kong Group is at the forefront of the strengthening economy to seize new growth opportunities, while staying alert to possible challenges from increasing global competition. Our continued pursuit of a superior portfolio of diversified assets and investments places us in a stronger position to drive exciting new growth.

Changes in oil prices and interest rates will continue to be the major uncertainties facing Hong Kong in the coming year. However, the effect of any negative impact could be offset by solid domestic demand boosted by increasing consumer and business confidence. With oil prices likely to stabilise at the prevailing levels, and interest rate rises likely to be moderate despite any further possible increases in the United States, it is expected that the local economy led by export trade and domestic demand will continue to gather strength in 2006.

The Mainland's ability to simultaneously achieve rapid economic growth and low inflation was demonstrated last year. Real GDP growth of more than 9% was recorded, and all major sectors have continued to improve in line with the stated targets of the macroeconomic control programme. The 11th Five Year Plan has set out the growth roadmap for the Mainland's economic development over the next five years. This blueprint will help further transform the landscape of the Mainland's economy, steering it towards a more healthy development, and a more promising future.

Report of the Chairman and the Managing Director *(continued)*

Hong Kong is well positioned to continue to benefit from China's robust economic growth and rapid development. Hong Kong should continue to concentrate on strengthening its economic integration with the Mainland in order to capture the attractive opportunities ahead. Its ability to achieve sustainable economic growth will be dependent on its strategic positioning in the integration and its ability to create new growth platforms.

The Cheung Kong Group remains cautiously optimistic on global economic prospects in 2006, and is prepared to take advantage of opportunities as they arise to drive future growth. With our strong global presence, well-established reputation, sound financials, talented management team, as well as the all-encompassing outlook and commitment to excellence, we are confident in our ability to meet all the challenges ahead and achieve further success. The Cheung Kong Group has complete confidence in the growth prospects of its diversified businesses spanning 54 countries around the globe.

Acknowledgement

During the year, Mr. George Magnus retired as Deputy Chairman and an Executive Director of the Company. He has been an instrumental force in supporting the tremendous growth of the Group over the last 26 years. We would like to take this opportunity to express our gratitude for his dedication and contribution, and look forward to the benefit of Mr. Magnus' expertise and experience as a Non-executive Director of the Company.

The Group has made remarkable strides in global expansion. We take this opportunity to extend our thanks to our colleagues on the Board, the staff members of the Group and our diligent employees worldwide for their hard work, loyal service and contributions during the year.

Li Ka-shing
Chairman

Li Tzar Kuoi, Victor
Managing Director

Hong Kong, 23rd March, 2006

Management Discussion and Analysis

BUSINESS REVIEW

Major Business Activities

1. Developments Completed during 2005:

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
The Pacifica Phases 1 and 2	New Kowloon Inland Lot No. 6275	144,260	50%
Caribbean Coast Carmel Cove	Tung Chung Town Lot No. 5	122,250	Joint Venture
Caribbean Coast Caribbean Bazaar	Tung Chung Town Lot No. 5	5,000	Joint Venture
Harbourview Horizon All-Suite Hotel	Kowloon Inland Lot No. 11103	119,280	100%
St. Paul's Terrace	No. 42A MacDonnell Road	820	100%
Guangzhou International Toys & Gifts Center Phase 1	Guangzhou	99,040	30%
Horizon Cove Phase 3B	Zhuhai	84,190	50%
Laguna Verona Phase C	Dongguan	34,030	49.84%
Regency Park Phase III	Pudong Huamu, Shanghai	32,700	50%

Management Discussion and Analysis (continued)

2. Developments in Progress and Scheduled for Completion in 2006:

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
Central Park Towers Phase 1	Tin Shui Wai Town Lot No. 24	98,800	98.47%
Harbourfront Horizon All-Suite Hotel	Kowloon Inland Lot No. 11110	107,400	100%
The Legend at Jardine's Lookout	The Remaining Portion of Inland Lot No. 8972	47,300	100%
Metro Town Phase 1	Tseung Kwan O Town Lot No. 73, Area 73b	123,430	Joint Venture
Seasons Palace	The Remaining Portion of Lot No. 2286 in D.D. 106 Kam Sheung Road Kam Tin, Yuen Long	8,210	100%
Cape Coral Phase 2 and Commercial	Panyu Dashi, Guangzhou	95,740	50%
Changchun Project Phase 1	Jing Yue Tan, Changchun	66,000	50%
The Greenwich Phase I	Yao Jia Yuan, Beijing	213,800	50%
Horizon Cove Phase 4	Zhuhai	99,570	50%
Laguna Verona Phase E and Phase G Stage 1	Dongguan	146,000	49.84%
Maison d'artiste Phase 1	Gubei, Shanghai	9,770	50%
Nanan Project Commercial Phase 1	Chongqing Nanan	38,960	47.50%
Regency Park Phases IIA and IV to VII	Pudong Huamu, Shanghai	94,870	50%
Huangsha Underground Railway Station Development Commercial	Guangzhou	87,010	50%
Seasons Villas Phases 4A and 6B	Pudong Huamu, Shanghai	2,310	50%
One Raffles Quay	Marina Boulevard Singapore	148,530	33.33%

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

Hong Kong

- (1) February 2005: The acquisition of the entire issued share capital of and the benefit of the debts owed by The Kowloon Hotel Limited, the registered owner of The Kowloon Hotel at Nathan Road, Tsim Sha Tsui, Kowloon by an indirect 50/50 joint venture company of the Group and the Hutchison Whampoa Group was completed on 1st February, 2005.
- (2) February 2005: A wholly owned subsidiary of the Group executed a development agreement with MTR Corporation Limited for the development at Area 86, Tseung Kwan O, Site F of Tseung Kwan O Town Lot No. 70. The land has an aggregate area of approximately 14,200 sq. m. and is planned for a residential and commercial development estimated to have a total developable gross floor area of about 139,800 sq. m.
- (3) April 2005: The Group acquired the site at 81 Broadcast Drive, New Kowloon Inland Lot No. 5099. With an area of approximately 4,200 sq. m., the site is designated for a residential development.
- (4) May 2005: An indirect 50/50 joint venture company of the Group and the Hutchison Whampoa Group executed the land grant with the Government for the exchange of Lot No. 2064 in D.D. 121, Hung Shui Kiu, Yuen Long. The site has an area of approximately 16,200 sq. m. with a total developable gross floor area of about 49,800 sq. m. for residential purposes.
- (5) May 2005: The Group acquired the site at 16-18 Conduit Road, Section A of Inland Lot No. 711. With an area of approximately 590 sq. m., the site is designated for a residential development.
- (6) June 2005: The Group implemented the joint development plan with the owner (the "Owner") of the site at 15-17 Oil Street, Section A and Extension of Inland Lot No. 7106, North Point. A lease modification letter has been executed by the Owner for the development of the site into hotel and commercial properties. The land has an area of approximately 6,800 sq. m. and a total developable gross floor area of about 43,100 sq. m.
- (7) August 2005: The Group acquired the site at Nos. 106-114 Kwok Shui Road and Nos. 61-69 Yau Ma Hom Road, Kwai Chung Town Lot No. 157. With an area of approximately 4,600 sq. m., the site is designated for a residential development.

Management Discussion and Analysis (*continued*)

- (8) November 2005: The Group entered into sale and purchase agreements with respect to the sale of some of the Group's interests in seven commercial properties in Hong Kong, namely The Metropolis Tower, MLC Millennium Plaza, Harbourfront Landmark, Modern Warehouse, Trendy Centre, Prosperity Center and New Treasure Centre, to Prosperity Real Estate Investment Trust ("Prosperity REIT"), a unit trust established in Hong Kong. The disposal of interests in those commercial properties was completed on 16th December, 2005.
- (9) December 2005: A wholly owned subsidiary of the Group subscribed for 232,432,533 units of Prosperity REIT at the offer price of HK\$2.16 per unit in the initial public offering, representing approximately 18.58% of the total units of Prosperity REIT in issue immediately following such subscription. After exercise of the over-allotment options by the underwriters, this subsidiary reduced its unitholdings in Prosperity REIT to approximately 14.09% of the total units of Prosperity REIT in issue at the material time. The units of Prosperity REIT were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 16th December, 2005.
- (10) December 2005: The Group acquired the site at No. 3 Tsing Yung Street, Tuen Mun Town Lot No. 334. The site has an area of approximately 1,220 sq. m. with a total developable gross floor area of about 4,000 sq. m. for residential purposes.
- (11) February 2006: A wholly owned subsidiary of the Group executed a development agreement with MTR Corporation Limited for the development at Area 86, Tseung Kwan O, Site AB of Tseung Kwan O Town Lot No. 70. With an aggregate area of approximately 31,500 sq. m., the site is earmarked for a residential development with kindergarten estimated to have a developable gross floor area of about 310,000 sq. m.
- (12) During the year under review, the Group continued to acquire agricultural land with potential for development. Some of these sites are under varying stages of design and planning applications.

The Mainland and Overseas

- (13) February 2005: A 50/50 joint venture company of the Group and the Hutchison Whampoa Group was established for the purpose of owning and developing two pieces of land located at Maqiao Town, Minhang District, Shanghai, the Mainland. The sites have an aggregate area of approximately 260,100 sq. m. and are planned to be developed into residential properties.
- (14) March 2005: A 50/50 joint venture company of the Group and the Hutchison Whampoa Group acquired a piece of land located at Wenjiang District, Chengdu, Sichuan Province, the Mainland. The land has an area of approximately 373,000 sq. m. and is earmarked for a residential and commercial development.
- (15) April 2005: A 50/50 joint venture company of the Group and the Hutchison Whampoa Group was established for the purpose of owning and developing the land located at Wangcheng County, Changsha, the Mainland. The land has an area of approximately 556,000 sq. m. and is designated for residential purposes.
- (16) April 2005: A 50/50 joint venture company of the Group and the Hutchison Whampoa Group was established for the purpose of owning and developing the land located at Jing Yue Tan Tourist Economic Development Zone, Changchun, the Mainland. The land has an aggregate area of approximately 827,000 sq. m. and is planned for a residential and commercial development.
- (17) May 2005: The Group and the Hutchison Whampoa Group established two 50/50 joint venture companies to own and develop two pieces of land located at Jiang Han District, Wuhan, the Mainland. With an area of approximately 31,900 sq. m. and 132,000 sq. m. respectively, the two sites will be developed into residential and commercial properties.
- (18) May 2005: A 50/50 joint venture company of the Group and the Hutchison Whampoa Group entered into an agreement to acquire the premises known as the Convoys Wharf located at Deptford, London, the United Kingdom. With an aggregate area of approximately 16 hectares, the site will be redeveloped into a mixed residential and commercial project.
- (19) May 2005: A 50/50 joint venture company of the Group and the Hutchison Whampoa Group entered into a sino-foreign co-operative joint venture with Tianjin Metro General Corp. for the development of the land located at Yingkou Dao, Tianjin, the Mainland. The land has an area of approximately 19,600 sq. m. and is planned for commercial and residential developments.
- (20) May 2005: A 50/50 joint venture company of the Group and the Hutchison Whampoa Group entered into an agreement to acquire the land in the Administrative Region of Bei Xin Village, Changping District, Beijing, the Mainland. The land has a buildable area of approximately 254,700 sq. m. and is earmarked for a residential development.

Management Discussion and Analysis *(continued)*

- (21) June 2005: A 50/50 joint venture company of the Group and the Hutchison Whampoa Group acquired a piece of land located at Douxi District of the Economic and Technological Development Park, New Northern Zone, Chongqing, the Mainland. Designated for residential and commercial purposes, the site has a buildable area of approximately 440,000 sq. m.
- (22) July 2005: A joint tender for certain parcels of land at Marina Boulevard/Central Boulevard, Singapore (“Marina Bay Land”) submitted by a 50/50 joint venture company of the Group and the Hutchison Whampoa Group together with two other consortium partners, each has a one-third interest, was awarded. Phase 1 of land parcel A of the Marina Bay Land is planned for the development of a business and financial centre.
- (23) August 2005: A wholly owned subsidiary of the Group launched an issue of Japanese Yen Bonds with a five years’ term in Japan in an aggregate principal amount of JPY33 billion which has been swapped into US\$.
- (24) September 2005: Four 50/50 joint venture companies of the Group and the Hutchison Whampoa Group entered into the agreements to acquire four pieces of land located at Zengcheng City, Guangzhou, the Mainland respectively. With an area of approximately 51 hectares, 49 hectares, 49 hectares, and 53 hectares respectively, the four sites will be developed into residential properties.
- (25) December 2005: A 25/25/50 joint venture company of the Group, the Hutchison Whampoa Group and Li Ka Shing (Overseas) Foundation was established for the purpose of owning and developing a piece of land located at Century Avenue, Pudong District, Shanghai, the Mainland. The land has an area of approximately 50,850 sq. m. and is planned to be developed into commercial, cultural and office properties.
- (26) February 2006: A new joint venture company equally owned by the Group and the Hutchison Whampoa Group was established to form another joint venture with a party in the Mainland to own and develop 4 pieces of land with an aggregate area of approximately 225,550 sq. m. at Jinkeng Village, Zhongxin Town (Zhenlong), Guangzhou, the Mainland for development into residential properties.
- (27) February 2006: An indirect 50/50 joint venture company of the Group and the Hutchison Whampoa Group acquired 50% of the issued share capital of, and the benefits of the debts owed by, Circadian (CH) Limited (“CCH”) and Circadian Limited (“CHL”) respectively. CCH is the owner and developer of a piece of freehold property on the north side of Chelsea Harbour Drive, Chelsea Harbour Estate, Fulham, London, England and CHL is the owner and developer of the land together with all buildings from time to time thereon situated at and known as the Lots Road Power Station, Lots Road, Chelsea, London, England.
- (28) During the year under review, the Group’s property projects in the Mainland and overseas are on schedule, both in terms of sales and leasing.

Property Sales

Turnover of property sales for the year, including share of property sales of jointly controlled entities, was HK\$12,904 million (2004 – HK\$17,015 million), a decrease of HK\$4,111 million when compared with last year, and comprised mainly the sale of residential units of Harbourfront Landmark, One Beacon Hill and The Portofino, all completed in previous years, and the sale of residential units of property projects completed during the year, including The Pacifica, Carmel Cove of Caribbean Coast and St. Paul's Terrace in Hong Kong. Approximately 82% of the residential units completed during the year were sold as of the year end date.

Contribution from property sales, including share of results of jointly controlled entities, was HK\$3,306 million (2004 – HK\$1,577 million), an increase of HK\$1,729 million when compared with last year. Contribution margins increased significantly from last year, as the Hong Kong economy strengthened and growing demand for residential properties in Hong Kong during the year lifted the selling prices and profit margins of the Group's property projects. Selling prices for Harbourfront Landmark and Caribbean Coast in particular made a good recovery from their previously written down values.

Contribution from property sales for 2006 will mainly be derived from the sale of residential units of Seasons Palace, The Legend at Jardine's Lookout, Metro Town Phase 1 and Central Park Towers Phase 1 upon their completion in Hong Kong, together with several other property projects in the Mainland which are scheduled for completion.

During the year, the presale of residential units of Seasons Palace, The Legend at Jardine's Lookout and Metro Town Phase 1 was launched. The results were very successful and as at the year end, more than 80% of the residential units of these projects have been presold.

Property Rental

Turnover of the Group's property rental for the year was HK\$590 million (2004 – HK\$568 million), an increase of HK\$22 million when compared with last year mainly due to increases in rental rates in Hong Kong during the year, the effect of which had been partly offset by the disposal of some minor rental properties during the year. The Group's existing investment properties comprise mainly retail shopping malls and commercial office properties in Hong Kong which accounted for approximately 31% and 37% respectively of the turnover of the Group's property rental for the year.

Management Discussion and Analysis *(continued)*

Contribution from property rental, including share of results of jointly controlled entities, was HK\$901 million (2004 – HK\$852 million), an increase of HK\$49 million when compared with last year. Contribution from jointly controlled entities continued to increase as good occupancy and rental rates were reported by various investment properties in Hong Kong and in the Mainland, despite the divestment of commercial units at Waldorf Garden and City One Shatin in Hong Kong during the first half year.

Prior to the year end, seven industrial/office properties in Hong Kong owned by the Group and jointly controlled entities were sold to Prosperity Real Estate Investment Trust. The divestment of these properties had no material impact on the Group's turnover and contribution from property rental for the year.

At the balance sheet date, the Group recorded an increase in fair value of investment properties of HK\$1,776 million based on professional valuation, and shared an increase in fair value of investment properties of HK\$1,165 million of jointly controlled entities.

Hotels and Serviced Suites

Turnover of the Group's hotels and serviced suites for the year was HK\$642 million (2004 - HK\$605 million), an increase of HK\$37 million when compared with last year. This increase in turnover was mainly driven by improved economic conditions in Hong Kong and an increased number of tourist arrivals.

Contribution from hotels and serviced suites, including share of results of jointly controlled entities, was HK\$275 million (2004 (restated) – HK\$121 million), an increase of HK\$154 million when compared with last year. Operating results of hotels and serviced suites, both in Hong Kong and in the Mainland, improved from last year with good occupancy and room rates being achieved which helped to offset the effect of depreciation charges on hotel and serviced suite properties following a change in accounting policy.

During the year, the acquisition of The Kowloon Hotel, of which the Group has a 50% interest, was completed and the new Rambler Garden Hotel, of which the Group has a 30% interest, had its grand opening. The operating results of these two hotels, located in Hong Kong, were satisfactory and were instrumental in the significant increase in contribution from jointly controlled entities during the year.

Prior to the year end, the Harbourview Horizon All-Suite Hotel was completed, while the Harbourfront Horizon All-Suite Hotel was completed in early 2006. Both hotels are located in Hong Kong and will make contribution to group profit in 2006.

Benefiting from the improving economic conditions in Hong Kong and in the Mainland, the Group's hotel and serviced suite operations will continue to make a good contribution.

Property and Project Management

Turnover of property and project management for the year was HK\$222 million (2004 – HK\$243 million), a decrease of HK\$21 million when compared with last year mainly due to a decrease in project management services rendered by the Group upon completion of various joint venture projects.

Contribution from property and project management was HK\$98 million (2004 – HK\$88 million), an increase of HK\$10 million when compared with last year. This increase in contribution was mainly attributable to an increase in property management services provided by the Group. While the contribution from property management is not significant, the Group is committed to providing top quality services to properties under our management. At the year end, the total floor area under the Group's property management was approximately 79 million square feet and this is expected to grow steadily following the gradual completion of the Group's property projects in the years ahead.

Major Associates

The Hutchison Whampoa Group, a listed associate, reported profit attributable to shareholders for the year ended 31st December, 2005 of HK\$14,343 million (2004 (restated) – HK\$12,978 million).

The CK Life Sciences Group, another listed associate, reported profit attributable to shareholders for the year ended 31st December, 2005 of HK\$12,234,000 (2004 (restated) – loss of HK\$3,968,000).

FINANCIAL REVIEW

Liquidity and Financing

During the year, the Group issued notes with two to ten years' terms in Hong Kong under the retail note issuance programme in the total amount of HK\$2.9 billion, and launched an issue of Japanese Yen Bonds with a five years' term in Japan in an aggregate principal amount of JPY33 billion which has been swapped into US\$. During the year, the Group also redeemed notes upon maturity in the total amount of HK\$3.1 billion. At the balance sheet date, outstanding bonds and notes issued by the Group amounted to HK\$9.3 billion.

Together with bank loans of HK\$13.3 billion, the Group's total borrowings at the balance sheet date were HK\$22.6 billion, an increase of HK\$1.6 billion from last year end date. The maturity profile is spread over a period of ten years, with HK\$3.9 billion repayable within one year, HK\$18.2 billion within two to five years and HK\$0.5 billion beyond five years.

At the balance sheet date, the Group's gearing ratio remained low at 7.7% (2004 (restated) – 9.7%), calculated on the basis of the Group's net borrowings (after deducting cash and bank balances of HK\$8.3 billion) over shareholders' funds.

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

Treasury Policies

The Group maintains a conservative approach on foreign exchange exposure management. At the balance sheet date, approximately 87.5% of the Group's borrowings were in HK\$ (or swapped into HK\$) with the balance in US\$ (or swapped into US\$) mainly for the purpose of financing projects outside Hong Kong. While the Group derives its revenue mainly in HK\$, cash balances and marketable securities are maintained mainly in HK\$ or US\$, and the Group ensures that its exposure to fluctuations in foreign exchange rates is minimised.

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

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

Charges on Assets

At the balance sheet date, certain subsidiaries of the Group in the Mainland pledged assets of joint ventures with aggregate carrying value of HK\$1,120 million (2004 (restated) – HK\$1,115 million) to secure bank loan facilities utilised by the joint ventures with other partners.

Contingent Liabilities

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

- (1) share of contingent liability of a jointly controlled entity in respect of guaranteed return payments payable to the other party of a co-operative joint venture in the next 44 years amounted to HK\$4,494 million;
- (2) guarantee provided for the minimum share of revenue receivable by the other party of a joint venture project in a period of 40 years amounted to HK\$672 million; and
- (3) guarantees provided for bank loans utilised by jointly controlled entities and investee company amounted to HK\$4,731 million (2004 – HK\$3,597 million) and HK\$19 million (2004 – HK\$21 million) respectively.

Employees

At the balance sheet date, the Group employed approximately 7,100 employees for its principal businesses. The related employees' costs for the year (excluding directors' emoluments) amounted to approximately HK\$1,038 million. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis 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

LI Tzar Kuoi, Victor

KAM Hing Lam

IP Tak Chuen, Edmond

LI Ka-shing, KBE, GBM, Grand Officer of the Order Vasco Nunez de Balboa, Commandeur de l'Ordre de Leopold, Commandeur de la Légion d'Honneur, JP, aged 77, is the founder of the Company. He has been the Chairman since 1971 and acted as the Managing Director from 1971 to 1998. He is the Chairman of the Remuneration Committee of the Company. Mr. Li has also been the Chairman of Hutchison Whampoa Limited since 1981. He has been engaged in many major commercial developments in Hong Kong for more than 50 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 in 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 Beijing 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 Cambridge University in the United Kingdom. Mr. Li Ka-shing is the father of Mr. Li Tzar Kuoi, Victor, the Managing Director and Deputy Chairman of the Company, and the brother-in-law of Mr. Kam Hing Lam, Deputy Managing Director of the Company.

LI Tzar Kuoi, Victor, aged 41, joined the Group in 1985 and acted as Deputy Managing Director from 1993 to 1998. He has been Deputy Chairman since 1994 and Managing Director since 1999. He is also the Chairman of Cheung Kong Infrastructure Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc., Deputy Chairman of Hutchison Whampoa Limited, an Executive Director of Hongkong Electric Holdings Limited, the Co-Chairman of Husky Energy Inc. and a Director of The Hongkong and Shanghai Banking Corporation Limited. Mr. Victor Li serves as a member of the Standing Committee of the 10th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also a member of the Executive Committee of the Commission on Strategic Development of the Hong Kong Special Administrative Region. He holds a Bachelor of Science degree in Civil Engineering and a Master of Science degree in Structural Engineering. Mr. Victor Li is 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 nephew of Mr. Kam Hing Lam, Deputy Managing Director of the Company.

KAM Hing Lam, aged 59, has been Deputy Managing Director since 1993. He is also the Group Managing Director of Cheung Kong Infrastructure Holdings Limited, the President and Chief Executive Officer of CK Life Sciences Int'l., (Holdings) Inc., an Executive Director of Hutchison Whampoa Limited and Hongkong Electric Holdings Limited, and a Non-executive Director of Spark Infrastructure Group. 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, Chairman of the Company and a substantial shareholder of the Company within the meaning of Part XV of the SFO, and uncle of Mr. Li Tzar Kuoi, Victor, Managing Director and Deputy Chairman of the Company.



CHUNG Sun Keung, Davy

PAU Yee Wan, Ezra

WOO Chia Ching, Grace

CHIU Kwok Hung, Justin

IP Tak Chuen, Edmond, aged 53, has been an Executive Director since 1993 and Deputy Managing Director since 2005. He is also an Executive Director and Deputy Chairman of Cheung Kong Infrastructure Holdings Limited, the Senior Vice President and Chief Investment Officer of CK Life Sciences Int'l., (Holdings) Inc., a Non-executive Director of TOM Group Limited, and a Director of ARA Asset Management (Singapore) Limited and ARA Trust Management (Suntec) Limited. He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration.

CHUNG Sun Keung, Davy, aged 55, has been an Executive Director since 1993. Mr. Chung is a Registered Architect. He is a member of the Guangzhou Committee of the Chinese People's Political Consultative Conference.

PAU Yee Wan, Ezra, aged 50, joined the Cheung Kong Group in 1982 and has been an Executive Director since 1993. Ms. Pau is a Director of Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust and Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust, all being substantial shareholders of the Company within the meaning of Part XV of the SFO.

WOO Chia Ching, Grace, aged 49, joined the Cheung Kong Group in 1987 and has been an Executive Director since 1996. 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.

CHIU Kwok Hung, Justin, aged 55, joined the Cheung Kong Group in 1997 and has been an Executive Director since 2000. He is the Chairman of ARA Asset Management (Singapore) Limited, ARA Trust Management (Suntec) Limited, ARA Asset Management (Prosperity) Limited and Al Islami Far Eastern Real Estate Fund Limited, and a member of the Shanghai Committee of the Chinese People's Political Consultative Conference. He holds Bachelor degrees in Sociology and Economics and is a Fellow of Hong Kong Institute of Real Estate Administration.

Directors' Biographical Information (continued)



LEUNG Siu Hon

FOK Kin-ning,
Canning

Frank John SIXT

CHOW Kun Chee,
Roland

George Colin
MAGNUS

KWOK Tun-li,
Stanley

YEH Yuan Chang,
Anthony

LEUNG Siu Hon, aged 74, is a Non-executive Director of the Company and has been a Director since 1984. He was an Independent Non-executive Director of the Company prior to his re-designation as a Non-executive Director of the Company in September 2004. Mr. Leung holds a B.A. Law (Honors) (Southampton) degree and has been awarded the Honorary degree of Doctor of Laws by the University of Southampton in July 2001. Mr. Leung is a solicitor of the High Court of the Hong Kong Special Administrative Region and an attesting officer appointed by the PRC. He is presently a consultant of Messrs. S.H. Leung and Co., Solicitors. Mr. Leung is cousin of Mr. Chow Kun Chee, Roland, a Non-executive Director of the Company.

FOK Kin-ning, Canning, aged 54, is a Non-executive Director of the Company and has been a Director since 1985. Mr. Fok is currently the Chairman of Hongkong Electric Holdings Limited, the Group Managing Director of Hutchison Whampoa Limited and Deputy Chairman of Cheung Kong Infrastructure Holdings Limited. He is also the Chairman of Hutchison Harbour Ring Limited, Hutchison Telecommunications (Australia) Limited, Hutchison Telecommunications International Limited and Partner Communications Company Ltd., and the Co-Chairman of Husky Energy Inc. He holds a Bachelor of Arts degree and is a member of the Australian Institute of Chartered Accountants.

Frank John SIXT, aged 54, is a Non-executive Director of the Company and has been a Director since 1991. He is the Chairman of TOM Group Limited and TOM Online Inc., the Group Finance Director of Hutchison Whampoa Limited, and an Executive Director of Cheung Kong Infrastructure Holdings Limited and Hongkong Electric Holdings Limited. He is also a Director of Hutchison Telecommunications (Australia) Limited, Hutchison Telecommunications International Limited, Husky Energy Inc. and Partner Communications Company Ltd. In addition, Mr. Sixt is a Director of Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust and Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust, all being substantial shareholders of the Company within the meaning of Part XV of the SFO. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

CHOW Kun Chee, Roland, aged 68, is a Non-executive Director of the Company and has been a Director since 1993. He was an Independent Non-executive Director of the Company prior to his re-designation as a Non-executive Director of the Company in September 2004. Mr. Chow is a solicitor of the High Court of the Hong Kong Special Administrative Region and is a consultant of Messrs. Herbert Tsoi and Partners, Solicitors. Mr. Chow is cousin of Mr. Leung Siu Hon, a Non-executive Director of the Company. Mr. Chow is a Director of Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, Li Ka-Shing Unity Trustee Corporation Limited as

trustee of The Li Ka-Shing Unity Discretionary Trust and Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust, all being substantial shareholders of the Company within the meaning of Part XV of the SFO. He holds a Master of Laws degree from the University of London.

George Colin MAGNUS, OBE, aged 70, acted as an Executive Director from 1980 and Deputy Chairman from 1985 until he retired from these offices in October 2005. He has been a Non-executive Director of the Company since November 2005. He is also a Non-executive Director of Hutchison Whampoa Limited, Cheung Kong Infrastructure Holdings Limited and Hongkong Electric Holdings Limited. He holds a Master's degree in Economics.

KWOK Tun-li, Stanley, aged 79, is an Independent Non-executive Director, and a member of the Audit Committee and the Remuneration Committee of the Company. He has been a Director since 1989. Mr. Kwok holds a Bachelor's degree in Science (Architecture) from St. John's University, Shanghai, China, and an A.A. Diploma from the Architectural Association School of Architecture, London, England. He is also presently a Director of Amara International Investment Corporation, CTC Bank of Canada, Husky Energy Inc. and Stanley Kwok Consultants Inc.

YEH Yuan Chang, Anthony, aged 82, is an Independent Non-executive Director of the Company. He has been a Director since 1993. Mr. Yeh holds a Master's degree in Science (Mechanical Engineering). He is the Honorary Life President of Tai Ping Carpets International Limited.



Simon MURRAY

**CHOW Nin Mow,
Albert**

**HUNG Siu-lin,
Katherine**

**WONG Yick-ming,
Rosanna**

**KWAN Chiu Yin,
Robert**

**CHEONG Ying Chew,
Henry**

Simon MURRAY, CBE, aged 66, is an Independent Non-executive Director of the Company. He has been a Director since 1993. Mr. Murray is currently the Chairman of General Enterprise Management Services Limited, a private equity fund management company owned by Simon Murray & Associates Limited. He is also a director of a number of listed companies including Hutchison Whampoa Limited and Orient Overseas (International) Limited.

CHOW Nin Mow, Albert, aged 56, has been a Director of the Company since 1983. Mr. Chow acted as a Non-executive Director from April 1997 to October 2004 and has been an Independent Non-executive Director of the Company since October 2004. He is the Chairman and Managing Director of Wah Yip (Holdings) Limited.

HUNG Siu-lin, Katherine, aged 58, joined the Cheung Kong Group in March 1972, and acted as an Executive Director from 1985 to August 2000. She was a Non-executive Director from September 2000 to October 2004, and has been an Independent Non-executive Director of the Company since October 2004. Ms. Hung is Director of Li Ka Shing Foundation Limited, Supervisory Board Member of Hong Kong Housing Society, Court Member of The Hong Kong Polytechnic University, Steering Committee Member of the Institute for Enterprise of The Hong Kong Polytechnic University and Secretary of the Scout Association of Hong Kong. She was Council Member of Lingnan University from 1999 to 2004.

WONG Yick-ming, Rosanna, DBE, JP, aged 53, has been an Independent Non-executive Director since 2001 and is a member of the Remuneration Committee of the Company. She holds a Doctor of Philosophy degree in Sociology from the University of California (Davis), U.S.A. and has been awarded Honorary Doctorates from The Chinese University of Hong Kong, The Hong Kong Polytechnic University, The University of Hong Kong, The Hong Kong Institute of Education and University of Toronto in Canada. She is currently a member of the National Committee of the Chinese People's Political Consultative Conference and the Judicial Officers Recommendation Commission. She is also the Chairman of the Education Commission of the Hong Kong Special Administrative Region. She is also the Executive Director of the Hong Kong Federation of Youth Groups and a Director of The Hongkong and Shanghai Banking Corporation Limited.

KWAN Chiu Yin, Robert, JP, aged 69, has been an Independent Non-executive Director and the Chairman of the Audit Committee of the Company since September 2004. Mr. Kwan is a retired Certified Public Accountant. He received his Master of Arts degree at Cambridge University and qualified as a Fellow of the Institute of Chartered Accountants in England and Wales and a Fellow of the Hong Kong Institute of Certified Public Accountants. He was the Past Chairman of Deloitte Touche Tohmatsu, Certified Public Accountants in Hong Kong and Ocean Park Corporation. Mr. Kwan is currently an Independent Non-executive Director of Pak Fah Yeow International Limited and Shun Tak Holdings Limited, all being listed companies.

CHEONG Ying Chew, Henry, aged 58, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since September 2004. Mr. Cheong holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management. He is also an Independent Non-executive Director of Cheung Kong Infrastructure Holdings Limited, Excel Technology International Holdings Limited, Forefront International Holdings Limited and TOM Group Limited, all being listed companies in Hong Kong, and Jade Asia Pacific Fund Inc., a company listed in Ireland. Mr. Cheong is a member of the Process Review Panel for the Securities and Futures Commission ("SFC"), a member of the Committee on Real Estate Investment Trusts of the SFC, a member of GEM Listing Committee, Main Board Listing Committee and Derivatives Market Consultative Panel of Hong Kong Exchanges and Clearing Limited and also a member of the Corporate Advisory Council of the Hong Kong Securities Institute.

Senior Management's Biographical Information

Accounts Department

Man Ka Keung, Simon, aged 48, Director, Corporate Strategy Unit & Chief Manager, joined the Cheung Kong Group in December 1987. He has over 25 years of experience in accounting, taxation, financing and auditing. He holds a Bachelor's degree in Economics and is an associate member of The Institute of Chartered Accountant in Australia.

Lee Shu Yan, Simon, aged 42, Manager, joined the Cheung Kong Group in October 1987. He has over 23 years of experience in accounting. He holds a Postgraduate Diploma in Management Studies. He is a fellow member of The Association of Chartered Certified Accountants, a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a non-practising member of The Chinese Institute of Certified Public Accountants.

Building Cost & Contract Department

Kwan Chi Kin, Anthony, aged 50, Chief Manager, joined the Cheung Kong Group in May 1990. He has over 28 years of experience in building construction and quantity surveying. He holds a Higher Diploma in Building Technology and Management. He is a Registered Professional Engineer, a professional member of The Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a member of The Chartered Institute of Building, a member of The Hong Kong Institution of Engineers, a member of the Hong Kong Institute of Construction Managers and a member of Chartered Management Institute.

Chan Kin Sun, Sidney, aged 51, Contracts Manager, joined the Cheung Kong Group in January 1998. He has over 29 years of experience in quantity surveying. He holds a Technician Diploma in Building and Architecture Studies (Building). He is a member of The Chartered Institute of Building and a member of The Hong Kong Institution of Engineers.

Ho Kin Chung, Richard, aged 50, Contracts Manager, joined the Cheung Kong Group in March 2000. He has over 27 years of experience in quantity surveying. He holds a Higher Diploma in Building Technology & Management. He is a professional member of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Wong Tak On, Andy, aged 42, Contracts Manager, joined the Cheung Kong Group in May 1997. He has over 18 years of experience in quantity surveying. He holds a Bachelor of Applied Science degree in Building Studies. He is a member of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Yau Charm Ping, Steve, aged 46, Contracts Manager, joined the Cheung Kong Group in June 1987. He has over 24 years of experience in quantity surveying. He holds an Advanced Higher Diploma in Quantity Surveying and is a professional member of The Royal Institution of Chartered Surveyors.

Chairman's Office

Au Siu Yin, Amy, aged 43, Manager, joined the Cheung Kong Group in February 1990. She has over 21 years of experience in office and charity project management. She holds a Bachelor of Arts degree with Honours and a Master's degree in Business Administration. She is an associate member of The Institute of Chartered Secretaries and Administrators.

China Department

Chan Yuet Ming, Louis, aged 46, General Manager, Beijing Oriental Plaza Company Limited, Beijing PoGarden Real Estates Development Company Limited and Beijing ChangLe Real Estate Development Company Limited, joined the Cheung Kong Group in October 1992. He has over 21 years of experience in project management. He holds a Bachelor of Science degree in Architecture, a Bachelor's degree in Architecture and an Executive Master's degree in Business Administration. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of the Hong Kong Institute of Architects.

Wang Qi, James, aged 42, Manager, Business Development, joined the Cheung Kong Group in January 1994. He has over 20 years of experience in business development and is the Chief Representative of the Beijing Office of the Company. He holds a Master's degree in Management Science.

Chu Yu Fai, Kenneth, aged 53, Business Development Manager, China Hotels, joined the Cheung Kong Group in July 1994. He has over 27 years of experience in finance, accounting and auditing. He holds a Bachelor of Arts degree in Economics and a Bachelor of Commerce degree in Business Administration. He is a Certified Management Accountant.

Hui Tung Keung, Tommy, aged 43, Business Development Manager, China Hotels, joined the Cheung Kong Group in January 1994. He has over 22 years of experience in accounting, hotel and property management. He holds a Master's degree in Business Administration.

Lee Chi Kin, Casey, aged 43, Business Development Manager, China Hotels, joined the Cheung Kong Group in August 1998. He has over 21 years of experience in accounting. He holds a Bachelor of Social Sciences degree with Honours. He is a member of The Chinese Institute of Certified Public Accountants, a fellow of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Cheung Sau Ying, Dorothy, aged 44, Finance Manager, China Hotels, joined the Cheung Kong Group in August 2000. She has over 23 years of experience in accounting. She holds a Higher Certificate in Company Secretaries and Administration. She is an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of The Hong Kong Institute of Chartered Secretaries.

Ng Wai Ling, Carrie, aged 37, Finance Manager, ChangLe Project, joined the Cheung Kong Group in October 2005. She has over 13 years of experience in accounting and auditing. She holds a Master of Science degree in Financial Management. She is a fellow of The Association of Chartered Certified Accountants.

Yeung Chi Keung, Nicky, aged 42, Finance Manager, China Hotels, joined the Cheung Kong Group in April 1997. He has over 18 years of experience in both accounting and auditing. He holds a Master's degree in Business Administration. He is a member of American Institute of Certified Public Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Chan Pak Wing, Thomas, aged 49, Manager, China Housing Development, joined the Cheung Kong Group in August 1993. He has over 24 years of experience in project management. He holds a Bachelor of Applied Science degree in Civil Engineering, a Bachelor's degree in Business Administration, a Master's degree in Business Administration and a Master's degree in Laws. He is a Canadian Professional Engineer and a member of The Institute of Highways and Transportation (Great Britain).

Chan Wai Ming, aged 52, Project Manager, China Hotels, joined the Cheung Kong Group in May 1997. He has over 29 years of experience in project management and holds a Higher Certificate in Building Technology.

Lam Ka Keung, aged 48, Project Manager, Guangzhou Project, joined the Cheung Kong Group in June 1994. He has over 28 years of experience in project management. He holds a Higher Certificate in Construction Technology.

Lam Yuk, Bruce, aged 37, Project Manager, joined the Cheung Kong Group in June 1998. He has over 12 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies, a Master's degree in Architecture, a Master's degree in Business Administration and a Postgraduate Diploma in Project Management. He is a Registered Architect and a member of the Hong Kong Institute of Architects.

Leung Shau Yung, Fabian, aged 43, Project Manager, joined the Cheung Kong Group in May 1997. He has over 17 years of experience in project management. He holds a Bachelor of Science degree in Architecture and a Bachelor of Architecture degree. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of the Hong Kong Institute of Architects.

Ng Hok Leung, Sidney, aged 50, Project Manager, China Hotels, joined the Cheung Kong Group in June 1998. He has over 31 years of experience in hotel construction, E & M engineering and property management.

Company Secretarial Department

Yeung, Eirene, aged 45, Director, Corporate Strategy Unit and Company Secretary, joined the Cheung Kong Group in August 1994. She has over 21 years of experience in corporate and commercial legal work, regulatory compliance and company secretarial field. She is also the Company Secretary of Cheung Kong Infrastructure Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc., and a Director of ARA Asset Management (Singapore) Limited. She is a solicitor of the High Court of the Hong Kong Special Administrative Region ("HKSAR") and of the Supreme Court of Judicature in England and Wales. She holds a Bachelor's degree with Honours in Laws, a Master's degree in Business Administration and a Master of Science degree in Finance. She is a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators, and a Part-time Member of the Central Policy Unit of the HKSAR Government (for 2005 and 2006).

Law Kai Chung, Edmund, aged 38, Senior Manager, joined the Cheung Kong Group in October 2000. He has over 12 years of experience in the legal field. He holds a Bachelor's degree with Honours in Laws. He is a solicitor of the High Court of the Hong Kong Special Administrative Region and of the Supreme Court of England and Wales. He is a member of The Law Society of Hong Kong.

Lee Miu Ling, Landy, aged 44, Manager, joined the Cheung Kong Group in April 2001. She has over 16 years of experience in company secretarial field. She holds a Master of Arts degree in Arbitration and a Master's degree in Laws. She is an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of The Hong Kong Institute of Chartered Secretaries.

Tse Kwok Yee, Erica, aged 31, Manager, joined the Cheung Kong Group in September 2002. She has over 8 years of experience in the legal field. She holds a Bachelor's degree with Honours in Laws. She is a solicitor of the High Court of the Hong Kong Special Administrative Region and of the Supreme Court of England and Wales. She is a member of The Law Society of Hong Kong and of The Law Society of England and Wales.

Construction Audit & Quality Assurance Department

Tsui Ying Kit, Simon, aged 46, Manager, joined the Cheung Kong Group in March 1976. He has over 25 years of experience in electrical and mechanical engineering and building quality management. He holds a Higher Certificate in Supervisory & Quality Management, and is a Certified Facility Manager and a member of International Facility Management Association.

Corporate Affairs Department

Tong Barnes Wai Che, Wendy, aged 45, Chief Corporate Affairs Officer, joined the Cheung Kong Group in March 1999. She is also the Chief Corporate Affairs Officer of Cheung Kong Infrastructure Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc. She has over 21 years of experience in public relations and corporate affairs. She holds a Bachelor's degree in Business Administration.

Cheung Yuen Mei, Winnie, aged 37, Senior Corporate Affairs Manager, joined the Cheung Kong Group in March 1999. She has over 15 years of experience in public relations and corporate affairs. She holds a Bachelor of Arts degree with Honours in Philosophy.

Tsui Sau Yuen, Anita, aged 42, Senior Marketing Communications Manager, joined the Cheung Kong Group in August 2005. She has over 16 years of experience in advertising and marketing communications. She holds a Diploma in Journalism.

Chan Kar Wah, Lily, aged 40, Marketing Communications Manager, joined the Cheung Kong Group in July 2005. She has over 11 years of experience in advertising and marketing communications. She holds a Bachelor of Arts degree in English Language & Literature.

Lai Man Yee, Emily, aged 38, Marketing Communications Manager, joined the Cheung Kong Group in April 1995. She has over 14 years of experience in advertising and marketing communications. She holds a Bachelor of Business Administration degree with Honours.

Corporate Business Development

Ma Lai Chee, Gerald, aged 38, Director, Corporate Strategy Unit & Chief Manager, Corporate Business Development, joined the Cheung Kong Group in February 1996. He is a Director of AMTD Financial Planning Limited, iBusiness Corporation Limited, CK Communications Limited, Beijing Net-Infinity Technology Development Company Limited, PowerCom Network Hong Kong Limited, Career Times Online Limited and mReferral Corporation (HK) Limited. He has over 16 years of experience in financial management, banking and sales & marketing. He holds a Bachelor of Commerce degree in Finance.

Design & Promotion Department

Leung Yuen Kwan, Josephine, aged 37, Senior Manager, joined the Cheung Kong Group in July 1995. She has over 12 years of experience in design, promotion, market research and property sales. She holds a Bachelor of Commerce degree in Marketing and Finance.

Development Department

Shen Wai Yee, Grace, aged 54, Chief Manager, Construction Management Division, joined the Cheung Kong Group in September 1989. She has over 24 years of experience in project management. She holds a Bachelor of Arts degree in Sociology and a Bachelor of Architecture degree. She is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of the Hong Kong Institute of Architects.

Senior Management's Biographical Information (continued)

Chan Hon Shing, aged 44, Project Manager, joined the Cheung Kong Group in December 1995. He has over 19 years of experience in architectural profession and project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Bachelor of Architecture degree. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of the Hong Kong Institute of Architects.

Chan Kwok Keung, Dennis, aged 38, Project Manager, joined the Cheung Kong Group in May 1997. He has over 12 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architecture, a Master's degree in Architecture, and a Master's degree in Business Administration in Digital Technologies Management. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a member of the Hong Kong Institute of Architects, and a member of the Chartered Institute of Arbitrators.

Ho Ting Fung, Albert, aged 52, Project Manager/Manager of Interior Architecture, joined the Cheung Kong Group in November 1998. He has over 26 years of experience in project/interior architectural management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Bachelor of Architecture degree. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a corporate member of The Royal Institute of British Architects and a member of the Hong Kong Institute of Architects.

Leung Chun Fung, Victor, aged 47, Project Manager, joined the Cheung Kong Group in May 1995. He has over 22 years of experience in project management. He holds a Bachelor of Engineering Degree with Honours in Civil Engineering and a Diploma in Construction Management.

Lo Kin Yip, Terence, aged 42, Project Manager, joined the Cheung Kong Group in January 1999. He has over 16 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Bachelor of Architecture degree. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a corporate member of The Royal Institute of British Architects, a member of the Hong Kong Institute of Architects and an associate member of The Chartered Institute of Arbitrators.

Mok Wai Chung, David, aged 46, Project Manager, joined the Cheung Kong Group in April 1989. He has over 22 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies, a Bachelor of Architecture degree, a Master's degree in Business Administration, a Master of Science degree in E-Commerce and a Master of Applied Finance degree. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of the Hong Kong Institute of Architects.

Pun Wing Chiu, Anthony, aged 42, Project Manager, Structural, joined the Cheung Kong Group in September 1999. He has over 18 years of experience in project/structural engineering management. He holds a Bachelor of Science degree with Honours in Civil Engineering. He is a Chartered Engineer, a Registered Professional Engineer, a Registered Structural Engineer, a member of The Hong Kong Institution of Engineers and a member of The Institution of Structural Engineers.

Tang Sek Wai, Max, aged 46, Project Manager, joined the Cheung Kong Group in November 1986. He has over 20 years of experience in project management. He holds a Master's degree in Environmental Engineering Management and a Master's degree in Business Administration (Executive). He is a Chartered Builder, a member of The Hong Kong Institution of Engineers and a member of Hong Kong Institute of Construction Managers.

Chan Ho Kei, Kevin, aged 33, Construction Manager, joined the Cheung Kong Group in June 2003. He has over 7 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Master's degree in Architecture. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of the Hong Kong Institute of Architects.

Mak Kwok Keung, Charles, aged 44, Construction Manager, joined the Cheung Kong Group in January 1994. He has over 23 years of experience in construction management. He holds a Postgraduate Diploma in Construction Management.

Wong Yin Li, Raymond, aged 49, Construction Manager, joined the Cheung Kong Group in November 1989. He has over 20 years of experience in construction management. He holds a Higher Diploma in Building Technology and Management.

Yiu Chi Wai, Albert, aged 34, Construction Manager, joined the Cheung Kong Group in June 2001. He has over 9 years of experience in construction management. He holds a Bachelor of Arts degree with Honours in Architectural Studies, a Master's degree in Architecture and a Postgraduate Diploma in Construction Project Management. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a corporate member of The Royal Institute of British Architects, a member of the Hong Kong Institute of Architects and a member of Hong Kong Institute of Construction Managers.

E & M Department

Lo Kin Hing, Isaac, aged 44, Senior Manager, joined the Cheung Kong Group in April 2003. He has over 19 years of experience in electrical & mechanical engineering. He holds a Master of Science degree in Construction Project Management. He is a Chartered Engineer, a Registered Professional Engineer, a fellow of The Chartered Institution of Building Services Engineers (UK), a fellow of The Institute of Electrical Engineers and a fellow of The Hong Kong Institution of Engineers.

EDP Department

Tsui Chi Kong, Steve, aged 49, Chief Manager, joined the Cheung Kong Group in February 1988. He has over 23 years of experience in information technology management. He holds a Bachelor's degree in Laws and a Master of Science degree in Computer Science. He is a member of the Hong Kong Computer Society.

Yung Wing Hung, Nelson, aged 35, System Manager, joined the Cheung Kong Group in November 1994. He has over 11 years of experience in information technology management. He holds a Bachelor of Science degree with Honours in Computer Science and is a member of the Hong Kong Computer Society.

Finance Department

Andrew John Hunter, aged 47, Chief Financial Officer, joined the Cheung Kong Group in 1988. He has over 17 years of experience in accounting and financial management. He holds a Master of Arts degree and a Master's degree in Business Administration. He is a member of the Institute of Chartered Accountants of Scotland and of the Hong Kong Institute of Certified Public Accountants.

Human Resources & Administration Department

Pong Yiu Kee, Alice, aged 50, Chief Manager, joined the Cheung Kong Group in September 2001. She has over 26 years of experience in human resources and administration management. She is a member of the Hong Kong Management Association and of the Hong Kong Institute of Human Resource Management.

Pau Shiu Yung, Anita, aged 49, Senior Manager, Administration, joined the Cheung Kong Group in December 1977. She has over 28 years of experience in office administration management. She is a member of the Hong Kong Institute of Human Resource Management.

Ng Po Lung, aged 44, Manager, Administration, joined the Cheung Kong Group in November 1993. He has over 21 years of experience in office administration management. He holds a Bachelor of Social Science degree with Honours and a Master's degree in Business Administration.

Internal Audit Department

Lee King Yuen, Albert, aged 50, Senior Manager, joined the Cheung Kong Group in November 1987. He has over 28 years of experience in auditing. He holds a Bachelor of Science degree in Business Administration. He is a fellow of the Hong Kong Institute of Certified Public Accountants and a fellow of The Association of Chartered Certified Accountants.

Leasing Department

Wong See Hang, Resina, aged 42, Deputy Chief Manager, Leasing, joined the Cheung Kong Group in June 1990. She has over 20 years of experience in property leasing. She holds a Bachelor of Arts degree with Honours in History and a Master of Science degree in Facilities Management.

Lee Po Chu, Eileen, aged 45, Senior Leasing Manager, joined the Cheung Kong Group in October 2003. She has over 24 years of experience in property leasing. She holds a Diploma in Business.

Wong Ling Fei, Mable, aged 43, Senior Leasing Manager, joined the Cheung Kong Group in September 2002. She has over 17 years of experience in property leasing.

Tsui Fan, Frank, aged 34, Manager, E-Park, joined the Cheung Kong Group in July 1998. He has over 11 years of experience in car park management. He holds a Bachelor of Business degree in Marketing and a Master's degree in Business Administration.

Legal Department

Yip Kin Ming, Emmanuel, aged 53, Chief Manager, joined the Cheung Kong Group in July 1985. He has over 22 years of experience in legal field. He holds a Diploma in Economics.

Wong Fung King, Amy, aged 46, Legal Manager, joined the Cheung Kong Group in June 1998. She has over 21 years of experience in legal field. She holds a Bachelor of Laws Degree with Honours and a Postgraduate Certificate in Laws. She is a solicitor of the High Court of the Hong Kong Special Administrative Region.

Managerial

Fung Chi Wai, Chris, aged 42, Manager, joined the Cheung Kong Group in April 2000. He has over 16 years of experience in financial management and investment. He holds a Bachelor of Social Sciences degree with Honours and a Master's degree in Business Administration. He is a Chartered Financial Analyst, a member of the CFA Institute and a member of the Hong Kong Society of Financial Analysts Limited.

Property Investment & Valuation Department

Chiu Siu Kam, Selene, aged 39, Assistant Chief Manager, joined the Cheung Kong Group in February 1997. She has over 16 years of experience in property development & investment, land management and property valuation. She holds a Bachelor of Science degree with Honours in Estate Management and a Master's degree in Business Administration. She is a Registered Professional Surveyor and a member of The Hong Kong Institute of Surveyors.

Chan Man Wai, Anthony, aged 43, Senior Manager, joined the Cheung Kong Group in January 1994. He has over 16 years of experience in property development & investment, land management and property valuation. He holds a Bachelor of Science degree with Honours in Electrical Engineering, a Master's degree in Business Administration and a Master of Science degree in Land Management. He is a Registered Professional Surveyor, a professional member of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Ho Kwong Ngai, Eric, aged 42, Senior Manager, joined the Cheung Kong Group in July 2005. He has over 15 years of experience in property development & investment, land management and property valuation. He holds a Bachelor of Science degree with Honours in Estate Management and a Master of Science degree in International Real Estate. He is a Registered Professional Surveyor, a professional member of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Sales Department

Lau Kai Man, Joseph, aged 47, Deputy Chief Manager, Sales, joined the Cheung Kong Group in June 1981. He has over 27 years of experience in property sales.

Kwok Tze Wai, William, aged 40, Deputy Chief Manager, Sales, joined the Cheung Kong Group in May 1989. He has over 17 years of experience in property sales. He holds a Bachelor of Science degree in Business Administration Marketing.

Wong See Chung, Francis, aged 44, Deputy Chief Manager, Sales, joined the Cheung Kong Group in January 1994. He has over 10 years of experience in property sales. He holds a Master's degree in Business Administration.

Yuen Tim Hung, Kenneth, aged 48, Senior Sales Manager, joined the Cheung Kong Group in March 1984. He has over 24 years of experience in advertising, marketing and property sales. He holds a Diploma in Communications.

Leung Cheuk Hang, Warren, aged 40, Sales Manager, joined the Cheung Kong Group in April 2002. He has over 6 years of experience in property sales. He holds a Master's degree in Business Administration.

Cho Kau Ming, Iris, aged 37, Sales Manager, joined the Cheung Kong Group in May 1995. She has over 11 years of experience in property sales. She holds a Bachelor of Science degree in Business Administration.

Ng Chui Ha, Fiona, aged 42, Manager, Sales Administration, joined the Cheung Kong Group in December 1990. She has over 19 years of experience in sales administration. She holds a Bachelor of Arts degree in History.

Sales Department – Building Management

Ho Kwong Fai, Ellickey, aged 43, Assistant Chief Manager, Building Management, joined the Cheung Kong Group in September 1994 and is a Director of Goodwell-Fortune Property Services Limited and Goodwell-Prosperity Property Services Limited. He has over 20 years of experience in building management and holds a Professional Diploma in Real Estate Administration.

Wong Wo Muk, Philip, aged 46, Manager, Building Management - Development, joined the Cheung Kong Group in May 1987 and is a Director of Goodwell-Fortune Property Services Limited. He has over 23 years of experience in building management. He holds a Bachelor of Arts degree with Honours in Business Studies and a Postgraduate Diploma in Surveying (Real Estate Development).

Report of the Directors

The Directors have pleasure in presenting to shareholders their report together with the audited financial statements of the Company and of the Group for the year ended 31st December, 2005.

Principal Activities

The principal activities of the Company are investment holding and project management. Its subsidiaries are active in the field of property development and investment, hotel and serviced suite operation, property and project management and investment in securities.

Results and Dividends

Results of the Group for the year ended 31st December, 2005 are set out in the consolidated profit and loss account on page 100.

The Directors recommend the payment of a final dividend of HK\$1.58 per share which, together with the interim dividend of HK\$0.42 per share paid on 14th October, 2005, makes a total dividend of HK\$2.00 per share for the year.

Fixed Assets

Movements in fixed assets during the year are set out in note (8) to the financial statements.

Reserves

Movements in reserves of the Company and the Group during the year are set out in note (21) to the financial statements and in the consolidated statement of changes in equity on page 103 respectively.

Group Financial Summary

Results, assets and liabilities of the Group for the last ten years are summarised on page 2.

Properties

Particulars of major properties held by the Group are set out on pages 94 to 99.

Directors

The Directors of the Company are listed on page 148. The Directors' biographical information is set out on pages 24 to 27.

On 1st November, 2005, Mr. George Colin Magnus was re-designated as Non-executive Director of the Company and Mr. Ip Tak Chuen, Edmond was appointed as Deputy Managing Director of the Company.

In accordance with the Company's Articles of Association, the Directors of the Company (including Non-executive Directors) shall be subject to retirement by rotation at each annual general meeting. Mr. Kam Hing Lam, Mr. Chung Sun Keung, Davy, Mr. Fok Kin-ning, Canning, Mr. Frank John Sixt, Mr. George Colin Magnus, Mr. Kwok Tun-li, Stanley and Ms. Hung Siu-lin, Katherine will retire from office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Each of the Independent Non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

Disclosure of Interests

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31st December, 2005, 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 of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

1. Long Positions in Shares

(a) The Company

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Li Ka-shing	Interest of controlled corporation & founder of discretionary trusts	–	–	27,244,000 (Note 1)	857,794,744 (Note 2)	885,038,744	38.21%
Li Tzar Kuoi, Victor	Beneficial owner, interest of child or spouse, interest of controlled corporations & beneficiary of trusts	220,000	100,000	1,529,000 (Note 4)	857,794,744 (Note 2)	859,643,744	37.11%
Kam Hing Lam	Beneficial owner	10,000	–	–	–	10,000	0.0004%
Leung Siu Hon	Beneficial owner & interest of child or spouse	635,500	64,500	–	–	700,000	0.03%
Chow Kun Chee, Roland	Beneficial owner	65,600	–	–	–	65,600	0.003%
George Colin Magnus	Beneficial owner, interest of child or spouse & beneficiary of trust	56,000	10,000	–	184,000 (Note 5)	250,000	0.01%
Yeh Yuan Chang, Anthony	Interest of child or spouse	–	384,000	–	–	384,000	0.02%
Simon Murray	Beneficial owner	27,000	–	–	–	27,000	0.001%
Hung Siu-lin, Katherine	Beneficial owner	20,000	–	–	–	20,000	0.0009%

(b) **Associated Corporations**
Hutchison Whampoa Limited

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Li Ka-shing	Interest of controlled corporations & founder of discretionary trusts	–	–	47,577,000 (Note 1)	2,141,698,773 (Note 3)	2,189,275,773	51.35%
Li Tzar Kuoi, Victor	Interest of controlled corporations & beneficiary of trusts	–	–	1,086,770 (Note 4)	2,141,698,773 (Note 3)	2,142,785,543	50.26%
Kam Hing Lam	Beneficial owner	60,000	–	–	–	60,000	0.001%
Leung Siu Hon	Beneficial owner & interest of child or spouse	11,000	28,600	–	–	39,600	0.0009%
Fok Kin-ning, Canning	Interest of controlled corporation	–	–	4,310,875 (Note 7)	–	4,310,875	0.10%
Frank John Sixt	Beneficial owner	50,000	–	–	–	50,000	0.001%
Chow Kun Chee, Roland	Beneficial owner	49,931	–	–	–	49,931	0.001%
George Colin Magnus	Beneficial owner, interest of child or spouse & founder & beneficiary of a discretionary trust	40,000	9,900	–	950,100 (Note 6)	1,000,000	0.02%
Yeh Yuan Chang, Anthony	Interest of child or spouse	–	124,000	–	–	124,000	0.003%
Simon Murray	Beneficiary of trust	–	–	–	87,000 (Note 8)	87,000	0.002%
Chow Nin Mow, Albert	Beneficial owner	97	–	–	–	97	≈0%
Hung Siu-lin, Katherine	Beneficial owner	34,000	–	–	–	34,000	0.0008%

Report of the Directors (continued)

Cheung Kong Infrastructure Holdings Limited

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Li Ka-shing	Founder of discretionary trusts	-	-	-	1,912,109,945 (Note 11)	1,912,109,945	84.82%
Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	1,912,109,945 (Note 11)	1,912,109,945	84.82%
Kam Hing Lam	Beneficial owner	100,000	-	-	-	100,000	0.004%

CK Life Sciences Int'l., (Holdings) Inc.

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Li Ka-shing	Interest of controlled corporations & founder of discretionary trusts	-	-	1,880,005,715 (Note 1)	2,820,008,571 (Note 12)	4,700,014,286	73.35%
Li Tzar Kuoi, Victor	Beneficial owner & beneficiary of trusts	1,500,000	-	-	2,820,008,571 (Note 12)	2,821,508,571	44.04%
Kam Hing Lam	Interest of child or spouse	-	4,150,000	-	-	4,150,000	0.06%
Ip Tak Chuen, Edmond	Beneficial owner	1,500,000	-	-	-	1,500,000	0.02%
Chung Sun Keung, Davy	Beneficial owner	250,000	-	-	-	250,000	0.004%
Pau Yee Wan, Ezra	Beneficial owner	600,000	-	-	-	600,000	0.009%
Woo Chia Ching, Grace	Beneficial owner	750,000	-	-	-	750,000	0.01%
Leung Siu Hon	Beneficial owner, interest of child or spouse & interest of controlled corporation	525,420	2,000	1,980 (Note 9)	-	529,400	0.008%
Fok Kin-ning, Canning	Interest of controlled corporation	-	-	1,000,000 (Note 7)	-	1,000,000	0.02%
Frank John Sixt	Beneficial owner	600,000	-	-	-	600,000	0.009%
Chow Kun Chee, Roland	Beneficial owner	602,624	-	-	-	602,624	0.009%

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
George Colin Magnus	Beneficial owner, interest of child or spouse & beneficiary of trust	502,240	400	–	7,360 (Note 5)	510,000	0.008%
Kwok Tun-li, Stanley	Interest of child or spouse	–	200,000	–	–	200,000	0.003%
Yeh Yuan Chang, Anthony	Beneficial owner	500,000	–	–	–	500,000	0.008%
Hung Siu-lin, Katherine	Beneficial owner	6,000	–	–	–	6,000	≈0%
Kwan Chiu Yin, Robert	Interest of controlled corporation	–	–	500,000 (Note 10)	–	500,000	0.008%

Other Associated Corporations

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interest	Family Interest	Corporate Interest	Other Interest		
Beautiland Company Limited	Li Ka-shing	Founder of discretionary trusts	–	–	–	100,000,000 (Note 16)	100,000,000	100%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	100,000,000 (Note 16)	100,000,000	100%
Jabrin Limited	Li Ka-shing	Founder of discretionary trusts	–	–	–	9,000 (Note 16)	9,000	90%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	9,000 (Note 16)	9,000	90%
Kobert Limited	Li Ka-shing	Founder of discretionary trusts	–	–	–	4,900 (Note 16)	4,900	100%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	4,900 (Note 16)	4,900	100%
Tsing-Yi Realty, Limited	Li Ka-shing	Founder of discretionary trusts	–	–	–	3,150,000 (Note 16)	3,150,000	100%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	3,150,000 (Note 16)	3,150,000	100%

Report of the Directors (continued)

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interest	Family Interest	Corporate Interest	Other Interest		
Tosbo Limited	Li Ka-shing	Interest of controlled corporations & founder of discretionary trusts	–	–	4 (Note 1)	6 (Note 17)	10	100%
Hutchison Harbour Ring Limited	Fok Kin-ning, Canning	Interest of controlled corporation	–	–	5,000,000 (Note 7)	–	5,000,000	0.07%
Hutchison Telecommunications (Australia) Limited	Fok Kin-ning, Canning	Beneficial owner & interest of controlled corporation	4,100,000	–	1,000,000 (Note 7)	–	5,100,000	0.75%
	Frank John Sixt	Beneficial owner	1,000,000	–	–	–	1,000,000	0.15%

2. Long Positions in Underlying Shares

Name of Company	Name of Director	Capacity	Number of Underlying Shares				Total	
			Personal Interest	Family Interest	Corporate Interest	Other Interest		
Hutchison Whampoa Limited	Li Ka-shing	Founder of discretionary trusts	–	–	–	18,613,202 (Note 13)	18,613,202	
	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	18,613,202 (Note 13)	18,613,202	
Cheung Kong Infrastructure Holdings Limited	Li Ka-shing	Founder of discretionary trusts	–	–	–	31,644,803 (Note 14)	31,644,803	
	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	31,644,803 (Note 14)	31,644,803	
Hutchison Telecommunications (Australia) Limited	Fok Kin-ning, Canning	Beneficial owner & interest of controlled corporation	134,000 (Note 15)	–	–	1,340,001 (Notes 7 & 15)	–	1,474,001

3. Short Positions in Underlying Shares

Name of Company	Name of Director	Capacity	Number of Underlying Shares				Total
			Personal Interest	Family Interest	Corporate Interest	Other Interest	
Hutchison Whampoa Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	18,613,202 (Note 13)	18,613,202
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	18,613,202 (Note 13)	18,613,202
Cheung Kong Infrastructure Holdings Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	31,644,801 (Note 14(b))	31,644,801
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	31,644,801 (Note 14(b))	31,644,801

4. Long Positions in Debentures

Name of Company	Name of Director	Capacity	Amount of Debentures				Total
			Personal Interest	Family Interest	Corporate Interest	Other Interest	
Hutchison Whampoa International (01/11) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	-	-	US\$12,000,000 7% Notes due 2011 (Note 4)	-	US\$12,000,000 7% Notes due 2011
Hutchison Whampoa International (03/13) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	-	-	US\$21,000,000 6.5% Notes due 2013 (Note 4)	-	US\$21,000,000 6.5% Notes due 2013
Hutchison Whampoa International (03/33) Limited	Fok Kin-ning, Canning	Interest of controlled corporation	-	-	US\$6,500,000 6.25% Notes due 2014 (Note 7)	-	US\$6,500,000 6.25% Notes due 2014
Hutchison Whampoa Finance (05) Limited	Fok Kin-ning, Canning	Interest of controlled corporation	-	-	Euro12,600,000 4.125% Notes due 2015 (Note 7)	-	Euro12,600,000 4.125% Notes due 2015

Report of the Directors (continued)

Notes:

- (1) Such interests are held by certain companies of which Mr. Li Ka-shing is interested in the entire issued share capital.
- (2) The two references to 857,794,744 shares relate to the same block of shares in the Company. 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 The Li Ka-Shing Unity Trust (“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. Li Ka-Shing Unity Trustee Company Limited (“TUT1”) as trustee of UT1 and companies controlled by TUT1 as trustee of UT1 (“TUT1 related companies”) hold a total of such 857,794,744 shares.

The entire issued share capital of TUT1 and of the trustees of DT1 and DT2 are owned by Li Ka-Shing Unity Holdings Limited (“Unity Holdco”). Each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third 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, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard 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. Although Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco and is a discretionary beneficiary of each of DT1 and DT2, he is not a Director of the Company and has no 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.

- (3) The two references to 2,141,698,773 shares in Hutchison Whampoa Limited (“HWL”) relate to the same block of shares comprising:
 - (a) 2,130,202,773 shares held by certain subsidiaries of the Company. By virtue of the interests in shares of the Company in relation to which each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor has a duty of disclosure under the SFO in the issued share capital of the Company as described in Note (2) above and as a Director of the Company, they are taken to have a duty of disclosure in relation to the said shares of HWL under the SFO; and
 - (b) 11,496,000 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 and the trustees of DT3 and DT4 are owned by Li Ka-Shing Castle Holdings Limited (“Castle Holdco”). Each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Castle Holdco. TUT3 is only interested in the shares of HWL 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 HWL independently without any reference to Castle Holdco or any of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard as a holder of the shares of Castle Holdco as aforesaid.

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 HWL held by TUT3 as trustee of UT3 under the SFO as Directors of the Company. Although Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Castle Holdco and is a discretionary beneficiary of each of DT3 and DT4, he is not a Director of the Company and has no duty of disclosure in relation to the shares of HWL held by TUT3 as trustee of UT3 under the SFO.

- (4) Such interests are held by certain companies of which Mr. Li Tzar Kuoi, Victor is interested in the entire issued share capital.
- (5) Such interests in the shares are held by a company controlled by a trust under which Mr. George Colin Magnus is a discretionary beneficiary.
- (6) Such interests are indirectly held by a trust of which Mr. George Colin Magnus is the settlor and a discretionary beneficiary.
- (7) Such interests are held by a company which is equally owned by Mr. Fok Kin-ning, Canning and his wife.
- (8) Such interests are held by an offshore family trust fund under which Mr. Simon Murray is a discretionary beneficiary.
- (9) Such interests are held by a company which is wholly owned by Mr. Leung Siu Hon and his wife.
- (10) Such interests are held by a company wholly owned by Mr. Kwan Chiu Yin, Robert.
- (11) The two references to 1,912,109,945 shares in Cheung Kong Infrastructure Holdings Limited ("CKI") relate to the same block of shares comprising:
 - (a) 1,906,681,945 shares held by a subsidiary of HWL. Certain subsidiaries of the Company hold more than one-third of the issued share capital of HWL. Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, as Directors of the Company, by virtue of their deemed interests in the shares of the Company as described in Note (2) above, are taken to have a duty of disclosure in relation to such shares of CKI held by the subsidiary of HWL under the SFO; and
 - (b) 5,428,000 shares held by TUT1 as trustee of UT1. By virtue of the deemed interests in TUT1 as trustee of UT1 as described in Note (2) above, each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to such shares of CKI under the SFO.
- (12) The two references to 2,820,008,571 shares in CK Life Sciences Int'l., (Holdings) Inc. ("CKLS") relate to the same block of shares which are held by a subsidiary of the Company. Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, as Directors of the Company, are taken to have a duty of disclosure in relation to such shares of CKLS held by the subsidiary of the Company by virtue of their deemed interests in the shares of the Company as described in Note (2) above under the SFO.
- (13) Such underlying shares of HWL are held by an indirect wholly owned subsidiary of the Company comprising:-
 - (a) 10,463,201 underlying shares by virtue of the HK Dollar equity-linked notes due 2007 issued under HK\$10,000,000,000 retail note issuance programme; and
 - (b) 8,150,001 underlying shares by virtue of the HK Dollar equity-linked notes due 2008 issued under HK\$10,000,000,000 retail note issuance programme.

Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, as Directors of the Company, by virtue of their deemed interests in the shares of the Company as described in Note (2) above, are taken to have a duty of disclosure in relation to the said interests and short position in the underlying shares of HWL under the SFO.

Report of the Directors (*continued*)

- (14) Such underlying shares of CKI are held by an indirect wholly owned subsidiary of the Company comprising:-
- (a) 2 underlying shares by virtue of the HK\$300,000,000 capital guaranteed notes due 2009; and
 - (b) 31,644,801 underlying shares by virtue of the HK Dollar equity-linked notes due 2007 issued under HK\$10,000,000,000 retail note issuance programme.
- Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, as Directors of the Company, by virtue of their deemed interests in the shares of the Company as described in Note (2) above, are taken to have a duty of disclosure in relation to the said interests and short position in the underlying shares of CKI under the SFO.
- (15) Such underlying shares in Hutchison Telecommunications (Australia) Limited are derived from the listed and physically settled 5.5% unsecured convertible notes due 2007 issued by Hutchison Telecommunications (Australia) Limited.
- (16) These are subsidiaries of the Company and such shares are held through the Company and TUT1 as trustee of UT1. Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, as Directors of the Company, by virtue of their deemed interests in the shares of the Company and TUT1 as trustee of UT1 as described in Note (2) above, are taken to have a duty of disclosure in relation to such shares under the SFO.
- (17) These shares are held by a subsidiary of the Company. By virtue of the deemed interests in the shares of the Company as described in Note (2) above and as a Director of the Company, Mr. Li Ka-shing is taken to have a duty of disclosure in relation to such shares under the SFO.

As at 31st December, 2005, by virtue of their deemed interests in the shares of the Company as described in Note (2) above and as Directors of the Company, Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, are deemed to be interested in the securities of the subsidiaries and associated companies of the Company held through the Company under the provisions of the SFO.

Certain Directors held qualifying shares in certain subsidiaries in trust for the Company and other subsidiaries.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 31st December, 2005, 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.

At no time during the year was the Company or subsidiary a party to any arrangements which enabled any Director to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate.

No other contracts of significance to which the Company or a subsidiary was a party and in which a Director has a material interest subsisted at the balance sheet date or at any time during the year.

None of the Directors has any service contract with the Company or any of its subsidiaries.

Interests and Short Positions of Shareholders

So far as is known to any Director or chief executive of the Company, as at 31st December, 2005, shareholders (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 or had otherwise notified to the Company 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	857,794,744 (Note)	37.04%
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of a trust	857,794,744 (Note)	37.04%
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of a trust	857,794,744 (Note)	37.04%

2. Long Positions of Other Persons in the Shares of the Company

Name of Shareholder	Capacity	Number of Ordinary Shares	Approximate % of Shareholding
Templeton Global Advisors Ltd.	Investment manager	151,068,706	6.52%

Note: The three references to 857,794,744 shares relate to the same block of shares in the Company. 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.

Save as disclosed above, as at 31st December, 2005, the Company has 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.

Continuing Connected Transaction

On 16th December, 2005, the Company had entered into a tenancy agreement with Turbo Top Limited (“Turbo Top”), which is a connected person of the Company within the meaning of the Listing Rules by virtue of its being a wholly owned subsidiary of HWL, which in turn is a substantial shareholder of certain subsidiaries of the Company, in respect of the lease of the whole of 7th, 8th, 9th, 10th and 11th Floors and Office Unit 1201 on 12th Floor of Cheung Kong Center, 2 Queen’s Road Central, Hong Kong with an aggregate lettable floor area of approximately 110,864 square feet as the headquarters and office premises of the Group in Hong Kong for a term of three years commencing from 1st September, 2005 to 31st August, 2008 at a monthly rental of HK\$3,968,932, exclusive of Government rates and other charges. The aggregate rent and service charges payable under the tenancy agreement are subject to an annual cap of HK\$59,000,000 taking into account the possible adjustment on the service charges. During the year, rent and service charges amounting to HK\$7,383,543 were payable by the Company to Turbo Top pursuant to the aforesaid tenancy agreement. The above transaction of the Group constituted a continuing connected transaction (the “Continuing Connected Transaction”) under the Listing Rules during the financial year ended 31st December, 2005.

An announcement (“Announcement”) was published on 19th December, 2005 regarding the Continuing Connected Transaction in accordance with the Listing Rules.

The Continuing Connected Transaction has been reviewed by the Independent Non-executive Directors. The Independent Non-executive Directors have confirmed that for the year 2005 the Continuing Connected Transaction has been entered into (i) in the ordinary and usual course of business of the Company; (ii) either on normal commercial terms or on terms no less favourable to the Company than terms available to (or from) independent third parties; and (iii) in accordance with the relevant agreement governing it on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Auditors of the Company have also confirmed that for the year 2005 the Continuing Connected Transaction (i) has received the approval of the Board of Directors of the Company; (ii) has been entered into in accordance with the relevant agreement governing the transaction; and (iii) has not exceeded the cap as disclosed in the Announcement.

Connected Transactions

- The Group had entered into the following joint venture arrangements (“JV Arrangements”) with HWL and/or its subsidiaries (the “HWL Group”) and established joint venture companies in which each of the Group and the HWL Group has 50% equity interests. HWL is a substantial shareholder of certain subsidiaries of the Company and hence a connected person of the Company within the meaning of the Listing Rules. Such JV Arrangements constituted connected transactions for the Company under the Listing Rules.

Date	Joint Venture Company	Details of JV Arrangements
4th February, 2005	Gislingham Limited (“Gislingham”)	Establishment of Gislingham for the purpose of owning and development of Lot No. 86A and Lot No. 86B in Maqiao, Minhang District, Shanghai, the Mainland (“Maqiao Land”), through the acquisition of the entire equity interest in, and the shareholders’ loans to, Shanghai Qi-long Property Company Limited (“Shanghai Qi-long”) at a total consideration of RMB262.28 million. Shanghai Qi-long had acquired and proposed to acquire the land use rights in respect of the Maqiao Land. To fund the payment of land cost, construction costs and other project costs for the development of Maqiao Land, Shanghai Qi-long would have a total investment of US\$82.8 million and its registered capital would be increased to US\$27.6 million. The acquisition cost for the equity interest in, and shareholders’ loans to, Shanghai Qi-long, and any contribution to the registered capital of, and any shareholders’ loans to, Shanghai Qi-long would be made equally by the Group and the HWL Group in proportion to their respective equity interests in Gislingham.
5th March, 2005	Hutchison Whampoa Properties (Chengdu) Wenjiang Limited (“HWPCW”)	Establishment of HWPCW for the purpose of effecting the acquisition and development of a piece of land in Wenjiang District, Chengdu, the Mainland (“Wenjiang Land”). To fund the payment of land cost, construction costs and other project costs for the development of the Wenjiang Land, the total investment and the registered capital of HWPCW were proposed to be RMB570 million and RMB200 million respectively. Any contribution to the registered capital of, and any shareholders’ loans to, HWPCW would be made equally by the Group and the HWL Group in proportion to their respective equity interests in HWPCW.

Report of the Directors (continued)

Date	Joint Venture Company	Details of JV Arrangements
26th April, 2005	Hutchison Whampoa Properties (Changchun) Limited ("HWPCCL") Hutchison Whampoa Properties (Changsha WangCheng) Limited ("HWPCWC")	Establishment of HWPCCL and HWPCWC for the purpose of owning and developing 2 pieces of land in Changchun ("Changchun Land") and Changsha ("Changsha Land"), both in the Mainland, respectively. To fund the payment of land cost, construction costs and other project costs for the development of the Changchun Land and the Changsha Land, the total investment and registered capital of HWPCCL were proposed to be US\$52.8 million and US\$18.5 million respectively, and the total investment and registered capital of HWPCWC were proposed to be RMB413 million and RMB149 million respectively. Any contribution to the registered capital of, and any shareholders' loans to, each of HWPCCL and HWPCWC would be made equally by the Group and the HWL Group in proportion to their respective equity interests in HWPCCL and HWPCWC respectively.
12th May, 2005	Hutchison Whampoa Properties (Wuhan Jiangnan North) Limited ("HWPWJN") Hutchison Whampoa Properties (Wuhan Jiangnan South) Limited ("HWPWJS")	Establishment of HWPWJN and HWPWJS for the purpose of owning and developing 2 pieces of land in Wuhan, the Mainland ("Wuhan Lands"). To fund the payment of land cost, construction costs and other project costs for the development of the Wuhan Lands, the total investment and registered capital of HWPWJN were proposed to be US\$121.7 million and US\$42.6 million respectively, and the total investment and registered capital of HWPWJS were proposed to be US\$188.4 million and US\$66 million respectively. Any contribution to the registered capital of, and any shareholders' loans to, each of HWPWJN and HWPWJS would be made equally by the Group and the HWL Group in proportion to their respective equity interests in HWPWJN and HWPWJS respectively.
24th May, 2005	Rassin Property Enterprises Management (Beijing) Limited ("RPEMB")	Establishment of RPEMB for the purpose of owning and developing a piece of land in Beijing, the Mainland ("Beijing Land"). To fund the payment of land cost, construction costs and other project costs for the development of the Beijing Land, the total investment and registered capital of RPEMB were proposed to be US\$63.857 million and US\$22.35 million respectively. Any contribution to the registered capital of, and any shareholders' loans to, RPEMB would be made equally by the Group and the HWL Group in proportion to their respective equity interests in RPEMB.

Date	Joint Venture Company	Details of JV Arrangements															
13th June, 2005	Hutchison Whampoa Properties (Chongqing Jingkaiyuan) Limited (“HWPCJ”)	Establishment of HWPCJ for the purpose of owning and developing a piece of land in Chongqing, the Mainland (“Chongqing Land”). To fund the payment of land cost, construction costs and other project costs for the development of the Chongqing Land, the total investment and registered capital of HWPCJ were RMB714 million and RMB250 million respectively. Any contribution to the registered capital of, and any shareholders’ loans to, HWPCJ would be made equally by the Group and the HWL Group in proportion to their respective equity interests in HWPCJ.															
21st September, 2005	Hutchison Whampoa Properties (Guangzhou Zengcheng) Limited (“HWPGZ”) Guangzhou Walkin Real Estate Limited (“GWRE”) Guangzhou Crystal Rainbow Real Estate Limited (“GCRRE”) Guangzhou Eternal Star Real Estate Limited (“GESRE”)	Establishment of HWPGZ, GWRE, GCRRE and GESRE for the purpose of owning and developing 4 pieces of land at Zengcheng City, Guangzhou, the Mainland (“Zengcheng Lands”) respectively. To fund the payment of land costs, construction costs and other project costs for the development of the Zengcheng Lands, the aggregate amounts of the total investment and registered capital of HWPGZ, GWRE, GCRRE and GESRE were RMB580 million and RMB232 million respectively. The total investment and registered capital of each of HWPGZ, GWRE, GCRRE and GESRE were as follows: <table border="1" data-bbox="794 1192 1337 1360"> <thead> <tr> <th>JVCo</th> <th>Total Investment</th> <th>Registered Capital</th> </tr> </thead> <tbody> <tr> <td>HWPGZ</td> <td>RMB245 million</td> <td>RMB98 million</td> </tr> <tr> <td>GWRE</td> <td>RMB115 million</td> <td>RMB46 million</td> </tr> <tr> <td>GCRRE</td> <td>RMB105 million</td> <td>RMB42 million</td> </tr> <tr> <td>GESRE</td> <td>RMB115 million</td> <td>RMB46 million</td> </tr> </tbody> </table> <p>Any contribution to the registered capital of, and any shareholders’ loans to, each of HWPGZ, GWRE, GCRRE and GESRE would be made equally by the Group and the HWL Group in proportion to their respective equity interests in HWPGZ, GWRE, GCRRE and GESRE respectively.</p>	JVCo	Total Investment	Registered Capital	HWPGZ	RMB245 million	RMB98 million	GWRE	RMB115 million	RMB46 million	GCRRE	RMB105 million	RMB42 million	GESRE	RMB115 million	RMB46 million
JVCo	Total Investment	Registered Capital															
HWPGZ	RMB245 million	RMB98 million															
GWRE	RMB115 million	RMB46 million															
GCRRE	RMB105 million	RMB42 million															
GESRE	RMB115 million	RMB46 million															
19th December, 2005	Mapleleaf Developments Limited (“Mapleleaf”)	Establishment of Mapleleaf for the purpose of forming another joint venture (“JVCo”) with another party on a 50/50 basis for acquiring a piece of land at Pudong District in Shanghai, the Mainland (“Pudong Land”). To fund the payment of land cost, construction costs and other project costs for the development of the Pudong Land, the total investment and registered capital of JVCo were proposed to be about US\$683 million and about US\$240 million respectively. Any contribution to the registered capital of, and any shareholders’ loans to, JVCo would be made by the Group and the HWL Group in proportion to their respective equity interests in JVCo.															

Report of the Directors (continued)

Date	Joint Venture Company	Details of JV Arrangements
6th February, 2006	Golden Castle Management Limited (“Golden Castle”)	Establishment of Golden Castle for the purpose of forming another joint venture (“JVCo”) between Golden Castle and another party on a 80/20 basis for owning and developing 4 pieces of land at Jinkeng Village, Zhongxin Town (Zhenlong), the Mainland (“Zhenlong Lands”). To expand and enhance the scale and quality of development of the Zhenlong Lands, the total investment and the registered capital of JVCo would be increased to RMB1,544.32 million and RMB1,040.64 million respectively. Any contribution to the registered capital of, and any shareholders’ loans to, JVCo through Golden Castle would be made equally by the Group and the HWL Group in proportion to their respective effective equity interests in JVCo.
22nd February, 2006	Upper Speed Limited (“Upper Speed”)	Establishment of Upper Speed for the purpose of effecting the acquisition from Taylor Woodrow Capital Developments Limited of (i) 50% of the issued share capital of, (ii) the benefits of the loans owed by, and (iii) the benefit of the bonds issued by, each of Circadian (CH) Limited and Circadian Limited (which in turn own developments located at Chelsea Harbour Phase II and the Lots Road Power Station in the United Kingdom respectively) at the total consideration of £41.5 million. The consideration paid by Upper Speed was funded by the Group and the HWL Group in proportion to their 50/50 interest in Upper Speed.

- The Group had provided guarantees (“Guarantees”) or financial assistance (“Financial Assistance”) for companies in respect of which both the Group and the HWL Group or other joint venture partner(s) have interests. The Guarantees or Financial Assistance were provided by the Group and the HWL Group or other joint venture partner(s) (as the case may be) on a several basis and pro-rated to their respective interests in the relevant company. HWL is a substantial shareholder of certain subsidiaries of the Company and hence a connected person of the Company within the meaning of the Listing Rules. Such Guarantees or Financial Assistance constituted connected transactions for the Company under the Listing Rules.

Date	Joint Venture Company	Guarantees or Financial Assistance provided by the Group
18th March, 2005	Clevinger International Limited (“Clevinger”)	50% of the obligations under the proposed acquisition at a consideration of HK\$880 million (subject to adjustment) by Clevinger of the entire issued share capital of and the benefit of the debt owed by Harvest Country Limited, and various pieces of land in Hung Shui Kiu, Yuen Long owned by its subsidiary, including the contribution to the consideration on an unsecured basis and on normal commercial terms in proportion to the 50% equity interest in Clevinger.
13th May, 2005	Convoys Investment S.à.r.l. (“CIS”)	50% of the obligations under the acquisition by CIS of the freehold premises comprising land and buildings with an aggregate area of approximately 16 hectares located at the Royal Naval Yard Deptford, London, the United Kingdom at the consideration of £100 million (excluding VAT), including the contribution to the consideration and any additional payment in connection with the development of the above property on an unsecured basis and on normal commercial terms in proportion to the 50% equity interest in CIS.
23rd May, 2005	Bayswater Developments Limited (“BDL”)	40% of the obligations under the acquisition of a piece of land located at Tianjin, the Mainland by BDL and a PRC partner, through the establishment of Hutchison Whampoa Properties (Tianjin) Limited (“HWPT”) with the PRC partner, including the financial assistance provided or to be provided by the Group and the HWL Group to BDL by way of the contribution to the registered capital of, and any shareholders’ loans to, HWPT through BDL on an unsecured basis and on normal commercial terms in proportion to the 50% equity interest in BDL.
10th June, 2005	Shanghai Helian Property Development Co., Ltd.	50% of the obligations under a term loan facility of RMB430 million in principal amount made available by an independent financial institution.

Report of the Directors (continued)

Date	Joint Venture Company	Guarantees or Financial Assistance provided by the Group
14th July, 2005	Choicewide Group Limited ("Choicewide")	50% of the obligations of Choicewide under the acquisition (a) of a parcel of land at Marina Boulevard/Central Boulevard, Singapore at a total consideration of up to S\$1,796.238 million (subject to adjustment); and (b) (subject to the exercise of an option) of another parcel of land at Marina Boulevard/Central Boulevard, Singapore at a total consideration of S\$164.04 million (subject to adjustment). The acquisitions were made through the formation of a joint venture company in Singapore in which each of the Group, the HWL Group and two other tendering parties held one-third of the equity interests therein. The financial assistance provided or to be provided by each of the Group and the HWL Group to Choicewide by way of contribution to the acquisition consideration and any payment would be made in proportion to their 50/50 interest in Choicewide.
6th February, 2006	Shenzhen Hutchison Whampoa CATIC Properties Limited	50% of the obligations under a term loan facility of HK\$660 million in principal amount made available by an independent financial institution.

Major Customers and Suppliers

During the year, 49% of the Group's purchases were attributable to the Group's five largest suppliers with the largest supplier accounting for 24% of the Group's purchases. The Group's turnover attributable to the Group's five largest customers was less than 30%.

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) has any interest in the Group's five largest suppliers disclosed above, except that Ms. Pau Yee Wan, Ezra, Director of the Company, has beneficial interest in one of the Group's five largest suppliers and Templeton Global Advisors Ltd., one of the shareholders acting in its capacity as an investment manager performing investment management, advisory and related services for clients on a global basis holding more than 5% of the share capital of the Company, also has interest in one of the Group's five largest suppliers.

Directors' Interests in Competing Businesses

During the year, the interests of Directors in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group ("Competing Business") as required to be disclosed pursuant to the Listing Rules were as follows:

1. Core Business Activities of the Group

- (1) Property development and investment.
- (2) Hotel and serviced suite operation.
- (3) Property and project management.
- (4) Investment in securities.
- (5) Information technology, e-commerce and new technology.

2. Interests in Competing Business

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Li Ka-shing	Hutchison Whampoa Limited	Chairman	(1), (2), (3), (4) & (5)
Li Tzar Kuoi, Victor	Hutchison Whampoa Limited	Deputy Chairman	(1), (2), (3), (4) & (5)
	Cheung Kong Infrastructure Holdings Limited	Chairman	(4) & (5)
	Hongkong Electric Holdings Limited	Executive Director	(4) & (5)
	CK Life Sciences Int'l., (Holdings) Inc.	Chairman	(4) & (5)
Kam Hing Lam	Hutchison Whampoa Limited	Executive Director	(1), (2), (3), (4) & (5)
	Cheung Kong Infrastructure Holdings Limited	Group Managing Director	(4) & (5)
	Hongkong Electric Holdings Limited	Executive Director	(4) & (5)
	CK Life Sciences Int'l., (Holdings) Inc.	President and Chief Executive Officer	(4) & (5)

Report of the Directors (continued)

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Ip Tak Chuen, Edmond	Cheung Kong Infrastructure Holdings Limited	Executive Director and Deputy Chairman	(4) & (5)
	CK Life Sciences Int'l., (Holdings) Inc.	Senior Vice President and Chief Investment Officer	(4) & (5)
	TOM Group Limited	Non-executive Director	(4) & (5)
	ARA Asset Management (Singapore) Limited	Director	(3)
	ARA Trust Management (Suntec) Limited	Director	(3)
	CATIC International Holdings Limited	Non-executive Director	(1) & (4)
	Excel Technology International Holdings Limited	Non-executive Director	(4) & (5)
	Hanny Holdings Limited	Non-executive Director (retired on 1st September, 2005)	(4) & (5)
	Shougang Concord International Enterprises Company Limited	Non-executive Director	(1) & (4)
Chiu Kwok Hung, Justin	ARA Asset Management (Singapore) Limited	Chairman	(3)
	ARA Trust Management (Suntec) Limited	Chairman	(3)
	Al Islami Far Eastern Real Estate Fund Limited	Chairman	(3) & (4)
	ARA Asset Management (Prosperity) Limited	Chairman	(3)
Leung Siu Hon	Rich Surplus Limited	Director and Substantial Shareholder	(1) & (2)
	Rich More Enterprises Limited	Director and Substantial Shareholder	(1)
Fok Kin-ning, Canning	Hutchison Whampoa Limited	Group Managing Director	(1), (2), (3), (4) & (5)
	Cheung Kong Infrastructure Holdings Limited	Deputy Chairman	(4) & (5)
	Hongkong Electric Holdings Limited	Chairman	(4) & (5)
	Hutchison Telecommunications International Limited	Chairman	(5)
	Hutchison Harbour Ring Limited	Chairman	(1) & (5)
	Hanny Holdings Limited	Non-executive Director (retired on 1st September, 2005)	(4) & (5)

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Frank John Sixt	Hutchison Whampoa Limited	Group Finance Director	(1), (2), (3), (4) & (5)
	Cheung Kong Infrastructure Holdings Limited	Executive Director	(4) & (5)
	Hongkong Electric Holdings Limited	Executive Director	(4) & (5)
	TOM Group Limited	Chairman	(4) & (5)
	TOM Online Inc.	Chairman	(5)
	Hutchison Telecommunications International Limited	Non-executive Director	(5)
George Colin Magnus	Hutchison Whampoa Limited	Non-executive Director	(1), (2), (3), (4) & (5)
	Cheung Kong Infrastructure Holdings Limited	Non-executive Director	(4) & (5)
	Hongkong Electric Holdings Limited	Non-executive Director	(4) & (5)

Note: Such businesses may be made through subsidiaries, associated companies or by way of other forms of investments.

Save as disclosed above, none of the Directors is interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with businesses of the Group.

Purchase, Sale or Redemption of Shares

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

Sufficiency of Public Float

Based on information publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

Community Relations

During the year, the Group supported a wide variety of charities and activities beneficial to the community. Donations made by the Group during the year amounted to approximately HK\$400,000.

Rule 13.22 of The Listing Rules

As at 31st December, 2005, the aggregate amount of the financial assistance provided by the Group to its associated companies and jointly controlled entities (collectively the “Affiliated Companies” within the meaning under Chapter 13 of the Listing Rules) and the guarantees given by the Group for facilities granted to the Affiliated Companies exceeded the assets ratio of 8% under the Listing Rules.

In accordance with the requirements under Rule 13.22 of the Listing Rules, a combined balance sheet of the Affiliated Companies, to which the provision of financial assistance and/or guarantees by the Group are subject to disclosure under Rule 13.16, is set out below:

Combined Balance Sheet As at 31st December, 2005	HK\$ Million	The Group's attributable interest HK\$ Million
Fixed assets	11,192	4,489
Investment properties	18,436	7,338
Other non-current assets	931	408
Current assets		
Stock of properties	31,057	12,851
Bank balances and deposits	6,067	2,732
Other current assets	7,925	3,757
Current liabilities		
Bank and other loans	(1,230)	(581)
Other current liabilities	(6,242)	(2,837)
Non-current liabilities		
Bank and other loans	(9,929)	(4,429)
Other non-current liabilities	(3,941)	(1,679)
Minority interests	(1,928)	(945)
Total shareholders' loan and equity	52,338	21,104

Auditors

The financial statements for the year have been audited by Messrs. Deloitte Touche Tohmatsu who retire and offer themselves for re-appointment.

On behalf of the Board

Li Ka-shing

Chairman

Hong Kong, 23rd March, 2006

Corporate Governance Report

The Board of Directors (“Board”) and the management of the Company are committed to the establishment of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders’ value. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices (“Code on CG Practices”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) (“Listing Rules”) throughout the year ended 31st December, 2005.

Key corporate governance principles and corporate governance practices of the Company are summarised below:

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices																																
A.	DIRECTORS																																		
A.1	The Board																																		
	<i>Corporate Governance Principle</i> <i>The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company’s affairs.</i>																																		
A.1.1	Regular board meetings at least four times a year involving active participation, either in person or through other electronic means of communication, of majority of directors	√	<ul style="list-style-type: none"> The Board meets regularly and held meetings in March, May, August and November 2005. Details of Directors’ attendance records in 2005: <table border="1"> <thead> <tr> <th>Members of the Board</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="2">Executive Directors</td> </tr> <tr> <td>LI Ka-shing (<i>Chairman</i>)</td> <td>4/4</td> </tr> <tr> <td>LI Tzar Kuoi, Victor (<i>Managing Director and Deputy Chairman</i>)</td> <td>4/4</td> </tr> <tr> <td>KAM Hing Lam</td> <td>4/4</td> </tr> <tr> <td>IP Tak Chuen, Edmond</td> <td>4/4</td> </tr> <tr> <td>CHUNG Sun Keung, Davy</td> <td>3/4</td> </tr> <tr> <td>PAU Yee Wan, Ezra</td> <td>4/4</td> </tr> <tr> <td>WOO Chia Ching, Grace</td> <td>4/4</td> </tr> <tr> <td>CHIU Kwok Hung, Justin</td> <td>4/4</td> </tr> <tr> <td colspan="2">Non-executive Directors</td> </tr> <tr> <td>LEUNG Siu Hon</td> <td>4/4</td> </tr> <tr> <td>FOK Kin-ning, Canning</td> <td>4/4</td> </tr> <tr> <td>Frank John SIXT</td> <td>4/4</td> </tr> <tr> <td>CHOW Kun Chee, Roland</td> <td>4/4</td> </tr> <tr> <td>George Colin MAGNUS *</td> <td>4/4</td> </tr> </tbody> </table>	Members of the Board	Attendance	Executive Directors		LI Ka-shing (<i>Chairman</i>)	4/4	LI Tzar Kuoi, Victor (<i>Managing Director and Deputy Chairman</i>)	4/4	KAM Hing Lam	4/4	IP Tak Chuen, Edmond	4/4	CHUNG Sun Keung, Davy	3/4	PAU Yee Wan, Ezra	4/4	WOO Chia Ching, Grace	4/4	CHIU Kwok Hung, Justin	4/4	Non-executive Directors		LEUNG Siu Hon	4/4	FOK Kin-ning, Canning	4/4	Frank John SIXT	4/4	CHOW Kun Chee, Roland	4/4	George Colin MAGNUS *	4/4
Members of the Board	Attendance																																		
Executive Directors																																			
LI Ka-shing (<i>Chairman</i>)	4/4																																		
LI Tzar Kuoi, Victor (<i>Managing Director and Deputy Chairman</i>)	4/4																																		
KAM Hing Lam	4/4																																		
IP Tak Chuen, Edmond	4/4																																		
CHUNG Sun Keung, Davy	3/4																																		
PAU Yee Wan, Ezra	4/4																																		
WOO Chia Ching, Grace	4/4																																		
CHIU Kwok Hung, Justin	4/4																																		
Non-executive Directors																																			
LEUNG Siu Hon	4/4																																		
FOK Kin-ning, Canning	4/4																																		
Frank John SIXT	4/4																																		
CHOW Kun Chee, Roland	4/4																																		
George Colin MAGNUS *	4/4																																		

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices																				
A.1.1 (cont'd)			<p>Members of the Board</p> <table border="1"> <thead> <tr> <th></th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="2">Independent Non-executive Directors</td> </tr> <tr> <td>KWOK Tun-li, Stanley</td> <td>4/4</td> </tr> <tr> <td>YEH Yuan Chang, Anthony</td> <td>4/4</td> </tr> <tr> <td>Simon MURRAY</td> <td>4/4</td> </tr> <tr> <td>CHOW Nin Mow, Albert</td> <td>3/4</td> </tr> <tr> <td>HUNG Siu-lin, Katherine</td> <td>4/4</td> </tr> <tr> <td>WONG Yick-ming, Rosanna</td> <td>4/4</td> </tr> <tr> <td>KWAN Chiu Yin, Robert</td> <td>3/4</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td>4/4</td> </tr> </tbody> </table> <p>Note:</p> <p>* Re-designated from an Executive Director to Non-executive Director on 1st November, 2005.</p> <ul style="list-style-type: none"> The Directors can attend meetings in person, by phone or through other means of electronic communication or by their alternate directors in accordance with the Company's Articles of Association. 		Attendance	Independent Non-executive Directors		KWOK Tun-li, Stanley	4/4	YEH Yuan Chang, Anthony	4/4	Simon MURRAY	4/4	CHOW Nin Mow, Albert	3/4	HUNG Siu-lin, Katherine	4/4	WONG Yick-ming, Rosanna	4/4	KWAN Chiu Yin, Robert	3/4	CHEONG Ying Chew, Henry	4/4
	Attendance																						
Independent Non-executive Directors																							
KWOK Tun-li, Stanley	4/4																						
YEH Yuan Chang, Anthony	4/4																						
Simon MURRAY	4/4																						
CHOW Nin Mow, Albert	3/4																						
HUNG Siu-lin, Katherine	4/4																						
WONG Yick-ming, Rosanna	4/4																						
KWAN Chiu Yin, Robert	3/4																						
CHEONG Ying Chew, Henry	4/4																						
A.1.2	All directors are given an opportunity to include matters in the agenda for regular board meetings.	√	<ul style="list-style-type: none"> All Directors are consulted as to whether they may want to include any matter in the agenda before the agenda for each regular Board meeting is issued. 																				
A.1.3	<ul style="list-style-type: none"> At least 14 days notice for regular board meetings Reasonable notice for other board meetings 	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> Regular Board meetings of a particular year are usually scheduled towards the end of the preceding year to give all Directors adequate time to plan their schedules to attend. At least 14 days formal notice would be given before each regular meeting. 																				
A.1.4	All directors should have access to the advice and services of the company secretary with a view to ensuring that board procedures, and all applicable rules and regulations, are followed.	√	<ul style="list-style-type: none"> Directors have access to the Company Secretary and key officers of the Company Secretarial Department who are responsible to the Board for ensuring that Board procedures are followed. Memos are issued to Directors, from time to time on updating of legal and regulatory changes and matters of relevance to Directors in the discharge of their duties. 																				

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.1.5	<ul style="list-style-type: none"> – Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary of the meeting. – Such minutes should be open for inspection at any reasonable time on reasonable notice by any director. 	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> • The Company Secretary prepares written resolutions or minutes and keeps records of matters discussed and decisions resolved at all Board and Board Committee meetings. • Board minutes/resolutions are sent to all Directors within a reasonable time (generally within 14 days) after each Board and Board Committee meeting. • Board minutes/resolutions are available for inspection by Directors/Board Committee members.
A.1.6	<ul style="list-style-type: none"> – Minutes of board meetings and meetings of board committees should record in sufficient detail the matters considered by the board and decisions reached. – Draft and final versions of board minutes for all directors to comment and to keep records within a reasonable time after the board meeting. 	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> • Minutes record in sufficient detail the matters considered by the Board/Board Committees and decisions reached. • Directors are given an opportunity to comment on draft Board minutes. • Final version of Board minutes are placed on record within a reasonable time after the Board meeting.

Corporate Governance Report *(continued)*

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.1.7	<ul style="list-style-type: none"> – A procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the company's expense – The board should resolve to provide separate independent professional advice to directors to assist the relevant director or directors to discharge his/their duties to the company. 	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> • Directors have been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should such advice be considered necessary by any Director.
A.1.8	<ul style="list-style-type: none"> – If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should not be dealt with by way of circulation or by a committee but a board meeting should be held. – Independent non-executive directors who, and whose associates, have no material interest in the transaction should be present at such board meeting. 	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> • Important matters are usually dealt with by way of written resolutions so that all Directors (including Independent Non-executive Directors) can note and comment, as appropriate, the matters before approval is granted. • Director must declare his/her interest in the matters to be passed in the resolution, if applicable. • If a substantial shareholder or a Director has a conflict of interest in a matter to be considered material by the Board, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent Board committee will be set up to deal with the matter.

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.2	Chairman and Chief Executive Officer <i>Corporate Governance Principle</i> <i>There should be a clear division of responsibilities between the Chairman and the Managing Director of the Company to ensure a balance of power and authority.</i>		
A.2.1	<ul style="list-style-type: none"> – Separate roles of chairman and chief executive officer not to be performed by the same individual – Division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. 	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> • The positions of the Chairman of the Board and the Managing Director are currently held by separate individuals. • The Chairman determines the broad strategic direction of the Group in consultation with the full Board and is responsible for macro high-level oversight of management. • The Managing Director, with the support of the Executive Directors, is responsible for strategic planning of different business functions and day-to-day management and operation of the Group.
A.2.2	The chairman should ensure that all directors are properly briefed on issues arising at board meetings.	√	<ul style="list-style-type: none"> • With the support of Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information on a timely basis. • In addition to regular Board meetings, the Chairman has meetings with the Non-executive Directors (including the Independent Non-executive Directors) without the presence of Executive Directors at least once every year.
A.2.3	The chairman should be responsible for ensuring that directors receive adequate information, which must be complete and reliable, in a timely manner.	√	<ul style="list-style-type: none"> • The Board papers including supporting analysis and related background information are normally sent to the Directors at least three days before Board meetings. • Communications between Non-executive Directors (including Independent Non-executive Directors) on the one hand, and the Company Secretary as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and further supporting information and/or documentation is provided if appropriate.

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.3	Board composition		
	<p>Corporate Governance Principle <i>The Board should have a balance of skills and experience appropriate for the requirements of the business of the Company and should include a balanced composition of Executive and Non-executive Directors so that independent judgement can effectively be exercised.</i></p>		
A.3.1	<p>Independent non-executive directors should be expressly identified as such in all corporate communications that disclose the names of directors of the company.</p>	√	<ul style="list-style-type: none"> • The composition of the Board, by category and position of Directors including names of Chairman, Executive Directors, Non-executive Directors and Independent Non-executive Directors, is disclosed in all corporate communications. • The Board consists of a total of twenty-one Directors, comprising eight Executive Directors, five Non-executive Directors and eight Independent Non-executive Directors. More than one-third of the Board are Independent Non-executive Directors of which more than one have appropriate professional qualifications, or accounting or related financial management expertise. • Details of the composition of the Board are set out on page 148. • The Directors' biographical information and the relationships among the Directors are set out on pages 24 to 27. • Review of the Board composition is made regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.
A.4	Appointments, re-election and removal		
	<p>Corporate Governance Principle <i>There should be a formal, considered and transparent procedure for the appointment of new Directors and plans in place for orderly succession for appointments to the Board. All Directors should be subject to re-election at regular intervals.</i></p>		

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.4.1	Non-executive directors should be appointed for a specific term, subject to re-election.	√	<ul style="list-style-type: none"> All Directors (including 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 Articles of Association and the Code on CG Practices.
A.4.2	<ul style="list-style-type: none"> All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. 	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> In accordance with the Company's Articles of Association, newly appointed Directors are required to offer themselves for re-election at the first annual general meeting following their appointment. The Board as a whole is responsible for the appointment of new Directors and Directors' nomination for re-election by shareholders at the annual general meeting of the Company. Under the Company's Articles of Association, the Board may from time to time appoint a Director either to fill a vacancy or as an addition to the Board. Any such new Director shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at the same annual general meeting. All Directors (including 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 Articles of Association and the Code on CG Practices. The structure, size and composition of the Board are reviewed from time to time to ensure the Board has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company. The independence of the Independent Non-executive Directors is assessed according to the relevant rules and requirements under the Listing Rules. Each of the Independent Non-executive Directors makes an annual confirmation of independence pursuant to the requirements of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in the relevant requirements of the Listing Rules and are independent in accordance with the terms of the guidelines.

Corporate Governance Report (*continued*)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.5	Responsibilities of directors		
	Corporate Governance Principle <i>Every Director is required to keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.</i>		
A.5.1	<p>– Every newly appointed director of the company should receive a comprehensive, formal and tailored induction on the first occasion of his appointment, and subsequently such briefing and professional development as is necessary.</p> <p>– To ensure that he has a proper understanding of the operations and business of the company and that he is fully aware of his responsibilities under statute and common law, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the company.</p>	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> • The Company Secretary and key officers of the Company Secretarial Department liaise closely with newly appointed Directors both immediately before and after his/her appointment to acquaint the newly appointed Directors with the duties and responsibilities as a Director of the Company and the business operation of the Company. • A package compiled and reviewed by the Company's legal advisers setting out such duties and responsibilities under the Listing Rules, Companies Ordinance and other related ordinances and relevant regulatory requirements of Hong Kong is also provided to each newly appointed Director. • Regular memos are issued to the Directors on updating of legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.5.2	<p>The functions of non-executive directors include:</p> <ul style="list-style-type: none"> – independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct at board meetings – take the lead on potential conflicts of interests – serve on the audit, remuneration, nomination and other governance committees, if invited – scrutinise the company's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance 	<p>√</p> <p>√</p> <p>√</p> <p>√</p>	<ul style="list-style-type: none"> • Non-executive Directors seek guidance and direction from the Chairman, the Managing Director and Executive Directors on the future business direction and strategic plan so as to better understand the business of the Company and to exercise their independent judgement. • Non-executive Directors review the financial information and operational performance of the Company on a regular basis. • Independent Non-executive Directors are invited to serve on the Audit and Remuneration Committees of the Company.

Corporate Governance Report *(continued)*

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.5.3	Every director should ensure that he can give sufficient time and attention to the affairs of the company and should not accept the appointment if he cannot do so.	√	<ul style="list-style-type: none"> • There is satisfactory attendance at Board meetings in 2005. • Every Executive Director has hands-on knowledge and expertise in the areas and operation in which he/she is charged with. Appropriate attention to the affairs of the Company is measured in terms of time as well as the quality of such attention and the ability of the Directors to contribute with reference to his/her necessary knowledge and expertise.
A.5.4	<ul style="list-style-type: none"> – Directors must comply with the Model Code. – Board should establish written guidelines on no less exacting terms than the Model Code for relevant employees. 	√ √	<ul style="list-style-type: none"> • The Company has 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 31st March, 2004. • Confirmation has been sought from all Directors that they have complied with the required standards set out in the Model Code for the year ended 31st December, 2005. • Written guidelines of no less exacting terms than the Model Code relating to securities transactions for employees are set out in the Employee Handbook of the Company.

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.6	Supply of and access to information		
<p><i>Corporate Governance Principle</i> <i>Directors should be provided in a timely manner with appropriate information in such form and of such quality as will enable them to make an informed decision and to discharge their duties and responsibilities as Directors of the Company.</i></p>			
A.6.1	<ul style="list-style-type: none"> – Send agenda and full board papers to all directors at least 3 days before regular board or board committee meeting – So far as practicable for other board or board committee meetings 	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> • Board papers are circulated not less than three days before the regular Board/Board Committee meetings to enable the Directors to make informed decisions on matters to be raised at the Board/Board Committee meetings.
A.6.2	<ul style="list-style-type: none"> – Management has an obligation to supply the board and its committees with adequate information in a timely manner to enable it to make informed decisions. – The board and each director should have separate and independent access to the company’s senior management for making further enquiries where necessary. 	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> • The Company Secretary and the Qualified Accountant attend all regular Board meetings to advise on corporate governance, statutory compliance, accounting and financial matters. • Communications between Directors on the one hand, and the Company Secretary, who acts as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and that further supporting information is provided if appropriate.

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.6.3	<ul style="list-style-type: none"> – All directors are entitled to have access to board papers and related materials. – Steps must be taken to respond as promptly and fully as possible to queries raised by directors. 	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> • Same as A.6.2 above.
B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT			
B.1 The level and make-up of remuneration and disclosure			
<p><i>Corporate Governance Principle</i> <i>There should be a formal and transparent procedure for setting policy on Executive Directors' remuneration and for fixing the remuneration packages for all Directors.</i></p>			
B.1.1	Establish a remuneration committee with specific written terms of reference comprising a majority of independent non-executive directors	√	<ul style="list-style-type: none"> • In accordance with the Code on CG Practices, the Company has set up a remuneration committee (“Remuneration Committee”) with a majority of the members being Independent Non-executive Directors. • The Company established its Remuneration Committee on 1st January, 2005. • The existing Remuneration Committee comprises the Chairman of the Board, Mr. Li Ka-shing (Chairman of the Remuneration Committee), and two Independent Non-executive Directors, namely, Mr. Kwok Tun-li, Stanley and Dr. Wong Yick-ming, Rosanna.

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices								
B.1.1 (cont'd)			<ul style="list-style-type: none"> Since the setting up of the Remuneration Committee on 1st January, 2005, an orientation meeting and two meetings of the Remuneration Committee were held in May 2005, November 2005 and January 2006 respectively. Details of the attendance of the members of the Remuneration Committee are as follows: <table border="0" data-bbox="772 717 1350 922"> <thead> <tr> <th data-bbox="772 717 1209 771">Members of the Remuneration Committee</th> <th data-bbox="1209 717 1350 771">Attendance</th> </tr> </thead> <tbody> <tr> <td data-bbox="772 771 1209 847">LI Ka-shing <i>(Chairman of the Remuneration Committee)</i></td> <td data-bbox="1209 771 1350 847">3/3</td> </tr> <tr> <td data-bbox="772 847 1209 879">KWOK Tun-li, Stanley</td> <td data-bbox="1209 847 1350 879">3/3</td> </tr> <tr> <td data-bbox="772 879 1209 922">WONG Yick-ming, Rosanna</td> <td data-bbox="1209 879 1350 922">3/3</td> </tr> </tbody> </table> <p data-bbox="772 965 1350 1084">Note: The members of the Remuneration Committee can attend meetings in person, by phone or through other means of electronic communication or by their alternates in accordance with the Company's Articles of Association.</p> The following is a summary of the work for the Remuneration Committee during the said meetings: <ol style="list-style-type: none"> Review of the remuneration policy for 2005/2006; Review of the remuneration of Non-executive Directors; and Review of the annual performance bonus policy. 	Members of the Remuneration Committee	Attendance	LI Ka-shing <i>(Chairman of the Remuneration Committee)</i>	3/3	KWOK Tun-li, Stanley	3/3	WONG Yick-ming, Rosanna	3/3
Members of the Remuneration Committee	Attendance										
LI Ka-shing <i>(Chairman of the Remuneration Committee)</i>	3/3										
KWOK Tun-li, Stanley	3/3										
WONG Yick-ming, Rosanna	3/3										
B.1.2	The remuneration committee should consult the chairman and/or chief executive officer about their proposals relating to the remuneration of other executive directors and have access to professional advice if considered necessary.	√	<ul style="list-style-type: none"> The Remuneration Committee has consulted the Chairman and/or the Managing Director about proposals relating to the remuneration packages and other human resources issues of the Directors and senior management. The emoluments of Directors are based on the skill, knowledge, involvement in the Company's affairs and the performance of each Director, together with reference to the profitability of the Company, remuneration benchmarks in the industry, and prevailing market conditions. 								

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
B.1.3	<p>Terms of reference of the remuneration committee include:</p> <ul style="list-style-type: none"> – determine specific remuneration packages of all executive directors and senior management – review and approve performance-based remuneration and the compensation payable on loss or termination of office or appointment – ensure that no director or any of his associates is involved in deciding his own remuneration 	√	<ul style="list-style-type: none"> • The terms of reference of the Remuneration Committee, which follow closely the requirements of the Code Provisions and have been adopted by the Board, are posted on the Company's website.

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
B.1.4	The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.	√	<ul style="list-style-type: none"> The terms of reference of the Remuneration Committee are posted on the Company's website. 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 senior management, and reviewing the specific remuneration packages of all Executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.
B.1.5	The remuneration committee should be provided with sufficient resources to discharge its duties.	√	<ul style="list-style-type: none"> The Human Resources Department provides administrative support and implements the approved remuneration packages and other human resources related decisions approved by the Remuneration Committee.
C. ACCOUNTABILITY AND AUDIT			
C.1	<p>Financial reporting</p> <p><i>Corporate Governance Principle</i> <i>The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.</i></p>		
C.1.1	Management should provide such explanation and information to the board as will enable the board to make an informed assessment of the financial and other information put before the board for approval.	√	<ul style="list-style-type: none"> Directors are provided with a review of the Group's major business activities and detailed financial information on a quarterly basis.

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.1.2	– The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts.	√	<ul style="list-style-type: none"> • The Directors annually acknowledge in writing their responsibility for preparing the financial statements of the Group. • Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern as referred to in C.1.2 of the Code on CG Practices. • With the assistance of the Accounts Department which is under the supervision of the Qualified Accountant of the Company, the Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. • The Directors also ensure the publication of the financial statements of the Group is in a timely manner. • The statement by the auditors of the Company regarding their reporting responsibilities on the financial statements of the Group is set out in the Report of the Auditors on page 141.
	– There should be a statement by the auditors about their reporting responsibilities in the auditors' report on the financial statements.	√	
	– Unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary.	√	
	– When the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt upon the company's ability to continue as a going concern, such uncertainties should be clearly and prominently set out and discussed at length in the Corporate Governance Report.	N/A	

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.1.3	The board's responsibility to present a balanced, clear and understandable assessment extends to annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.	√	<ul style="list-style-type: none"> The Board aims to present a clear, balanced and understandable assessment of the Group's performance and position in all shareholder communications. The Board is aware of the requirements under the applicable rules and regulations about timely disclosure of price-sensitive information or matters regarding the Company and will authorise the publication of such announcements as and when the occasion arises. The Company Secretary and key officers of the Company Secretarial Department work closely and in consultation with legal advisers to review the materiality and sensitivity of transactions and proposed transactions and advise the Board accordingly.
C.2	<p>Internal controls</p> <p><i>Corporate Governance Principle</i> <i>The Board should ensure that the Company maintains sound and effective internal controls to safeguard the shareholders' investment and the Company's assets.</i></p>		
C.2.1	<ul style="list-style-type: none"> – Directors to review effectiveness of system of internal control of the company and its subsidiaries at least annually and to report that they have done so in the Corporate Governance Report – The review should cover all material controls, including financial, operational and compliance controls and risk management functions. 	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> The Directors, through the audit committee of the Company ("Audit Committee"), have conducted an annual review of the effectiveness of the system of internal control of the Company and its subsidiaries. The review covers all material controls, including financial, operational and compliance controls and risk management functions.

Corporate Governance Report *(continued)*

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.2.1 (cont'd)			<ul style="list-style-type: none"> The Board has overall responsibility for maintaining sound and effective internal control system of the Group. The Group's system of internal control includes a defined management structure with limits of authority, is designed to help the achievement of business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives. <p><i>Organisational Structure</i> An organisational structure with operating policies and procedures, lines of responsibility and delegated authority has been established.</p> <p><i>Authority and Control</i> The relevant Executive Directors and senior management are delegated with respective levels of authorities with regard to key corporate strategy and policy and contractual commitments.</p> <p><i>Budgetary Control and Financial Reporting</i> Operational budgets are prepared by operational departments and reviewed by the responsible Directors prior to being adopted. There are procedures for the appraisal, review and approval of major capital and recurrent expenditure. Results of operations against budgets are reported regularly to the Executive Directors.</p>

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices								
C.2.1 (cont'd)			<p>Proper controls are in place for the recording of complete, accurate and timely accounting and management information. Regular reviews and audits are carried out to ensure that the preparation of financial statements is carried out in accordance with generally accepted accounting principles, the Group's accounting policies and applicable laws and regulations.</p> <p><i>Internal Audit</i></p> <p>The Internal Audit Department provides an independent appraisal of the Group's financial and operational activities, and makes constructive recommendations to the relevant management for necessary actions. The results of internal audit reviews and corresponding remedial actions taken are reported to the Executive Directors and Audit Committee periodically. The annual work plan of the Internal Audit Department focuses on those areas of the Group's activities with the greatest perceived risk and the plan is reviewed and endorsed by the Audit Committee.</p>								
C.3	Audit Committee										
	<p><i>Corporate Governance Principle</i></p> <p><i>The Board should establish formal and transparent arrangements for considering how it will apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the Company's auditors.</i></p>										
C.3.1	<ul style="list-style-type: none"> – Full minutes of audit committee meetings should be kept by a duly appointed secretary of the meeting. – Draft and final versions of minutes for all members of the audit committee to comment and to keep records within a reasonable time after the meeting. 	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> • Minutes drafted by the Company Secretary are circulated to members of the Audit Committee within a reasonable time after each meeting. • Audit Committee meetings were held in March and August 2005. Details of the attendance record of the members of the Audit Committee are as follows: <table border="0"> <thead> <tr> <th style="text-align: left;">Members of the Audit Committee</th> <th style="text-align: right;">Attendance</th> </tr> </thead> <tbody> <tr> <td>KWAN Chiu Yin, Robert <i>(Chairman of the Audit Committee)</i></td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>KWOK Tun-li, Stanley</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td style="text-align: right;">2/2</td> </tr> </tbody> </table> <p>Note: The members of the Audit Committee can attend meetings in person, by phone or through other means of electronic communication or by their alternates in accordance with the Company's Articles of Association.</p>	Members of the Audit Committee	Attendance	KWAN Chiu Yin, Robert <i>(Chairman of the Audit Committee)</i>	2/2	KWOK Tun-li, Stanley	2/2	CHEONG Ying Chew, Henry	2/2
Members of the Audit Committee	Attendance										
KWAN Chiu Yin, Robert <i>(Chairman of the Audit Committee)</i>	2/2										
KWOK Tun-li, Stanley	2/2										
CHEONG Ying Chew, Henry	2/2										

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.3.1 (cont'd)			<ul style="list-style-type: none"> • The following is a summary of the work of the Audit Committee during 2005: <ol style="list-style-type: none"> 1. Review of the financial reports for 2004 annual results and 2005 interim results; 2. Review of the findings and recommendations of the Internal Audit Department on the work of various departments and related companies; 3. Review of the effectiveness of the internal control system; 4. Review of the external auditors' audit findings; and 5. Review of the auditors' remuneration. • After due and careful consideration of reports from management and the internal and external auditors, the Audit Committee was of the view that no suspected fraud or irregularities, significant internal control deficiencies, or suspected infringement of laws, rules, or regulations had been found, and concluded at the meeting held on 21st March, 2006 that the system of internal controls was adequate and effective. • On 21st March, 2006, the Audit Committee met to review the Group's 2005 consolidated financial statements, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditors. After review and discussions with the management, internal auditor and external auditors, the Audit Committee endorsed the accounting treatment adopted by the Company, and the Audit Committee had to the best of its ability assured itself that the disclosure of the financial information in the 2005 Annual Report complies with the applicable accounting standards and Appendix 16 to the Listing Rules. The Audit Committee therefore recommended the Board's approval of the consolidated financial statements for the year ended 31st December, 2005.

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.3.1 (cont'd)			<ul style="list-style-type: none"> The Audit Committee also recommended to the Board the re-appointment of Messrs. Deloitte Touche Tohmatsu (“Deloitte”) as the Company’s external auditors for 2006 and that the related resolution shall be put forth for shareholders’ consideration and approval at the 2006 annual general meeting. The Group’s Annual Report for the year ended 31st December, 2005 has been reviewed by the Audit Committee.
C.3.2	<p>A former partner of existing auditing firm shall not act as a member of the committee for 1 year after he ceases to be a partner of or to have any financial interest in, the firm, whichever is the later.</p>	√	<ul style="list-style-type: none"> No member of the Audit Committee is a former partner of the existing auditing firm of the Company during the one year after he/she ceases to be a partner of the auditing firm. Mr. Kwan Chiu Yin, Robert, who was a partner of Deloitte, the existing auditing firm of the Company, retired on 1st June, 2002 and was appointed as an Independent Non-executive Director and the Chairman of the Audit Committee of the Company on 23rd September, 2004, more than one year after he ceased to be a partner of Deloitte.

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.3.3	<p>Terms of reference of the audit committee include:</p> <ul style="list-style-type: none"> – recommendation to the board on the appointment and removal of external auditors and approval of their terms of engagement – review and monitor external auditors' independence and effectiveness of audit process – review of financial information of the company – oversight of the company's financial reporting system and internal control procedures 	√	<ul style="list-style-type: none"> • Terms of reference of the Audit Committee, which follow closely the requirements of the Code Provisions and have been adopted by the Board, are posted on the Company's website.

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.3.4	The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.	√	<ul style="list-style-type: none"> The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company established the Audit Committee in December 1998 with reference to “A Guide for the Formation of an Audit Committee” issued by the Hong Kong Institute of Certified Public Accountants (formerly known as Hong Kong Society of Accountants). In accordance with the requirements of the Code on CG Practices, the terms of reference of the Audit Committee were revised on 1st January, 2005 in terms substantially the same as the provisions set out in the Code on CG Practices. The revised terms of reference of the Audit Committee are available on the Company’s website. The principal duties of the Audit Committee include the review and supervision of the Group’s financial reporting system and internal control procedures, review of the Group’s financial information and review of the relationship with the external auditors of the Company. Regular meetings have been held by the Audit Committee since its establishment. The Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Kwan Chiu Yin, Robert (Chairman of the Audit Committee), Mr. Kwok Tun-li, Stanley and Mr. Cheong Ying Chew, Henry. The Audit Committee held two meetings in 2005.

Corporate Governance Report *(continued)*

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.3.5	Where the board disagrees with the audit committee's view on the selection, appointment, resignation or dismissal of the external auditors, the company should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the board has taken a different view.	N/A	<ul style="list-style-type: none"> The Audit Committee recommended to the Board that, subject to shareholders' approval at the forthcoming annual general meeting, Deloitte be re-appointed as the Company's external auditors for 2006. For the year ended 31st December, 2005, the external auditors of the Company received approximately HK\$5 million for audit services and HK\$1 million for tax and other services.
C.3.6	The audit committee should be provided with sufficient resources to discharge its duties.	√	<ul style="list-style-type: none"> The Audit Committee has been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should the seeking of such advice be considered necessary by such Directors.

D. DELEGATION BY THE BOARD

D.1 Management functions

Corporate Governance Principle

The Company should have a formal schedule of matters specifically reserved to the Board and those delegated to management.

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
D.1.1	When the board delegates aspects of its management and administration functions to management, it must at the same time give clear directions as to the powers of management, in particular, with respect to the circumstances where management should report back and obtain prior approval from the board before making decisions or entering into any commitments on behalf of the company.	√	<ul style="list-style-type: none"> • Executive Directors are in charge of different businesses and functional divisions in accordance with their respective areas of expertise. • Please refer to the Management Structure Chart set out on page 85.
D.1.2	Formalise functions reserved to the board and those delegated to management. It should review those arrangements on a periodic basis to ensure that they remain appropriate to the needs of the company.	√	<ul style="list-style-type: none"> • The Board, led by the Chairman, is responsible for the Group's future development directions; overall strategies and policies; evaluation of the performance of the Group and the management; and approval of matters that are of a material or substantial nature. • Management is responsible for the day-to-day operations of the Group under the leadership of the Managing Director.
<p>D.2 Board Committees</p> <p><i>Corporate Governance Principle</i> <i>Board Committees should be formed with specific written terms of reference which deal clearly with the committees' authority and duties.</i></p>			

Corporate Governance Report *(continued)*

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
D.2.1	Where board committees are established to deal with matters, the board should prescribe sufficiently clear terms of reference to enable such committees to discharge their functions properly.	√	<ul style="list-style-type: none"> Two Board Committees, i.e. Audit Committee and Remuneration Committee have been established with specific terms of reference as mentioned in C.3.3 and B.1.3 above.
D.2.2	The terms of reference of board committees should require such committees to report back to the board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).	√	<ul style="list-style-type: none"> Each Board Committee reports to the Board after each meeting.
E. COMMUNICATION WITH SHAREHOLDERS			
E.1	Effective communication <i>Corporate Governance Principle</i> <i>The Board should endeavour to maintain an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with shareholders and encourage their participation.</i>		
E.1.1	In respect of each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting.	√	<ul style="list-style-type: none"> Separate resolutions are proposed at the general meeting on each substantially separate issue, including the election of individual directors.

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
E.1.2	<p>– The chairman of the board should attend the annual general meeting and arrange for the chairmen of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee to be available to answer questions at the annual general meeting.</p> <p>– The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval.</p>	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> • In 2005, the Chairman of the Board, Chairman of the Audit Committee and Chairman of the Remuneration Committee attended the annual general meeting and were available to answer questions. • The Company establishes different communication channels with shareholders and investors, including (i) printed copies of corporate communication (including but not limited to annual report, interim report, notice of meeting, circular and proxy form) required under the Listing Rules, and shareholders can select to receive such documents by electronic means, (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 investors, (v) regular press conferences and briefing meetings with analysts from the investment sectors are set up from time to time on updated performance information of the Group, and (vi) the Company's Registrars deal with shareholders for all share registration and related matters.

E.2 Voting by Poll

Corporate Governance Principle

The Company should regularly inform shareholders of the procedure for voting by poll and ensure compliance with the requirements about voting by poll contained in the Listing Rules and the constitutional documents of the Company.

Corporate Governance Report (continued)

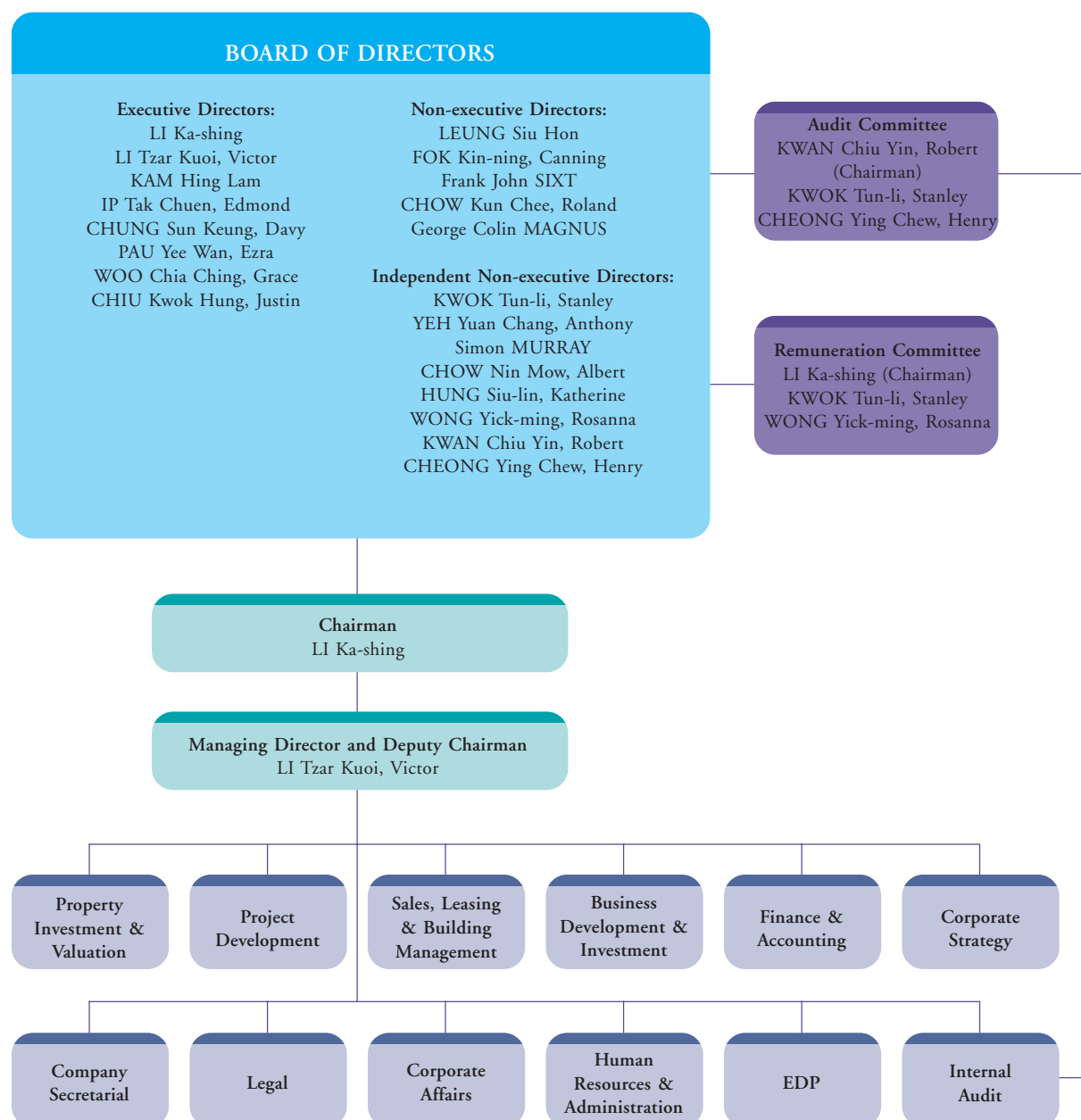
Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
E.2.1	<ul style="list-style-type: none"> – The chairman of a meeting should ensure disclosure in the circulars of the procedures for and the rights of shareholders to demand a poll. 	√	<ul style="list-style-type: none"> • In 2005, the right to demand a poll was set out in the circular containing the notice of annual general meeting.
	<ul style="list-style-type: none"> – The chairman of a meeting and/or directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at a particular meeting shall demand a poll in certain circumstances where, on a show of hands, a meeting votes in the opposite manner to that instructed in those proxies. 	√	
	<ul style="list-style-type: none"> – If a poll is required under such circumstances, the chairman of the meeting should disclose to the meeting the total number of votes represented by all proxies held by directors indicating an opposite vote to the votes cast at the meeting on a show of hands. 	√	

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
E.2.2	<ul style="list-style-type: none"> – The company should count all proxy votes and, except where a poll is required, the chairman of a meeting should indicate to the meeting the level of proxies lodged on each resolution, and the balance for and against the resolution, after it has been dealt with on a show of hands. 	√	<ul style="list-style-type: none"> • Representatives of the Share Registrars of the Company were appointed as scrutineers to monitor and count the poll votes cast at the annual general meeting. • Poll results were announced at the adjourned meeting, posted on the websites of the Company and the Stock Exchange, and also published in Hong Kong newspapers on the business day following the annual general meeting of the Company.
	<ul style="list-style-type: none"> – The company should ensure that votes cast are properly counted and recorded. 	√	

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
E.2.3	<p>The chairman of a meeting should at the commencement of the meeting ensure that an explanation is provided of:</p> <ul style="list-style-type: none"> – the procedures for demanding a poll by shareholders before putting a resolution to the vote on a show of hands; and – the detailed procedures for conducting a poll and then answer any questions from shareholders whenever voting by way of a poll is required. 	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> • At the 2005 annual general meeting, the Chairman of the meeting explained the detailed procedures for conducting a poll, which had also been set out in the circular containing the notice of annual general meeting, and then answered any questions from shareholders. • At the 2005 annual general meeting, the Chairman of the meeting exercised his power under the Articles of Association of the Company to put each resolution set out in the notice to be voted by way of a poll.

Management Structure Chart



Highlights of Development Projects

Metro Town

Tiu Keng Leng

A New Definition of Quality Living



Site Area	: 32,334 sq. m.
Floor Area	: 253,765 sq. m.
Land Use	: Residential/Commercial
Number of Units	: 3,772 Residential Units
Completion	: Phase 1 – first half of 2006 Phase 2 – second half of 2007

This modern residential project right at the heart of the MTR network offers comprehensive clubhouse facilities and services that have been designed to enhance and enrich one's lifestyle to the full.





The Apex

Kwai Chung

Enchanting Lifestyle in the Sky



Site Area	: 7,825 sq. m.
Floor Area	: 74,340 sq. m.
Land Use	: Serviced Apartments/Hotel/Commercial
Number of Units/	: Serviced Apartments – 924 Units;
Guest Rooms	Hotel – 360 Guest Rooms
Completion	: August 2007

This sky-high metropolitan serviced apartments with a glittering celestial dome is a fine example of contemporary architecture, and is destined to be a new landmark in Kwai Chung.





The Legend

at Jardine's Lookout

A Gateway to Unique Grandeur



Site Area	: 7,230 sq. m.
Floor Area	: 47,300 sq. m.
Land Use	: Private Residential
Number of Units	: 376 Residential Units
Completion	: December 2006

This premium residence redefines elegance through sophisticated architecture and exquisite craftsmanship, and incorporates many artistic elements to offer a truly unique lifestyle.





Harbourfront & Harbourview Horizon

Hung Hom

The Perfect Business and Leisure Address



	Harbourfront Horizon	Harbourview Horizon
Site Area	: 20,364 sq. m.	9,940 sq. m.
Floor Area	: 107,400 sq. m.	119,280 sq. m.
Land Use	: Non-industrial	Public Carpark & Non-industrial
Number of Guest Rooms	: 1,662 Guest Rooms	1,980 Guest Rooms
Completion	: January 2006	December 2005

Featuring a brand-new twin hotel design, these waterfront developments at the very heart of Hung Hom offer easy access to the hub of commerce, transportation and leisure, and have spectacular views of the Victoria Harbour skyline.





Schedule of Major Properties

Dated the 31st day of December, 2005

A. PROPERTIES FOR/UNDER DEVELOPMENT

Location	Lot Number	Group's Interest	Approx. Site Area (sq. m.)
Hong Kong			
Harbourfront Horizon All-Suite Hotel, Hung Hom Bay	K.I.L. 11110	100.0%	20,364
Seasons Palace, Kam Tin	Lot 2286 R.P. in D.D. 106	100.0%	20,522
Central Park Towers, Tin Shui Wai	T.S.W.T.L. 24	98.5%	32,870
The Legend at Jardine's Lookout, Tai Hang	I.L. 8972 R.P.	100.0%	7,230
The Apex and hotel development, Kwai Chung	K.C.T.L. 467 R.P.	100.0%	7,825
A site at Ma On Shan	S.T.T.L. 487	100.0%	14,006
A site at Quarry Bay	Q.B.I.L. 4 various sec. of sB	100.0%	1,230
A site at Tsim Sha Tsui	K.I.L. 11161	100.0%	12,289
A site at Kam Tin Road, Kam Tin	Lot 2081 in D.D. 109	100.0%	50,594
A site at Ho Man Tin	K.I.L. 11124	90.0%	17,756
A site at Kowloon City	K.I.L. 4013 R.P.	100.0%	3,153
A site at Hung Shui Kiu	Lot 2064 in D.D. 121	50.0%	16,292
A site at Mid-level	I.L. 711 sA	100.0%	592
A site at Tuen Mun	T.M.T.L. 334	100.0%	1,220
A site at Kwai Chung	K.C.T.L. 157	100.0%	4,645
A site at Aberdeen	A.I.L. 354	100.0%	2,006
A site at Fung Yuen, Tai Po	Various lots in D.D. 11	100.0%	187,471
A site at Yuen Long	Lot 1457 R.P. in D.D. 123 Y.L.	60.0%	799,977
A site at North District	Various lots	100.0%	164,080
Various sites at Yuen Long	Various lots	100.0%	168,014
Various sites at Tai Po	Various lots	100.0%	20,921
The Mainland			
Cape Coral, Panyu, Guangzhou	–	50.0%	346,705
Huangsha Underground Railway Station Development, Guangzhou	–	50.0%	71,281
Laguna Verona, Dongguan	–	49.8%	2,565,106
Horizon Cove, Zhuhai	–	50.0%	99,576
Regency Park, Pudong, Shanghai	–	50.0%	282,107
The Greenwich, Beijing	–	50.0%	264,653
Maison d'artiste, Shanghai	–	50.0%	50,728
Chang Le/Po Garden, Beijing	–	100.0%	741,822
Nanan, Chongqing	–	47.5%	128,338
Jingyuetan, Changchun	–	50.0%	920,671

Approx. Floor Area Attributable to the Group (sq. m.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
107,444	Hotel	Interior finishing	January, 2006
8,209	Residential	Superstructure in progress	March, 2006
97,345	Residential	Superstructure in progress	September, 2006
68,470	Residential/Commercial	Foundation work completed	June, 2008
47,300	Residential	Superstructure in progress	December, 2006
74,340	Serviced apartment/Hotel/Commercial	Superstructure in progress	March, 2007
70,030	Residential	Foundation work	June, 2007
9,840	Residential	Foundation work	September, 2007
11,513	Commercial/Hotel	Site formation	December, 2007
19,453	Residential	Foundation work	December, 2007
143,824	Residential/Commercial	Site formation	June, 2008
21,420	Hotel	Planning	September, 2008
24,938	Residential	Planning	October, 2008
2,961	Residential	Planning	–
4,026	Residential	Planning	–
–	Industrial	Planning	–
–	Industrial	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
47,873	Residential/Commercial	Foundation work	June, 2006
138,104	Residential	Planning	December, 2008
43,508	Commercial	Foundation work	September, 2006
127,856	Residential	Foundation work	June, 2007
72,769	Residential/Commercial	Foundation work	November, 2006
528,021	Residential/Commercial	Planning	September, 2011
49,788	Residential	Superstructure in progress	December, 2006
47,439	Residential	Superstructure in progress	December, 2006
6,877	Residential	Foundation work	March, 2007
106,905	Residential/Commercial	Superstructure in progress	December, 2006
76,646	Residential/Commercial	Planning	March, 2007
4,883	Residential	Superstructure in progress	December, 2006
73,188	Residential/Commercial	Foundation work	January, 2008
97,321	Residential	Superstructure in progress	December, 2006
347,772	Residential	Site formation	December, 2008
18,506	Commercial	Foundation work	December, 2006
161,724	Residential	Foundation work	March, 2009
33,000	Residential	Planning	December, 2006
170,400	Residential/Commercial	Planning	December, 2011

Schedule of Major Properties (continued)

A. PROPERTIES FOR/UNDER DEVELOPMENT (continued)

Location	Lot Number	Group's Interest	Approx. Site Area (sq. m.)
The Mainland (continued)			
Maqiao, Shanghai	–	42.5%	260,183
Qiao Island, Zhuhai	–	50.0%	199,996
Kerry Everbright City, Shanghai	–	24.8%	50,000
International Toys & Gifts Center, Guangzhou	–	30.0%	321,261
Xin Zha Road, Shanghai	–	30.0%	14,528
Feng Huang Shan, Shenzhen	–	50.0%	223,692
Guanlan, Shenzhen	–	50.0%	375,845
MTR Yingkoudao, Tianjin	–	40.0%	19,617
Laopu Pian, Jiangnan District, Wuhan	–	50.0%	29,469
Shisanling, Beijing	–	50.0%	254,738
Wenjiang, Chengdu	–	50.0%	373,326
Huaqiangbei, Futian, Shenzhen	–	50.0%	17,105
Douxi, Chongqing	–	50.0%	440,486
Hi-Tech Industrial Development Zone, Xian	–	50.0%	515,552
Century Avenue, Pudong, Shanghai	–	25.0%	50,849
Hualou Jie, Jiangnan District, Wuhan	–	50.0%	105,639
Changsha Wangcheng, Hunan	–	50.0%	556,698
Zengcheng, Guangzhou	–	50.0%	2,032,612
High Tech Zone, Chengdu	–	50.0%	681,816
Overseas			
One Raffles Quay, Singapore	–	33.3%	15,600
Marina Bay, Singapore	–	16.7%	53,331
Chelsea Harbour Phase 2, London, UK	–	22.5%	8,903
Lots Road, London, UK	–	22.5%	26,790

B. PROPERTIES IN WHICH THE GROUP HAS A DEVELOPMENT INTEREST

Location	Lot Number	Approx. Site Area (sq. m.)
Hong Kong		
Metro Town, Tiu Keng Leng	T.K.O.T.L. 73	32,334
Caribbean Coast, Tung Chung	T.C.T.L. 5	67,901
Area 86, Tseung Kwan O	T.K.O.T.L. 70	14,267
Oil Street, North Point	I.L. 7106 s.A & Extension	6,816

Approx. Floor Area Attributable to the Group (sq. m.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
19,286	Residential	Planning	April, 2007
36,790	Residential	Planning	June, 2007
40,140	Residential/Commercial	Planning	March, 2008
40,172	Residential	Planning	June, 2009
36,952	Residential/Commercial	Foundation work	November, 2007
25,369	Residential/Commercial	Planning	September, 2009
51,402	Commercial	Planning	December, 2007
17,433	Commercial	Planning	January, 2008
145,861	Residential/Commercial	Planning	September, 2008
78,837	Residential	Planning	December, 2008
92,181	Residential/Commercial	Planning	December, 2008
66,306	Residential/Commercial	Planning	March, 2009
40,249	Residential	Planning	March, 2009
240,133	Residential/Commercial	Planning	June, 2009
74,802	Residential/Commercial	Foundation work	September, 2009
204,346	Residential/Commercial	Planning	December, 2009
518,588	Residential/Commercial	Foundation work	December, 2010
54,154	Commercial	Planning	December, 2010
182,551	Residential/Commercial	Planning	March, 2011
323,869	Residential/Commercial	Planning	September, 2012
601,824	Residential/Commercial	Planning	-
1,022,724	Residential/Commercial	Planning	-
49,511	Commercial	Superstructure in progress	October, 2006
40,667	Residential/Commercial	Planning	September, 2009
2,447	Residential	Planning	December, 2009
13,645	Residential/Commercial	Planning	December, 2012

Approx. Floor Area of the Development (sq. m.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
123,427	Residential/Commercial	Interior finishing	May, 2006
130,338	Residential	Superstructure in progress	September, 2007
61,338	Residential	Superstructure in progress	January, 2007
10,500	Residential	Foundation work	April, 2008
136,240	Residential/Commercial	Foundation work	December, 2008
43,162	Hotel/Non-industrial	Foundation work	December, 2008

Schedule of Major Properties (continued)

C. PROPERTIES FOR INVESTMENT/OWN USE

Location	Lot Number	Group's Interest
Hong Kong		
The Center (Portion), Central	–	100.0%
United Centre (Portion), Admiralty	–	100.0%
Victoria Mall, Tsim Sha Tsui	–	42.5%
81 Broadcast Drive, Kowloon Tong	N.K.I.L. 5099	100.0%
Hampton Loft, Tai Kok Tsui	–	100.0%
Rambler Crest and hotel development, Tsing Yi	–	30.0%
Kingswood Ginza, Tin Shui Wai	T.S.W.T.L. 4	98.5%
Harbour Plaza Resort City, Tin Shui Wai	T.S.W.T.L. 4	98.5%
Harbour Plaza North Point	I.L. 8885	60.9%
Horizon Suite Hotel at Tolo Harbour, Ma On Shan	S.T.T.L. 461	51.0%
Harbour Plaza Metropolis, Hung Hom	–	50.0%
The Kowloon Hotel	–	50.0%
Harbourview Horizon All-Suite Hotel, Hung Hom Bay	K.I.L. 11103	100.0%
Conic Investment Building, Hung Hom	–	100.0%
8 Tung Yuen Street, Yau Tong	Y.T.M.L. 69	100.0%
The Mainland		
Sheraton Shenyang Lido Hotel, Shenyang	–	99.0%
Sheraton Chengdu Lido Hotel, Chengdu	–	70.0%
Harbour Plaza, Chongqing	–	50.0%
Metropolitan Plaza, Chongqing	–	50.0%
Lido Place, Beijing	–	40.0%
Oriental Plaza, Beijing	–	33.4%
Westgate Mall, Shanghai	–	30.0%
Kerry Everbright City, Shanghai	–	24.8%
Seasons Villas, Pudong, Shanghai	–	50.0%

Notes to Schedule of Major Properties:

1. Properties which are insignificant, including overseas properties, agricultural land and completed properties for sales, are not included.
2. Properties owned by listed associates are not included.
3. For properties in which the Group has a development interest, other parties provide the land whilst the Group finances the construction costs and occasionally also the land costs, and is entitled to a share of the sales proceeds/properties after completion or a share of the development profits in accordance with the terms and conditions of the joint development agreements.

Approx. Site Area (sq. m.)	Approx. Floor Area Attributable to the Group (sq. m.)	Existing Use	Lease Term
–	113,191	Commercial	Medium Term Lease
–	3,512	Commercial	Long Lease
–	6,634	Commercial	Medium Term Lease
4,265	8,673	Commercial	Medium Term Lease
–	6,943	Commercial	Medium Term Lease
–	13,523	Commercial/Hotel	Medium Term Lease
–	49,211	Commercial	Medium Term Lease
–	60,591	Hotel	Medium Term Lease
–	19,410	Hotel	Medium Term Lease
8,000	28,560	Hotel	Medium Term Lease
–	21,429	Hotel	Medium Term Lease
–	15,311	Hotel	Medium Term Lease
9,940	119,280	Hotel	Medium Term Lease
–	30,409	Industrial	Medium Term Lease
2,108	7,170	Godown	Medium Term Lease
14,449	81,180	Hotel	Medium Term Lease
4,615	39,174	Hotel	Medium Term Lease
–	22,425	Hotel	Medium Term Lease
–	70,212	Commercial	Medium Term Lease
–	67,090	Commercial/Hotel/Service apartment	Medium Term Lease
–	191,232	Commercial/Hotel/Service apartment	Medium Term Lease
–	30,640	Commercial	Medium Term Lease
–	22,015	Commercial/Residential	Medium Term Lease
–	53,063	Residential	Medium Term Lease

Consolidated Profit and Loss Account

For the year ended 31st December, 2005

	Note	2005 \$ Million	2004 (Restated) \$ Million
Group turnover		6,171	12,149
Share of property sales of jointly controlled entities		8,187	6,282
Turnover	(3)	14,358	18,431
Group turnover		6,171	12,149
Investment and other income		942	2,259
Operating costs			
Property and related costs		(3,640)	(10,176)
Salaries and related expenses		(649)	(615)
Interest and other finance costs		(347)	(350)
Other expenses		(325)	(391)
		(4,961)	(11,532)
Share of net profit of jointly controlled entities		3,288	938
Increase in fair value of investment properties		1,776	678
Operating profit		7,216	4,492
Share of net profit of associates		7,248	6,510
Profit before taxation	(4)	14,464	11,002
Taxation	(5)	(259)	(230)
Profit for the year		14,205	10,772
Profit attributable to minority interests		(210)	(72)
Profit attributable to shareholders	(6)	13,995	10,700
Dividends			
Interim dividend paid at \$0.42 (2004 – \$0.38) per share		973	880
Final dividend proposed at \$1.58 (2004 – \$1.42) per share		3,659	3,289
		4,632	4,169
Earnings per share	(7)	\$6.04	\$4.62

Consolidated Balance Sheet

As at 31st December, 2005

	Note	2005 \$ Million	2004 (Restated) \$ Million
Non-current assets			
Fixed assets	(8)	9,612	7,385
Investment properties	(9)	11,710	10,545
Associates	(11)	126,281	124,444
Jointly controlled entities	(12)	22,849	21,259
Investments available for sale	(13)	7,169	7,619
Long term loans		403	1,245
		178,024	172,497
Current assets			
Stock of properties	(14)	27,106	25,812
Debtors, deposits and prepayments	(15)	1,338	2,254
Investments held for trading	(16)	1,014	1,040
Derivative financial instruments		435	–
Bank balances and deposits		8,310	4,033
		38,203	33,139
Current liabilities			
Bank and other loans	(17)	3,904	3,139
Creditors and accruals	(18)	2,416	2,663
Derivative financial instruments		193	–
Provision for taxation		564	553
		31,126	26,784
Net current assets			
		209,150	199,281
Total assets less current liabilities			
Non-current liabilities			
Bank and other loans	(17)	18,683	17,907
Deferred tax liabilities	(19)	544	428
		19,227	18,335
Net assets			
		189,923	180,946
Representing:			
Share capital	(20)	1,158	1,158
Share premium		9,331	9,331
Reserves		174,673	165,312
Shareholders' funds		185,162	175,801
Minority interests		4,761	5,145
Total equity		189,923	180,946

Li Ka-shing
Director

Ip Tak Chuen, Edmond
Director

Balance Sheet

As at 31st December, 2005

	Note	2005 \$ Million	2004 (Restated) \$ Million
Non-current assets			
Fixed assets	(8)	18	16
Subsidiaries	(10)	28,877	27,552
Associates	(11)	50	397
Jointly controlled entities	(12)	62	104
Investments available for sale	(13)	–	14
Long term loans		4	17
		29,011	28,100
Current assets			
Stock of properties	(14)	3	3
Debtors, deposits and prepayments	(15)	204	44
Bank balances and deposits		483	896
		690	943
Current liabilities			
Creditors and accruals	(18)	119	112
Provision for taxation		19	17
		552	814
Net current assets			
		29,563	28,914
Net assets			
Representing:			
Share capital	(20)	1,158	1,158
Share premium		9,331	9,331
Reserves	(21)	19,074	18,425
Total equity		29,563	28,914

Li Ka-shing
Director

Ip Tak Chuen, Edmond
Director

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2005

	Share capital and premium \$ Million	Capital reserve \$ Million	Investment revaluation reserve \$ Million	Exchange reserve \$ Million	Retained profits \$ Million	Minority interests \$ Million	Total \$ Million
Balance at 1st January, 2005, as previously reported	10,489	345	–	296	169,035	5,232	185,397
Prior year adjustments (note 2(a))	–	–	–	–	(4,364)	(87)	(4,451)
Balance at 1st January, 2005, as restated	10,489	345	–	296	164,671	5,145	180,946
Adjustment at 1st January, 2005 upon adoption of HKAS 39 (note 2(a))							
Company and subsidiaries	–	–	–	–	669	–	669
Associates	–	–	–	–	(1,222)	–	(1,222)
Profit for the year	–	–	–	–	13,995	210	14,205
Change in fair value of investments available for sale	–	–	160	–	–	(1)	159
Exchange translation differences	–	–	–	41	–	3	44
Share of reserves of jointly controlled entities/unlisted associates	–	–	14	(34)	–	–	(20)
Change in minority interests	–	–	–	–	–	(466)	(466)
Dividend paid to minorities	–	–	–	–	–	(130)	(130)
Dividend paid to shareholders	–	–	–	–	(4,262)	–	(4,262)
Balance at 31st December, 2005	10,489	345	174	303	173,851	4,761	189,923
Balance at 1st January, 2004, as previously reported	10,489	345	–	142	160,546	4,106	175,628
Prior year adjustments (note 2(a))	–	–	–	–	(2,684)	(67)	(2,751)
Balance at 1st January, 2004, as restated	10,489	345	–	142	157,862	4,039	172,877
Profit for the year	–	–	–	–	10,700	72	10,772
Exchange translation differences	–	–	–	1	–	–	1
Share of reserves of jointly controlled entities/unlisted associates	–	–	–	153	–	–	153
Change in minority interests	–	–	–	–	–	1,041	1,041
Dividend paid to minorities	–	–	–	–	–	(7)	(7)
Dividend paid to shareholders	–	–	–	–	(3,891)	–	(3,891)
Balance at 31st December, 2004	10,489	345	–	296	164,671	5,145	180,946

Consolidated Cash Flow Statement

For the year ended 31st December, 2005

	Note	2005 \$ Million	2004 (Restated) \$ Million
Operating activities			
Cash generated from/(used in) operations	(a)	1,467	(7,404)
Investment in/advance to jointly controlled entities		(3,459)	(2,474)
Dividend/repayment from jointly controlled entities		4,498	5,547
Dividend from associates		4,192	3,686
Dividend from investments in securities		90	129
Interest received		424	306
Dividend paid to shareholders		(4,262)	(3,891)
Dividend paid to minorities		(130)	(7)
Profits tax paid		(125)	(165)
Net cash from/(used in) operating activities		2,695	(4,273)
Investing activities			
Investment in/advance to associates		(8)	(122)
Repayment from associates		24	14
Investment in/advance to jointly controlled entities		(2,360)	(632)
Repayment from jointly controlled entities		1,975	–
Disposal of jointly controlled entities		1,253	–
Purchase of investments available for sale		(940)	(1,700)
Disposal/redemption of investments available for sale		2,223	2,472
Addition of investment properties		(968)	–
Disposal of investment properties		1,989	24
Addition of fixed assets		(2,065)	(656)
Net cash from/(used in) investing activities		1,123	(600)
Financing activities			
Borrowing of bank and other loans		6,846	7,673
Repayment of bank and other loans		(5,299)	(4,536)
Increase/(decrease) in funding from minorities		(466)	1,025
Interest and other finance costs paid		(622)	(438)
Net cash from financing activities		459	3,724
Net increase/(decrease) in cash and cash equivalents		4,277	(1,149)
Cash and cash equivalents at 1st January		4,033	5,182
Cash and cash equivalents at 31st December	(b)	8,310	4,033

Notes:

(a) Cash generated from/(used in) operations

	2005 \$ Million	2004 (Restated) \$ Million
Profit before taxation	14,464	11,002
Interest income	(429)	(273)
Interest expenses	347	350
Dividend income from investments in securities	(90)	(172)
Share of net profit of jointly controlled entities	(3,288)	(938)
Share of net profit of associates	(7,248)	(6,510)
Increase in fair value of investment properties	(1,776)	(678)
Profit on disposal of jointly controlled entities	(162)	–
Profit on disposal of investment properties	(288)	(15)
Loss/(gain) on investments available for sale	127	(439)
Depreciation	166	202
(Increase)/decrease in long term loans	846	(437)
Decrease in investments held for trading	437	2,051
Increase in stock of properties	(3,204)	(5,540)
Increase/(decrease) in customers' deposits received	2,157	(6,282)
(Increase)/decrease in debtors, deposits and prepayments	218	(217)
Increase in derivative financial instruments	(242)	–
Increase/(decrease) in creditors and accruals	(554)	483
Exchange difference and other items	(14)	9
	1,467	(7,404)

(b) Cash and cash equivalents

	2005 \$ Million	2004 \$ Million
Bank balances and deposits	8,310	4,033

1. General Information

The Company is a limited liability company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of the registered office and other corporate information are set out on page 148 of the annual report.

2. Principal Accounting Policies

(a) Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting principles in Hong Kong and comply with the Hong Kong Financial Reporting Standards (“HKFRSs”). The financial statements are prepared under the historical cost convention except that, as set out in notes 2(f), 2(h) and 2(k), investments in securities, investment properties and derivative financial instruments are stated at fair values.

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised HKFRSs which are generally effective for accounting periods beginning on or after 1st January, 2005. The Group has already early adopted some of the HKFRSs in the preparation of financial statements for the year ended 31st December, 2004. The adoption of the other effective HKFRSs has resulted in the following changes in the accounting policies for (i) hotel and serviced suite properties; and (ii) investments in securities:

- (i) In prior years, hotel and serviced suite properties, which are held for operation, were stated at cost less provision for impairment where appropriate. No depreciation was provided based on the properties’ high residual values if the unexpired lease terms were over 20 years.

Following the adoption of HK Interpretation 2 “The Appropriate Accounting Policies for Hotel Properties” which concludes that the residual value of land held under an operating lease would typically be zero and the residual value of a building situated on leasehold land will highly likely be insignificant relative to the depreciable amount, hotel and serviced suite properties, which are held for operation, are stated at cost less depreciation and provision for impairment.

This change in accounting policy has been applied retrospectively.

- (ii) In prior years, investments in securities intended to be held on a continuing basis, which are not investments in subsidiaries, jointly controlled entities or associates, were classified as investment securities and were carried at cost less provision for impairment where appropriate. Results of these investments were included in the profit and loss account only to the extent of dividends and interests received and receivable. Other investments were stated at fair values in the balance sheet. Changes in fair value were dealt with in the profit and loss account.

Following the adoption of HKAS 39 “Financial Instruments: Recognition and Measurement”, investments which are not subsidiaries, jointly controlled entities or associates are classified as either investments held for trading or investments available for sale, and are stated at fair values in the balance sheet. For investments held for trading, changes in fair value are included in the profit and loss account; and for investments available for sale, changes in fair value are dealt with in the reserves.

2. Principal Accounting Policies (continued)

(a) Basis of preparation (continued)

This change in accounting policy has been applied prospectively from 1st January, 2005. The difference between the carrying amounts of investment securities and their fair values at 31st December, 2004 has been adjusted to retained profits at 1st January, 2005.

The above changes in the accounting policies have the following effects on the financial statements:

	Hotel and serviced suite properties		Investments in securities		Total	
	Year ended 31st December		Year ended 31st December		Year ended 31st December	
	2005 \$ Million	2004 \$ Million	2005 \$ Million	2004 \$ Million	2005 \$ Million	2004 \$ Million
Decrease in investment and other income	-	-	(199)	-	(199)	-
Increase in depreciation	(102)	(101)	-	-	(102)	(101)
Decrease in share of net profit of jointly controlled entities	(52)	(32)	-	-	(52)	(32)
Decrease in share of net profit of associates	-	-	(140)	-	(140)	-
Decrease in taxation	10	9	-	-	10	9
Decrease in profit attributable to minority interests	19	20	-	-	19	20
Decrease in profit attributable to shareholders	(125)	(104)	(339)	-	(464)	(104)
Decrease in earnings per share	\$(0.05)	\$(0.05)	\$(0.15)	-	\$(0.20)	\$(0.05)

	Hotel and serviced suite properties		Investments in securities		Total	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	\$ Million	\$ Million	\$ Million	\$ Million	\$ Million	\$ Million
Decrease in fixed assets	(557)	(455)	-	-	(557)	(455)
Increase in associates	-	-	19	-	19	-
Decrease in jointly controlled entities	(139)	(87)	-	-	(139)	(87)
Increase in investments available for sale	-	-	631	-	631	-
Decrease in deferred tax liabilities	43	33	-	-	43	33
Increase/(decrease) in net assets	(653)	(509)	650	-	(3)	(509)
Increase/(decrease) in retained profits at 1st January	(422)	(318)	815	-	393	(318)
Increase in investment revaluation reserve	-	-	174	-	174	-
Decrease in profit attributable to shareholders	(125)	(104)	(339)	-	(464)	(104)
Decrease in minority interests	(106)	(87)	-	-	(106)	(87)
Increase/(decrease) in total equity	(653)	(509)	650	-	(3)	(509)

2. Principal Accounting Policies (continued)

(a) Basis of preparation (continued)

The adoption of the new and revised HKFRSs by Hutchison Whampoa Limited and CK Life Sciences Int'l., (Holdings) Inc. has material effects on its profit attributable to shareholders, various balance sheet items and opening balance of shareholders' funds. The Group's share of these effects has the following impact on the financial statements:

	Year ended 31st December	
	2005 \$ Million	2004 \$ Million
Decrease in share of net profit of associates	(1,888)	(1,576)
Decrease in profit attributable to shareholders	(1,888)	(1,576)
Decrease in earnings per share	\$(0.82)	\$(0.68)

	31/12/2005	31/12/2004
	\$ Million	\$ Million
Decrease in associates	(7,198)	(3,942)
Decrease in net assets	(7,198)	(3,942)
Decrease in retained profits at 1st January	(5,310)	(2,366)
Decrease in profit attributable to shareholders	(1,888)	(1,576)
Decrease in total equity	(7,198)	(3,942)

In summary, the Group's profit attributable to shareholders was decreased by \$2,352 million for the year ended 31st December, 2005 and was decreased by \$1,680 million for the year ended 31st December, 2004 (restated from \$12,380 million to \$10,700 million); retained profits at 1st January, 2005 and 1st January, 2004 were decreased by \$4,917 million and \$2,684 million respectively; and earnings per share for the years ended 31st December, 2005 and 31st December, 2004 were decreased by \$1.02 and \$0.73 respectively.

The adoption of the new and revised HKFRSs has also resulted in changes in the presentation of the financial statements and certain comparative figures have been restated to conform with the current year's presentation and basis of preparation.

At the balance sheet date, some of the HKFRSs were in issue but not yet effective. The Group has already commenced an assessment of the impact of these HKFRSs and adoption of these HKFRSs when they become effective is not expected to result in substantial changes to the principal accounting policies.

2. Principal Accounting Policies *(continued)*

(b) Consolidation

The consolidated financial statements of the Group include the financial statements of the Company and of all its direct and indirect subsidiaries made up to 31st December, and also incorporate the Group's interests in jointly controlled entities and associates on the basis set out in note (2)(d) and note (2)(e) respectively.

Results of subsidiaries, jointly controlled entities and associates acquired or disposed of during the year are included as from their effective dates of acquisition to the end of the year or up to the dates of disposal as the case may be. Goodwill on acquisition of subsidiaries and associates is carried at cost and reviewed for impairment annually. Impairment, if any, is charged to the profit and loss account.

(c) Subsidiaries

Investments in subsidiaries are carried at cost less provision for impairment where appropriate.

(d) Jointly controlled entities

A jointly controlled entity is an entity in which the Group has a long term equity interest and of which its financial and operating policies are under contractual arrangements jointly controlled by the Group and other parties.

Investments in jointly controlled entities are carried in the balance sheet at cost plus the Group's share of their aggregate post-acquisition results and reserves less dividends received and provision for impairment. When the investment cost in a jointly controlled entity, less provision for impairment where appropriate, is not expected to be fully recoverable in accordance with the contract terms upon dissolution of the jointly controlled entity at the expiry of the contractual arrangement, the expected shortfall is amortised on a straight line basis over the remaining contractual period.

Results of jointly controlled entities are incorporated in the financial statements to the extent of the Group's share of the post-acquisition profits less losses calculated from their financial statements made up to 31st December.

(e) Associates

An associate is a company, not being a subsidiary or jointly controlled entity, in which the Group has a long term equity interest of not less than 20% and the Group exercises significant influence over its management.

Investments in associates are carried in the balance sheet at cost plus the Group's share of their aggregate post-acquisition results and reserves less dividends received and provision for impairment.

Results of associates are incorporated in the financial statements to the extent of the Group's share of the post-acquisition profits less losses calculated from their financial statements made up to 31st December.

2. Principal Accounting Policies (continued)

(f) Investments in securities

Investments which are not subsidiaries, jointly controlled entities or associates are classified as either investments held for trading or investments available for sale, and are stated at fair values in the balance sheet. For investments held for trading, changes in fair value are included in the profit and loss account; and for investments available for sale, changes in fair value are dealt with in the reserves. Purchases and sales of investments in securities are accounted for at trade-date.

(g) Fixed assets

Fixed assets, including hotel and serviced suite properties which are held for operation, are stated at cost less depreciation and provision for impairment.

Leasehold land is amortised over the remaining term of the lease on a straight-line basis. Buildings are depreciated at annual rates of 2% to 4% on the costs of the respective buildings. Other fixed assets are depreciated on a straight-line basis at annual rates of 5% to 33¹/₃% based on their respective estimated useful lives.

(h) Investment properties

Investment properties, which are held for rental, are stated at fair values in the balance sheet. Changes in fair value are included in the profit and loss account.

(i) Long term loans

Long term loans are non-derivative financial assets with fixed or determinable payments and are carried at amortised costs less provision for impairment.

(j) Stock of properties

Stock of properties are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to sale proceeds received after the balance sheet date less selling expenses, or by management estimates based on prevailing market condition.

Costs of properties include acquisition costs, development expenditure, interest and other direct costs attributable to such properties. The carrying values of properties held by subsidiaries are adjusted in the consolidated financial statements to reflect the Group's actual acquisition costs where appropriate.

(k) Derivative financial instruments

Derivative financial instruments, which are used for investment and financial purposes, are stated at fair values in the balance sheet. Changes in fair value of derivative financial instruments that are designated and qualify as fair value hedges are included in the profit and loss account, together with any changes in fair value of the hedged assets or liabilities that are attributable to the hedged risk. Changes in fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the profit and loss account.

2. Principal Accounting Policies *(continued)*

(l) Bank and other loans

Bank and other loans, including bonds and notes issued by the Group, are recognised initially at fair values and are subsequently carried at amortised costs.

(m) Revenue recognition

When properties under development are sold, income is recognised when the property is completed and the relevant occupation permit is issued by the Authorities. Payments received from purchasers prior to this stage are recorded as customers' deposits received and are deducted from the value of stock of properties.

Rental income is recognised on a straight-line basis over the terms of the respective leases. Income from property and project management is recognised when the services are rendered. Revenue from hotel and serviced suite operation is recognised upon provision of the services. Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset; and dividend income is recognised when the right to receive payment is certain.

(n) Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions during the year are converted at the rates of exchange ruling at the transaction dates. Exchange differences are included in the profit and loss account.

For financial statements of subsidiaries, jointly controlled entities and associates denominated in foreign currencies, balance sheet items are translated at exchange rates prevailing at the balance sheet date and results are translated at the average rates of exchange during the year unless the average rates are not reasonable approximations of the exchange rates at the transaction dates, in which case the exchange rates at the transaction dates will be used. Exchange differences are dealt with in the reserves.

(o) Taxation

Hong Kong profits tax is provided for at the prevailing rate on the estimated assessable profits less available tax relief for losses brought forward of each individual company comprising the Group. Overseas tax is provided for at the applicable local rates on the estimated assessable profits of the individual company concerned.

Deferred tax liabilities are provided in full, using the current applicable rates, on all temporary differences between the carrying amounts of assets and liabilities in the balance sheet and their tax bases, and deferred tax assets are recognised, using the current applicable rates, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

2. Principal Accounting Policies (continued)

(p) Borrowing costs

Borrowing costs are charged to the profit and loss account in the year in which they are incurred unless they are capitalised as being directly attributable to the acquisition and development of properties which necessarily take a substantial period of time to complete.

3. Turnover and Contribution

The principal activities of the Group are property development and investment, hotel and serviced suite operation, property and project management and investment in securities.

Turnover of Group activities comprises proceeds from property sales, gross rental income, revenue from hotel and serviced suite operation and income from property and project management. In addition, the Group also accounts for its proportionate share of proceeds from property sales of jointly controlled entities as turnover. Turnover of jointly controlled entities (save for proceeds from property sales shared by the Group) and turnover of listed and unlisted associates are not included.

Turnover of the Group by operating activities for the year are as follows:

	2005 \$ Million	2004 \$ Million
Property sales	4,717	10,733
Property rental	590	568
Hotels and serviced suites	642	605
Property and project management	222	243
Group turnover	6,171	12,149
Share of property sales of jointly controlled entities	8,187	6,282
Turnover	14,358	18,431

During the year, the Group's overseas operating activities (including property sales of jointly controlled entities) were mainly in the Mainland and Singapore which accounted for approximately 10% and 5% of the turnover respectively.

3. Turnover and Contribution *(continued)*

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

	Company and subsidiaries		Jointly controlled entities		Total	
	2005 \$ Million	2004 \$ Million	2005 \$ Million	2004 \$ Million	2005 \$ Million	2004 \$ Million
Property sales	1,269	845	2,037	732	3,306	1,577
Property rental	470	451	431	401	901	852
Hotels and serviced suites	129	56	146	65	275	121
Property and project management	98	88	–	–	98	88
	1,966	1,440	2,614	1,198	4,580	2,638
Investment and finance					779	1,610
Interest and other finance costs					(347)	(350)
Increase in fair value of investment properties						
Subsidiaries					1,776	678
Jointly controlled entities					1,165	12
Others					102	199
Taxation (excluding share of taxation of listed associates)					(1,021)	(497)
Profit attributable to minority interests					(210)	(72)
					6,824	4,218
Share of net profit/(loss) of listed associates						
Hutchison Whampoa Limited					7,166	6,484
CK Life Sciences Int'l., (Holdings) Inc.					5	(2)
Profit attributable to shareholders					13,995	10,700

4. Profit before Taxation

	2005 \$ Million	2004 \$ Million
Profit before taxation is arrived at after charging:		
Interest and other finance costs		
Bank loans and other loans repayable within 5 years	729	424
Other loans not repayable within 5 years	9	25
	738	449
Less: Amount capitalised (see note (a))	(391)	(99)
	347	350
Directors' emoluments (see note (b))		
Salaries, allowances and benefits in kind	93	89
Pension scheme contribution	9	9
Discretionary bonus	44	32
	146	130
Less: Amount paid back	(12)	(17)
	134	113
Auditors' remuneration	5	5
Costs of properties sold	3,205	9,123
Depreciation	166	202
Impairment losses – investments available for sale	154	26
Operating lease charges – properties	30	27
and after crediting:		
Net rental income	521	506
Interest income from banks	117	25
Interest income from jointly controlled entities/associates	146	78
Income from listed investments in securities		
Dividend income from equity securities	89	143
Interest income from debt securities	39	97
Income from unlisted investments in securities		
Dividend income from equity securities	1	29
Interest income from debt securities	97	49
Profit on disposal of investments available for sale	27	118
Profit on disposal of investment properties	288	15
Profit on disposal of jointly controlled entities	162	–

4. Profit before Taxation (continued)

Notes:

- (a) Interest was capitalised to property development projects at the average annual rate of approximately 2.5% (2004 – 1%) during the year.
- (b) Directors' emoluments comprised payments to the Company's directors (including the five highest paid individuals in the Group) in connection with the management of the affairs of the Group. The independent non-executive directors receive an annual director's fee of \$100,000 each; and for those acting as members of the Audit Committee and/or Remuneration Committee, additional annual fee of \$100,000 each is paid for the former and \$50,000 each is paid for the latter. The emoluments of the Company's directors, excluding emoluments received by them from the Group's associates, are as follows:

	Director Fees \$ Million	Salaries, Allowances and Benefits in Kind \$ Million	Pension Scheme Contribution \$ Million	Discretionary Bonus \$ Million	Inducement or Compensation Fee \$ Million	2005 Total \$ Million	2004 Total \$ Million
Li Ka-shing ⁽¹⁾	0.01	–	–	–	–	0.01	0.01
Li Tzar Kuoi, Victor ⁽²⁾	0.10	29.00	2.90	7.45	–	39.45	36.20
Kam Hing Lam ⁽³⁾	0.10	15.40	1.53	0.43	–	17.46	16.68
Ip Tak Chuen, Edmond ⁽⁴⁾	0.10	10.73	1.07	3.50	–	15.40	14.31
Chung Sun Keung, Davy	0.10	6.70	0.67	5.00	–	12.47	10.97
Pau Yee Wan, Ezra	0.10	7.70	0.77	5.60	–	14.17	12.99
Woo Chia Ching, Grace	0.10	7.70	0.77	7.60	–	16.17	15.48
Chiu Kwok Hung, Justin	0.10	6.84	0.68	7.00	–	14.62	13.27
Leung Siu Hon	0.10	–	–	–	–	0.10	0.17
Fok Kin-ning, Canning	0.10	–	–	–	–	0.10	0.10
Frank John Sixt	0.10	–	–	–	–	0.10	0.10
Chow Kun Chee, Roland	0.10	–	–	–	–	0.10	0.17
George Colin Magnus ⁽⁵⁾	0.10	6.12	0.61	8.08	–	14.91	8.93
Kwok Tun-li, Stanley	0.25	–	–	–	–	0.25	0.13
Yeh Yuan Chang, Anthony	0.10	–	–	–	–	0.10	0.10
Simon Murray	0.10	–	–	–	–	0.10	0.10
Chow Nin Mow, Albert	0.10	–	–	–	–	0.10	0.10
Hung Siu-lin, Katherine	0.10	–	–	–	–	0.10	0.10
Wong Yick-ming, Rosanna	0.15	–	–	–	–	0.15	0.10
Kwan Chiu Yin, Robert	0.20	–	–	–	–	0.20	0.05
Cheong Ying Chew, Henry	0.20	–	–	–	–	0.20	0.05
Total	2.41	90.19	9.00	44.66	–	146.26	130.11

- (1) Other than a director's fee of \$5,000, no other remuneration was paid to the Chairman, Mr. Li Ka-shing. The amount of director's fee shown above is a result of rounding. The director's fee of \$50,000 received by Mr. Li Ka-shing from Hutchison Whampoa Limited was paid back to the Company.
- (2) Part of the directors' emoluments in the sum of \$3,700,000 received by Mr. Li Tzar Kuoi, Victor from the Hutchison Whampoa Group and the director's fee of \$70,000 received by him from CK Life Sciences Int'l., (Holdings) Inc. were paid back to the Company.
- (3) Part of the directors' emoluments in the sum of \$1,552,000 received by Mr. Kam Hing Lam from the Hutchison Whampoa Group and the directors' emoluments of \$1,470,000 received by him from CK Life Sciences Int'l., (Holdings) Inc. were paid back to the Company.

4. Profit before Taxation (continued)

Notes (b): (continued)

- (4) Part of the directors' emoluments in the sum of \$1,870,000 received by Mr. Ip Tak Chuen, Edmond from Cheung Kong Infrastructure Holdings Limited and the directors' emoluments of \$670,000 received by him from CK Life Sciences Int'l., (Holdings) Inc. were paid back to the Company.
- (5) Part of the directors' emoluments in the sum of \$2,728,333 received by Mr. George Colin Magnus from the Hutchison Whampoa Group was paid back to the Company.

5. Taxation

	2005 \$ Million	2004 \$ Million
Company and subsidiaries		
Hong Kong profits tax	137	154
Overseas tax	(1)	2
Deferred tax	123	74
	259	230

Hong Kong profits tax has been provided for at the rate of 17.5% (2004 – 17.5%) on the estimated assessable profits for the year and operating profit (after adjusting for share of taxation of jointly controlled entities) is reconciled with taxation as follows:

	2005 \$ Million	2004 \$ Million
Adjusted operating profit at Hong Kong tax rate of 17.5% (2004 – 17.5%)	1,395	832
Effect of different tax rates at overseas locations	238	46
Increase in fair value of investment properties	(248)	(96)
Profit on disposal of properties held for rental	(186)	(3)
Profit on disposal of subsidiaries and jointly controlled entities	(28)	(60)
Net effect of tax losses and deductible temporary differences utilised/not recognised	(77)	35
Net effect of non-assessable/deductible items	(77)	(261)
Others	(4)	1
	1,013	494
Less: Share of taxation of jointly controlled entities	(754)	(264)
	259	230

6. Profit Attributable to Shareholders

Profit attributable to shareholders dealt with in the profit and loss account of the Company is \$4,841 million (2004 – \$4,275 million).

7. Earnings Per Share

The calculation of earnings per share is based on profit attributable to shareholders and on 2,316,164,338 shares (2004 – 2,316,164,338 shares) in issue during the year.

8. Fixed Assets

Group	Land and	Hotels and		Other	Total
	buildings in	in	outside		
	Hong Kong	Hong Kong	Hong Kong	assets	
	\$ Million	\$ Million	\$ Million	\$ Million	\$ Million
Cost					
At 1st January, 2004	355	6,333	1,275	702	8,665
Additions/transfers	25	577	(21)	44	625
Disposals	–	–	–	(32)	(32)
At 31st December, 2004	380	6,910	1,254	714	9,258
Translation difference	–	–	29	5	34
Additions/transfers	44	2,151	6	164	2,365
Disposals	–	–	–	(12)	(12)
At 31st December, 2005	424	9,061	1,289	871	11,645
Accumulated depreciation/provisions					
At 1st January, 2004	–	1,157	88	433	1,678
Depreciation	–	74	27	101	202
Written back on disposals	–	–	–	(7)	(7)
At 31st December, 2004	–	1,231	115	527	1,873
Translation difference	–	–	2	3	5
Depreciation	–	74	28	64	166
Written back on disposals	–	–	–	(11)	(11)
At 31st December, 2005	–	1,305	145	583	2,033
Net book value					
At 31st December, 2005	424	7,756	1,144	288	9,612
At 31st December, 2004	380	5,679	1,139	187	7,385

At the balance sheet date:

- certain properties in Hong Kong with aggregate carrying value of \$8,013 million (2004 – \$5,893 million) and certain properties outside Hong Kong with aggregate carrying value of \$1,144 million (2004 – \$1,139 million) were held under medium term leases, all other properties were held under long leases; and
- certain hotel properties of non-wholly owned subsidiaries with aggregate carrying value of \$1,120 million (2004 – \$1,115 million) were pledged to secure bank loan facilities of these subsidiaries.

8. Fixed Assets (continued)

Company	Other assets	
	2005 \$ Million	2004 \$ Million
Cost		
At 1st January	181	179
Additions	11	3
Disposals	(5)	(1)
At 31st December	187	181
Accumulated depreciation		
At 1st January	165	152
Depreciation	9	13
Written back on disposals	(5)	–
At 31st December	169	165
Net book value at 31st December	18	16

9. Investment Properties

	2005 \$ Million	2004 \$ Million
Investment properties in Hong Kong		
At 1st January	10,545	9,876
Additions	1,090	–
Disposals	(1,701)	(9)
Increase in fair value	1,776	678
At 31st December	11,710	10,545

At the balance sheet date:

- (a) investment properties have been revalued by DTZ Debenham Tie Leung Limited, independent professional valuers, on an open market value basis;
- (b) investment properties with aggregate carrying value of \$11,207 million (2004 – \$10,093 million) and \$503 million (2004 – \$452 million) were held under medium term leases and long leases respectively; and
- (c) gross rental income and direct operating expenses of investment properties during the year amounted to \$456 million (2004 – \$414 million) and \$26 million (2004 – \$27 million) respectively.

10. Subsidiaries

	2005 \$ Million	2004 \$ Million
Unlisted investments in subsidiaries	2,071	2,078
Amounts due from subsidiaries	32,161	30,547
Amounts due to subsidiaries	(5,355)	(5,073)
	28,877	27,552

Particulars regarding the principal subsidiaries are set out in Appendix I.

11. Associates

	Group		Company	
	2005 \$ Million	2004 \$ Million	2005 \$ Million	2004 \$ Million
Listed investments in associates	27,160	27,160	–	–
Unlisted investments in associates	169	167	51	51
Share of results and reserves	98,623	96,891	–	467
	125,952	124,218	51	518
Amounts due from associates	352	374	–	–
Amounts due to associates	(23)	(148)	(1)	(121)
	126,281	124,444	50	397
Market value of investments in associates – listed in Hong Kong	159,994	158,469	–	–

Particulars regarding the principal associates are set out in Appendix II. Extracts of financial statements of the listed associates, Hutchison Whampoa Limited and CK Life Sciences Int'l., (Holdings) Inc., are set out in Appendix IV and Appendix V respectively.

12. Jointly Controlled Entities

	Group		Company	
	2005 \$ Million	2004 \$ Million	2005 \$ Million	2004 \$ Million
Unlisted investments in jointly controlled entities	1,137	1,315	–	4
Share of results and reserves	3,943	3,336	–	–
	5,080	4,651	–	4
Amounts due from jointly controlled entities	18,695	18,143	62	100
Amounts due to jointly controlled entities	(926)	(1,535)	–	–
	22,849	21,259	62	104

Particulars regarding the principal jointly controlled entities are set out in Appendix III. The aggregate amounts of non-current assets, current assets, current liabilities, non-current liabilities, income and expenses related to the Group's interests in jointly controlled entities are as follows:–

	2005 \$ Million	2004 \$ Million
Non-current assets	12,258	13,678
Current assets	19,563	14,724
Current liabilities	(3,577)	(3,283)
Non-current liabilities	(6,072)	(4,984)
Income	10,995	7,515
Expenses	(6,858)	(6,318)

13. Investments Available for Sale

	Group		Company	
	2005 \$ Million	2004 \$ Million	2005 \$ Million	2004 \$ Million
Listed investments				
Equity securities – listed in Hong Kong	3,613	3,673	–	–
Equity securities – listed overseas	2,336	1,727	–	–
Debt securities – listed overseas	–	636	–	–
	5,949	6,036	–	–
Unlisted investments				
Equity securities	263	616	–	14
Debt securities	957	967	–	–
	1,220	1,583	–	14
	7,169	7,619	–	14
Market value of listed investments				
– listed in Hong Kong	3,613	4,015	–	–
– listed overseas	2,336	2,620	–	–
	5,949	6,635	–	–

14. Stock of Properties

	Group		Company	
	2005 \$ Million	2004 \$ Million	2005 \$ Million	2004 \$ Million
Properties for/under development	19,893	17,359	–	–
Joint development projects	6,032	3,991	–	–
Properties for sale	3,339	4,463	3	3
	29,264	25,813	3	3
Less: Customers' deposits received	2,158	1	–	–
	27,106	25,812	3	3

15. Debtors, Deposits and Prepayments

	Group		Company	
	2005 \$ Million	2004 \$ Million	2005 \$ Million	2004 \$ Million
Trade debtors	892	752	–	–
Deposits, prepayments and other debtors	446	1,502	204	44
	1,338	2,254	204	44

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

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

	2005 \$ Million	2004 \$ Million
Current to one month	841	714
Two to three months	29	8
Over three months	22	30
	892	752

16. Investments Held for Trading

	2005 \$ Million	2004 \$ Million
Listed investments		
Equity securities – listed in Hong Kong	144	249
Equity securities – listed overseas	60	453
Debt securities – listed overseas	137	279
	341	981
Unlisted investments		
Equity securities	406	59
Debt securities	267	–
	673	59
	1,014	1,040

17. Bank and Other Loans

	2005 \$ Million	2004 \$ Million
Bank loans repayable		
within 1 year	2,995	92
after 1 year but not exceeding 2 years	2,176	2,835
after 2 years but not exceeding 5 years	8,076	11,296
after 5 years	36	–
	13,283	14,223
Other loans repayable		
within 1 year	909	3,047
after 1 year but not exceeding 2 years	2,285	909
after 2 years but not exceeding 5 years	5,610	2,567
after 5 years	500	300
	9,304	6,823
Less: Amounts classified under current liabilities	22,587	21,046
Amounts classified under non-current liabilities	3,904	3,139
	18,683	17,907

At the balance sheet date:

- (a) bank loans amounting to \$382 million (2004 – \$173 million) were secured by certain assets of the Group;
- (b) other loans included fixed rate and floating rate bonds and notes issued by wholly owned subsidiaries and guaranteed by the Company as follows:
 - (i) issued by Cheung Kong Finance Cayman Limited and listed on the Luxembourg Stock Exchange:

HK\$	300,000,000	2.83% due January 2006 (issued in 2003)
HK\$	500,000,000	7.88% due December 2006 (issued in 1999)
SGD	100,000,000	4.55% due March 2007 (issued in 2000)
HK\$	300,000,000	8.38% due January 2010 (issued in 2000)
 - (ii) issued by Cheung Kong Bond Finance Limited in Hong Kong:

AUD	20,000,000	4.75% due October 2006 (issued in 2003)
HK\$	638,000,000	9.38% (1st year)/thereafter subject to equity linked terms, due August 2007 (issued in 2005)
HK\$	280,000,000	6% (1st half year)/thereafter subject to equity linked terms, due October 2007 (issued in 2005)
HK\$	500,000,000	10% (1st year)/thereafter subject to equity linked terms, due May 2008 (issued in 2005)
HK\$	1,000,000,000	3.5% due July 2008 (issued in 2005)
HK\$	900,000,000	3% (first 2 years)/4% (thereafter) due October 2008 (issued in 2003)

17. Bank and Other Loans (continued)

- (ii) issued by Cheung Kong Bond Finance Limited in Hong Kong: (continued)
- | | | |
|------|-------------|---|
| HK\$ | 300,000,000 | 6.68% (1st year)/0.60% (2nd to 4th year)/subject to terms (5th year) due February 2009 (issued in 2004) |
| HK\$ | 500,000,000 | 4.4% due April 2015 (issued in 2005) |
- (iii) issued by Joynote Ltd and listed on the Singapore Stock Exchange:
- | | | |
|------|-------------|---|
| HK\$ | 910,000,000 | HIBOR+0.38% due September 2007 (issued in 2002) |
|------|-------------|---|
- (iv) issued by Cheung Kong Finance Japan Limited in Japan:
- | | | |
|-----|----------------|--|
| JPY | 33,000,000,000 | 0.95% due August 2010 (issued in 2005) |
|-----|----------------|--|
- (c) bank and other loans carried interest, after hedging where appropriate, at effective rates based on HIBOR/LIBOR plus a margin less than 1% per annum.

18. Creditors and Accruals

	Group		Company	
	2005 \$ Million	2004 \$ Million	2005 \$ Million	2004 \$ Million
Trade creditors	160	518	–	–
Accruals and other creditors	2,256	2,145	119	112
	2,416	2,663	119	112

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

	2005 \$ Million	2004 \$ Million
Current to one month	140	494
Two to three months	12	15
Over three months	8	9
	160	518

19. Deferred Tax Liabilities

At the balance sheet date:

- (a) deferred tax liabilities amounting to \$378 million (2004 – \$343 million) and \$166 million (2004 – \$85 million) were provided on temporary differences arising from accelerated tax depreciation and changes in fair value of investment properties respectively; and
- (b) tax losses and deductible temporary differences amounting to \$2,640 million (2004 – \$2,464 million), of which \$176 million (2004 – \$210 million) expire within 5 years, were not recognised.

20. Share Capital

	2005 No. of shares	2004 No. of shares	2005 \$ Million	2004 \$ Million
Authorised: Shares of \$0.5 each	3,800,000,000	3,800,000,000	1,900	1,900
Issued and fully paid: Shares of \$0.5 each	2,316,164,338	2,316,164,338	1,158	1,158

21. Reserves

	Capital reserve \$ Million	Retained profits \$ Million	2005 Total \$ Million	2004 Total \$ Million
At 1st January	199	18,226	18,425	18,041
Adjustment at 1st January, 2005 upon adoption of HKAS 39 (note 2(a))	–	70	70	–
Profit for the year	–	4,841	4,841	4,275
Dividend paid	–	(4,262)	(4,262)	(3,891)
At 31st December	199	18,875	19,074	18,425

The Company's reserves available for distribution to shareholders, including the proposed final dividend, amounted to \$18,875 million (2004 – \$17,759 million). Proposed final dividend for 2004 was approved by shareholders on 19th May, 2005 and paid on 24th May, 2005.

22. Operating Lease

Analysis of future minimum lease income receivable by the Group under non-cancellable operating leases for property rental at the balance sheet date is as follows:

	Group	
	2005 \$ Million	2004 \$ Million
Future minimum lease income receivable		
not later than 1 year	470	428
later than 1 year and not later than 5 years	481	402
later than 5 years	1	14
	952	844

22. Operating Lease (continued)

Analysis of future minimum lease charges payable by the Group and the Company under non-cancellable operating leases at the balance sheet date are as follows:

	Group		Company	
	2005 \$ Million	2004 \$ Million	2005 \$ Million	2004 \$ Million
Future minimum lease charges payable not later than 1 year	55	44	40	23
later than 1 year and not later than 5 years	81	13	71	–
	136	57	111	23

23. Segment Information

Assets and liabilities of the Group analysed by operating activities are as follows:

	Company and subsidiaries \$ Million	Jointly controlled entities \$ Million	Assets \$ Million	Liabilities \$ Million
At 31st December, 2005				
Property development	29,558	10,467	40,025	(1,310)
Property investment	12,174	8,394	20,568	(150)
Hotels and serviced suites	9,372	3,704	13,076	(524)
Property and project management	145	–	145	(70)
Total segment assets/(liabilities)			73,814	(2,054)
Investments in listed associates			125,598	–
Cash and investments in securities			14,819	–
Bank and other loans			–	(22,587)
Other assets/(liabilities)			1,996	(1,663)
Total assets/(liabilities)			216,227	(26,304)
At 31st December, 2004				
Property development	28,078	9,524	37,602	(1,823)
Property investment	11,109	8,561	19,670	(187)
Hotels and serviced suites	7,181	3,066	10,247	(217)
Property and project management	128	–	128	(55)
Total segment assets/(liabilities)			67,647	(2,282)
Investments in listed associates			123,481	–
Cash and investments in securities			11,888	–
Bank and other loans			–	(21,046)
Other assets/(liabilities)			2,620	(1,362)
Total assets/(liabilities)			205,636	(24,690)

23. Segment Information *(continued)*

Total segment assets at the balance sheet date and capital expenditure for segment assets incurred during the year, analysed by geographical locations, are as follows:

	Total Segment Assets		Capital Expenditure	
	2005 \$ Million	2004 \$ Million	2005 \$ Million	2004 \$ Million
Hong Kong	52,100	49,427	3,301	612
The Mainland	15,550	12,696	12	6
Asia	5,385	4,511	–	–
Europe	775	898	–	–
North America	4	115	–	–
	73,814	67,647	3,313	618

Depreciation and capital expenditure incurred during the year, analysed by operating activities, are as follows:

	Depreciation		Capital Expenditure	
	2005 \$ Million	2004 \$ Million	2005 \$ Million	2004 \$ Million
Property investment	–	–	1,013	26
Hotels and serviced suites	137	169	2,281	586
Property and project management	13	16	19	6
	150	185	3,313	618

24. Commitments and Contingent Liabilities

At the balance sheet date:

- (a) the Group had capital commitments as follows:
 - (i) contracted but not provided for
 - fixed assets – \$317 million (2004 – \$1,158 million)
 - jointly controlled entities – Nil (2004 – \$869 million)
 - (ii) authorised but not contracted for
 - fixed assets – \$4 million (2004 – Nil)
- (b) the Group's share of capital commitments of the jointly controlled entities were as follows:
 - (i) contracted but not provided for – \$713 million (2004 – \$474 million)
 - (ii) authorised but not contracted for – \$1,565 million (2004 – \$947 million)
- (c) the Group's share of contingent liability of a jointly controlled entity in respect of guaranteed return payments payable to the other party of a co-operative joint venture in the next 44 years amounted to \$4,494 million;

24. Commitments and Contingent Liabilities (continued)

- (d) the minimum share of revenue guaranteed by the Company to be received by the other party of a joint venture project in a period of 40 years amounted to \$672 million (2004 – Nil); and
- (e) the Company provided guarantees for loan financing as follows:
 - (i) bank and other loans utilised by subsidiaries – \$22,205 million (2004 – \$20,873 million)
 - (ii) bank loans utilised by jointly controlled entities – \$1,109 million (2004 – \$919 million) and certain subsidiaries provided guarantees for bank loans utilised by jointly controlled entities and investee company amounted to \$3,622 million (2004 – \$2,678 million) and \$19 million (2004 – \$21 million) respectively.

25. Employees Pension Schemes

The principal employees pension schemes operated by the Group, including the occupational retirement schemes and the mandatory provident fund schemes, are defined contribution schemes. For occupational retirement schemes, contributions are made by either the employer only or both the employer and the employees at rates ranging from approximately 5% to 10% of the employees' salary. For mandatory provident fund schemes, contributions are made by both the employer and the employees at 5% each of the employees' relevant monthly income which is capped at \$20,000.

During the year, the Group's costs incurred on employees pension schemes were \$59 million (2004 – \$56 million) and forfeited contributions in the amount of \$5 million (2004 – \$6 million) were used to reduce current year's contributions.

26. Related Party Transactions

During the year and in the ordinary course of business, the Group undertook various joint venture projects with related parties, including the Chairman, Mr. Li Ka-shing, and Hutchison Whampoa Limited, on normal commercial terms. Advances were made to/received from and guarantees were provided for these joint venture projects on a pro rata basis.

Advances made/received by the Group at the balance sheet date were disclosed as amount due from/to associates and jointly controlled entities in notes (11) and (12). Guarantees provided by the Group for bank loans utilised by jointly controlled entities at the balance sheet date were disclosed in note (24).

Other than the aforementioned, there were no other significant related party transactions requiring disclosure in the financial statements.

27. Financial Risks and Management

Financial assets and financial liabilities of the Group include investments in securities, cash balances maintained for liquidity, loan and receivables arising from property business, bank and other loan borrowings, and derivative financial instruments for investment and financial purposes. The Group's treasury policies and how the management manages to mitigate the risks associated with these financial assets and financial liabilities are described below:

(a) Treasury policies

The Group maintains a conservative approach on foreign exchange exposure management. At the balance sheet date, approximately 87.5% of the Group's borrowings were in HK\$ (or swapped into HK\$) with the balance in US\$ (or swapped into US\$) mainly for the purpose of financing projects outside Hong Kong. While the Group derives its revenue mainly in HK\$, cash balances and marketable securities are maintained mainly in HK\$ or US\$, and the Group ensures that its exposure to fluctuations in foreign exchange rates is minimised.

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

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

(b) Risk management

The Group's long term loans and trade debtors mainly arise from sale of properties developed by the Group. Long term loans are sometimes provided to purchasers of the Group's properties and carry interest at rates with reference to banks' lending rates. Regular review and follow-up actions are carried out on overdue amounts to minimize exposure to credit risk.

Cash balances maintained for liquidity are placed with a number of major banks. Investments in securities and transactions involving derivative financial instruments are generally limited to issuers and counter-parties with sound credit.

27. Financial Risks and Management *(continued)*

(b) Risk management *(continued)*

Investments in securities and derivative financial instruments are stated at fair values. Fair values are determined based on quoted market price, otherwise, with reference to professional valuations and/or estimations that take into account assumptions and estimates on factors affecting the value of these financial instruments. Change of such assumptions and estimates to reasonable possible alternatives would not have material effect on the Group's result for the year and financial position at the balance sheet date. The carrying amounts of other financial assets and financial liabilities approximated their respective fair values at the balance sheet date.

Investments in securities and derivative financial instruments are subject to changes in market prices. The exposure to price changes is managed by closely monitoring the changes in market conditions that may have an impact on the market prices or factors affecting the value of these financial instruments.

28. Approval of Financial Statements

The financial statements reported in Hong Kong dollars and set out on pages 100 to 140 were approved by the board of directors on 23rd March, 2006.

Principal Subsidiaries

Appendix I

The Directors are of the opinion that a complete list of the particulars of all the subsidiaries will be of excessive length and therefore the following list contains only the particulars of the subsidiaries which materially affect the results or assets of the Group. All the companies listed below were incorporated in Hong Kong except otherwise stated.

Name	Issued Ordinary Share Capital Nominal Value	Effective percentage held by the Company		Principal Activities
		Directly	Indirectly	
Bermington Investment Limited	HK\$ 2		100	Property development
Biro Investment Limited	HK\$ 10,000		100	Property development
Bonder Way Investment Limited	HK\$ 2		100	Property development
Charming Sky Enterprises Limited	HK\$ 2		100	Property development
Cheung Kong Bond Finance Limited (Cayman Islands)	US\$ 1		100	Finance
Cheung Kong Finance Cayman Limited (Cayman Islands)	US\$ 1,000		100	Finance
Cheung Kong Finance Company Limited	HK\$ 2,500,000	100		Finance
Cheung Kong Finance Japan Limited (Cayman Islands)	US\$ 1		100	Finance
Cheung Kong Holdings (China) Limited	HK\$ 2		100	Investment holding in the Mainland projects
Cheung Kong Investment Company Limited	HK\$ 20	100		Investment holding
Cheung Kong Property Development Limited	HK\$ 2	100		Project management
Citybase Property Management Limited	HK\$ 100,000		100	Property management
City Investments Limited	HK\$ 1		100	Property development
Clever Venture Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Diamond Jubilee Investment Limited	HK\$ 1		100	Property development
East Leader Investments Limited	HK\$ 2		100	Property development
Fantastic State Limited	HK\$ 2		100	Property development
Flying Snow Limited	HK\$ 2		100	Property development
Focus Eagle Investments Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Gingerbread Investments Limited (British Virgin Islands)	US\$ 1		100	Property development
Glass Bead Limited (British Virgin Islands)	US\$ 1		100	Property investment
Global Coin Limited	HK\$ 2		100	Property investment
Goodwell Property Management Limited	HK\$ 100,000		100	Property management
Great Expert Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Hero Star Venture Limited (British Virgin Islands)	US\$ 1		100	Securities & fund investment
iMarkets Limited	HK\$ 30,000,000		65	Provider of electronic trading platform
Japura Development Pte Ltd (Singapore)	SGD 1,000,000		76	Property development
Jetmark Limited	HK\$ 2		100	Property development
Jingcofield Limited (British Virgin Islands)	US\$ 1		100	Property investment
Joynote Ltd (Singapore)	SGD 2		100	Finance
Match Power Investment Limited	HK\$ 2		100	Property development
Maxchief Limited	HK\$ 2		100	Property development

Principal Subsidiaries (continued)

Name	Issued Ordinary Share Capital Nominal Value	Effective percentage held by the Company		Principal Activities
		Directly	Indirectly	
Megawin International Limited (British Virgin Islands)	US\$ 1		100	Property development
Metrofond Limited	HK\$ 2		100	Property development
Million Rise Investments Limited	HK\$ 2		100	Property investment
Mutual Luck Investment Limited	HK\$ 30,000		60	Property development
New Accord Limited	HK\$ 1		100	Property development & investment
New Profit Resources Limited	HK\$ 2		98.47	Property development
Pako Wise Limited	HK\$ 2	100		Property investment
Pearl Wisdom Limited	HK\$ 2		100	Property development
Perfect Idea Limited	HK\$ 20		100	Property investment
Pofield Investments Limited (British Virgin Islands)	US\$ 1		100	Property investment
Potton Resources Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Prime Pro Group Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Rainbow Elite Investments Limited	HK\$ 1		100	Property development & investment
Randash Investment Limited	HK\$ 110		60.9	Hotels & serviced suites
Romefield Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Sai Ling Realty Limited	HK\$ 10,000	100		Property development
Sino China Enterprises Limited	HK\$ 2		100	Property development
Super Winner Development Limited	HK\$ 2		100	Property development
The Center (Holdings) Limited (British Virgin Islands)	US\$ 1		100	Property investment
Tin Shui Wai Development Limited	HK\$ 1,000		98.47	Property investment
Total Win Group Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Towerich Limited	HK\$ 2		51	Hotels & serviced suites
Union Art Investment Limited	HK\$ 1		100	Property development & investment
Union Ford Investments Limited	HK\$ 2		80	Property development
Volly Best Investment Limited	HK\$ 1		90	Property development
Winchesto Finance Company Limited	HK\$ 15,000,000	100		Finance
Wisdom Choice Investment Limited	HK\$ 2		60	Property development
Yick Ho Limited	HK\$ 6,000,000		100	Investment in hotel projects

The principal area of operation of the above companies were in Hong Kong except the following:

Name	Area of Operation
Cheung Kong Finance Cayman Limited	Europe
Cheung Kong Finance Japan Limited	Japan
Cheung Kong Holdings (China) Limited	The Mainland
Japura Development Pte Ltd	Singapore
Joynote Ltd	Singapore
Megawin International Limited	The Mainland
Yick Ho Limited	The Mainland

Principal Associates

Appendix II

The Directors are of the opinion that a complete list of the particulars of all the associates will be of excessive length and therefore the following list contains only the particulars of the associates which materially affect the results or assets of the Group. All the companies listed below were incorporated in Hong Kong except otherwise stated.

Name	Effective percentage of Issued Ordinary Share Capital held by the Company		Principal Activities
	Directly	Indirectly	
AMTD Group Company Limited (British Virgin Islands)		30.4	Financial planning, mortgage servicing & corporate insurance
CEF Holdings Limited	50		Investment holding
CK Life Sciences Int'l., (Holdings) Inc. (Cayman Islands)		44	Research & development, manufacturing, commercialisation, marketing & selling of environmental & human health products, & investments
Harbour Plaza Hotel Management (International) Limited (British Virgin Islands)		50	Hotel management
Hong Kong Concord Holdings Limited		40	Trading, power plant & securities investment
Hutchison Whampoa Limited		49.9	Ports & related services, property & hotels, retail, energy, infrastructure, telecommunications, finance, investments & others
iBusiness Corporation Limited		49.6	e-commerce & investment
Metro Broadcast Corporation Limited		50	Radio broadcasting

The principal area of operation of the above companies were in Hong Kong except the following:

Name	Area of Operation
Hong Kong Concord Holdings Limited	The Mainland

Principal Jointly Controlled Entities

Appendix III

The Directors are of the opinion that a complete list of the particulars of all the jointly controlled entities will be of excessive length and therefore the following list contains only the particulars of the jointly controlled entities which materially affect the results or assets of the Group. All the jointly controlled entities below were incorporated in Hong Kong except otherwise stated.

Name	Effective percentage of Ownership Interest held by the Company Indirectly	Principal Activities
Bayswater Developments Limited (British Virgin Islands)	50	Property development & investment
Beright Investments Limited (British Virgin Islands)	50	Property development
Chesgold Limited	50	Property investment
Cheung Wo Hing Fung Enterprises Limited (British Virgin Islands)	50	Property investment
Choicewide Group Limited (British Virgin Islands)	50	Investment in property project
Circadian (CH) Limited (The United Kingdom)	22.5	Property development
Circadian Limited (The United Kingdom)	22.5	Property development
Clayton Power Enterprises Limited	50	Property development
Cosmos Wide International Limited	50	Property development
Dragon Beauty International Limited	50	Property development
Forton Investment Limited	50	Property development
Gislingham Limited (British Virgin Islands)	50	Property development
Glenfield Investments Pte Ltd (Singapore)	50	Property development
Glory Sense Limited	50	Property development
Golden Famous International Limited	50	Property development
Hildon Development Limited	50	Property development
Hong Kong Shanghai Development Co Ltd (Samoa)	25	Property development & investment
Hui Xian Investment Limited	33.4	Investment in property project
Hutchison Whampoa Properties (Chengdu) Limited (The Mainland)	50	Property development
Konorus Investment Limited	42.5	Property development & investment
Mapleleaf Developments Limited (British Virgin Islands)	25	Property development
Marketon Investment Limited	50	Property development
Matrica Limited	30	Property development & investment
Mighty General Limited	50	Property development
Montoya (HK) Limited	50	Property development
Nanyang Brothers Properties Limited	50	Property development
New China Sheen Limited	50	Property development
New China Target Limited	50	Property development
One Raffles Quay Pte Ltd (Singapore)	33.3	Property development
Sky Island Limited (British Virgin Islands)	50	Property development
Smart Rainbow Limited (British Virgin Islands)	50	Hotels & serviced suites
Vigour Limited	50	Property development & investment

The principal area of operation of the above jointly controlled entities were in Hong Kong except the following:

Name	Area of Operation
Bayswater Developments Limited	The Mainland
Beright Investments Limited	The Mainland
Chesgold Limited	The Mainland
Cheung Wo Hing Fung Enterprises Limited	The Mainland
Choicewide Group Limited	Singapore
Circadian (CH) Limited	The United Kingdom
Circadian Limited	The United Kingdom
Forton Investment Limited	The Mainland
Gislingham Limited	The Mainland
Glenfield Investments Pte Ltd	Singapore
Glory Sense Limited	The Mainland
Hildon Development Limited	The Mainland
Hong Kong Shanghai Development Co Ltd	The Mainland
Hui Xian Investment Limited	The Mainland
Hutchison Whampoa Properties (Chengdu) Limited	The Mainland
Mapleleaf Developments Limited	The Mainland
Mighty General Limited	The Mainland
Montoya (HK) Limited	The Mainland
New China Sheen Limited	The Mainland
New China Target Limited	The Mainland
One Raffles Quay Pte Ltd	Singapore
Sky Island Limited	The Mainland

Extracts of Financial Statements of Hutchison Whampoa Limited

Appendix IV

Extracts of the 2005 published financial statements of Hutchison Whampoa Limited, a listed associate, is set out below.

Consolidated Profit and Loss Account

For the year ended 31st December, 2005

	2005 \$ Million	As restated 2004 \$ Million
Company and subsidiary companies		
Revenue	182,584	134,595
Cost of inventories sold	(62,804)	(52,006)
Staff costs	(25,730)	(21,478)
Telecommunications prepaid customer acquisition costs	(11,954)	(8,423)
Depreciation and amortisation	(35,727)	(30,727)
Other operating expenses	(60,233)	(39,146)
Change in fair value of investment properties	3,685	5,244
Profit on disposal of investments, elimination of minority interests and others	25,117	19,181
	14,938	7,240
Share of profits less losses of associated companies	8,067	5,921
Share of profits less losses of jointly controlled entities	3,927	1,765
	11,994	7,686
Interest and other finance costs	(15,405)	(11,220)
Profit before taxation	11,527	3,706
Current taxation charge	(2,511)	(2,386)
Deferred taxation credit	4,538	4,815
Profit after taxation	13,554	6,135
Allocated as: Loss attributable to minority interests	789	6,843
Profit attributable to shareholders of the Company	14,343	12,978

Consolidated Balance Sheet

At 31st December, 2005

	2005 \$ Million	As restated 2004 \$ Million
ASSETS		
Non-current assets		
Fixed assets	124,278	147,603
Investment properties	38,557	31,741
Leasehold land prepayments	32,374	31,037
Telecommunications licences	84,624	103,060
Telecommunications postpaid customer acquisition costs	6,172	6,823
Goodwill	17,954	10,577
Brand names and other rights	3,579	1,559
Associated companies	65,334	54,887
Interests in joint ventures	37,284	35,756
Deferred tax assets	15,723	12,259
Other non-current assets	4,426	8,230
Liquid funds and other listed investments	60,669	66,503
	490,974	510,035
Current assets		
Cash and cash equivalents	49,717	73,798
Trade and other receivables	36,011	45,873
Inventories	20,337	17,489
	106,065	137,160
Current liabilities		
Trade and other payables	56,873	66,245
Current borrowings	26,028	23,118
Current tax payables	2,080	1,898
	84,981	91,261
Net current assets	21,084	45,899
Total assets less current liabilities	512,058	555,934
Non-current liabilities		
Long term borrowings	238,883	259,875
Deferred tax liabilities	13,750	11,674
Pension obligations	2,323	2,424
Other non-current liabilities	3,473	2,167
	258,429	276,140
Net assets	253,629	279,794
CAPITAL AND RESERVES		
Share capital	1,066	1,066
Reserves	242,488	250,105
Shareholders' funds	243,554	251,171
Minority interests	10,075	28,623
Total equity	253,629	279,794

Appendix V

Extracts of the 2005 published financial statements of CK Life Sciences Int'l., (Holdings) Inc., a listed associate, is set out below.

Consolidated Income Statement

For the year ended 31st December, 2005

	2005 \$'000	Restated 2004 \$'000
Turnover	694,379	329,627
Cost of sales	(386,536)	(134,506)
	307,843	195,121
Other income	80,412	47,881
Staff costs	(142,711)	(111,533)
Depreciation	(28,836)	(23,515)
Amortization of intangible assets	(4,758)	(2,829)
Fair value change of financial instruments	(28,165)	–
Other operating expenses	(151,482)	(109,764)
Finance costs	(19,494)	(4,438)
Gain on disposal of an associate	–	4,179
Share of results of associates	3,337	2,279
Profit/(loss) before taxation	16,146	(2,619)
Taxation	(5,368)	(2,548)
Profit/(loss) for the year	10,778	(5,167)
Attributable to:		
Equity holders of the Company	12,234	(3,968)
Minority interests	(1,456)	(1,199)
	10,778	(5,167)

Consolidated Balance Sheet

As at 31st December, 2005

	2005 \$'000	Restated 2004 \$'000
Non-current assets		
Property, plant and equipment	359,953	348,335
Prepaid lease for land	27,827	27,918
Intangible assets	738,738	171,967
Interests in associates	30,922	27,585
Debt investment	174,179	–
Available-for-sale investments	210,879	–
Investments at fair value through profit and loss	1,280,331	–
Investments in securities	–	1,523,840
Other investments	–	211,166
Deferred taxation	7,216	–
	2,830,045	2,310,811
Current assets		
Debt investment	36,986	–
Investments at fair value through profit and loss	48,346	–
Derivative financial instruments	22,361	–
Investments in securities	–	97,795
Other investments	–	29,387
Inventories	127,914	41,484
Receivables and prepayments	202,990	140,480
Taxation	808	–
Deposit with financial institution	39,000	–
Bank balances and deposits	372,433	442,850
	850,838	751,996
Current liabilities		
Payables and accruals	(216,958)	(112,946)
Bank loans	(93,080)	(20,368)
Other loan	–	(13,737)
Finance lease obligations	(559)	(371)
Derivative financial instruments	(54,736)	–
Taxation	–	(2,174)
	(365,333)	(149,596)
Net current assets	485,505	602,400
Total assets less current liabilities	3,315,550	2,913,211
Non-current liabilities		
Bank loans	(461,200)	(60,217)
Loan from a minority shareholder	(34,252)	(7,239)
Finance lease obligations	(1,741)	(621)
Deferred taxation	(34,270)	(146)
	(531,463)	(68,223)
Total net assets	2,784,087	2,844,988

Consolidated Balance Sheet (continued)

As at 31st December, 2005

	2005 \$'000	Restated 2004 \$'000
Capital and reserves		
Share capital	640,738	640,738
Share premium and reserves	2,095,522	2,154,967
Equity attributable to equity holders of the Company	2,736,260	2,795,705
Minority interests	47,827	49,283
Total equity	2,784,087	2,844,988

Deloitte. 德勤

TO THE MEMBERS OF CHEUNG KONG (HOLDINGS) LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the financial statements on pages 100 to 140 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Companies Ordinance requires the directors to prepare financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with section 141 of the Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Basis of opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st December, 2005 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Ordinance.

DELOITTE TOUCHE TOHMATSU

Certified Public Accountants

Hong Kong, 23rd March, 2006

Listed Affiliated Companies

Hutchison Whampoa Limited



A Diversified Global Conglomerate

The Hutchison Whampoa Group is a leading international corporation with diversified businesses spanning 54 countries around the globe, and has over 200,000 employees worldwide. All of its operating established businesses reported higher earnings and healthy growth year on year, and the 3 Group has achieved a major cash flow milestone of reporting positive EBITDA before all customer acquisition costs for the full year in 2005.



- Ports and Related Services
- Property and Hotels
- Retail
- Energy, Infrastructure, Finance & Investments and Others
- Telecommunications





Cheung Kong Infrastructure Holdings Limited

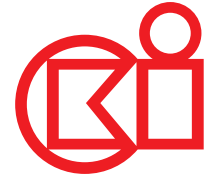
A Leading Player in the Global Infrastructure Arena

CKI has evolved from a Greater China-focused company into one of the world's leading infrastructure players since listing in 1996. It has attained global reach across four continents, with investments spanning Hong Kong, the Mainland, Australia and the United Kingdom. The breadth of CKI's business has also expanded - its diverse range of investments now encompass energy, toll roads, water, materials and environmental initiatives.



- Investment in Hongkong Electric
- Infrastructure Investments – Energy
- Infrastructure Investments – Transportation
- Infrastructure Investments – Water
- Infrastructure Related Business





Hongkong Electric Holdings Limited



A World-class Electricity Supplier

Hongkong Electric has been achieving world-class performance in the business of electricity generation, transmission, distribution and sales in Hong Kong, and has successfully expanded its footprint into the overseas energy arena. In line with its vision to excel in the energy business in Hong Kong and key international markets, Hongkong Electric will continue to look for suitable investment opportunities to drive future sustainable growth, and to create further value for shareholders.



- Generation, Transmission and Distribution of Electricity
- International Investment in Power and Power-related Industries
- Engineering Consultancy Services





Corporate Information

Board of Directors

LI Ka-shing	<i>Chairman</i>
LI Tzar Kuoi, Victor	<i>Managing Director and Deputy Chairman</i>
KAM Hing Lam	<i>Deputy Managing Director</i>
IP Tak Chuen, Edmond	<i>Deputy Managing Director</i>
CHUNG Sun Keung, Davy	<i>Executive Director</i>
PAU Yee Wan, Ezra	<i>Executive Director</i>
WOO Chia Ching, Grace	<i>Executive Director</i>
CHIU Kwok Hung, Justin	<i>Executive Director</i>
LEUNG Siu Hon	<i>Non-executive Director</i>
FOK Kin-ning, Canning	<i>Non-executive Director</i>
Frank John SIXT	<i>Non-executive Director</i>
CHOW Kun Chee, Roland	<i>Non-executive Director</i>
George Colin MAGNUS	<i>Non-executive Director</i>
KWOK Tun-li, Stanley	<i>Independent Non-executive Director</i>
YEH Yuan Chang, Anthony	<i>Independent Non-executive Director</i>
Simon MURRAY	<i>Independent Non-executive Director</i>
CHOW Nin Mow, Albert	<i>Independent Non-executive Director</i>
HUNG Siu-lin, Katherine	<i>Independent Non-executive Director</i>
WONG Yick-ming, Rosanna*	<i>Independent Non-executive Director</i>
KWAN Chiu Yin, Robert	<i>Independent Non-executive Director</i>
CHEONG Ying Chew, Henry	<i>Independent Non-executive Director</i>

* Also alternate director to Simon MURRAY

Audit Committee

KWAN Chiu Yin, Robert (*Chairman*)
KWOK Tun-li, Stanley
CHEONG Ying Chew, Henry

Remuneration Committee

LI Ka-shing (*Chairman*)
KWOK Tun-li, Stanley
WONG Yick-ming, Rosanna

Company Secretary

Eirene YEUNG

Qualified Accountant

MAN Ka Keung, Simon

Chief Financial Officer

Andrew John HUNTER

Bankers

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Mizuho Corporate Bank, Ltd.
Canadian Imperial Bank of Commerce
Sumitomo Mitsui Banking Corporation
BNP Paribas
Standard Chartered Bank (Hong Kong) Limited
Citibank, N.A.
Bank of Communications Co., Ltd.,
Hong Kong Branch

Auditors

Deloitte Touche Tohmatsu

Solicitors

Woo, Kwan, Lee & Lo

Registered Office

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

Share Registrars and Transfer Office

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

Internet Address

<http://www.ckh.com.hk>

Financial Calendar

Annual Results Announcement	23rd March, 2006
Closure of Register of Members	11th to 18th May, 2006 (both days inclusive)
Record Date for Final Dividend	18th May, 2006
Payment of Final Dividend	23rd May, 2006

This annual report (“Annual Report 2005”) is available in both English and Chinese. Shareholders who have received either the English or the Chinese version of the Annual Report 2005 may request a copy in the language different from that has been received in writing to the Company’s Registrars, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

This Annual Report 2005 (in both English and Chinese versions) has been posted on the Company’s website at <http://www.ckh.com.hk>. Shareholders who have chosen to rely on copies of the Company’s Corporate Communication (including but not limited to annual report, summary financial report (where applicable), interim report, summary interim report (where applicable), notice of meeting, listing document, circular and proxy form) posted on the Company’s website in lieu of the printed copies thereof may request the printed copy of the Annual Report 2005.

Shareholders who have chosen to receive the Corporate Communication using electronic means through the Company’s website and who for any reason have difficulty in receiving or gaining access to the Annual Report 2005 posted on the Company’s website will promptly upon request be sent the Annual Report 2005 in printed form free of charge.

Shareholders may at any time choose to change your choice as to the means of receipt (i.e. in printed form or by electronic means through the Company’s website) and/or the language of the Company’s Corporate Communication by notice in writing to the Company’s Registrars, Computershare Hong Kong Investor Services Limited.

