



# Shaping the Future



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

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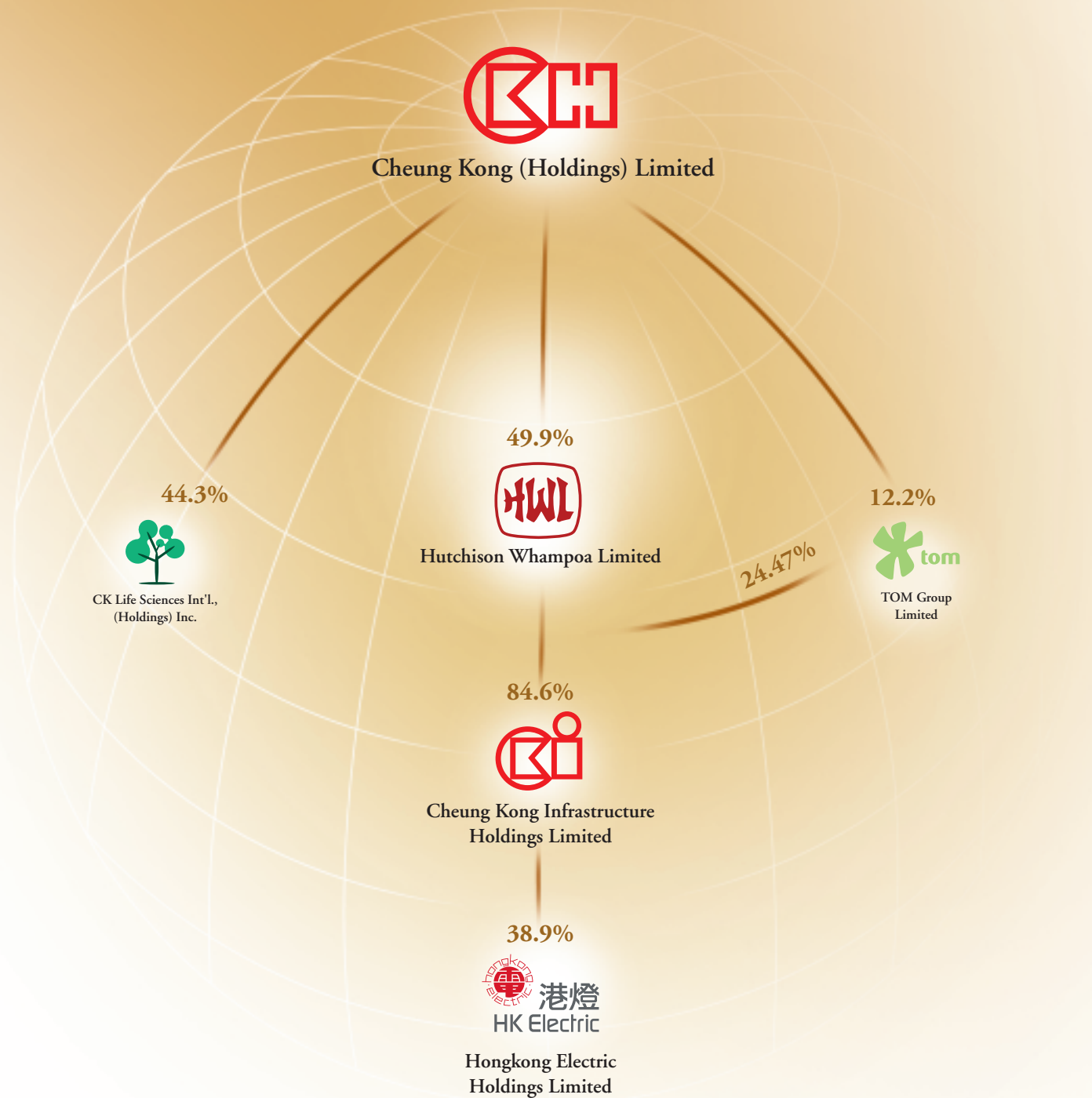
Annual Report 2006



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# Group Structure



CHEUNG KONG GROUP  
 TOTAL MARKET CAPITALISATION  
**HK\$700 Billion**

22nd March, 2007

# Group Financial Summary

## Consolidated Profit and Loss Account (HK\$ million)

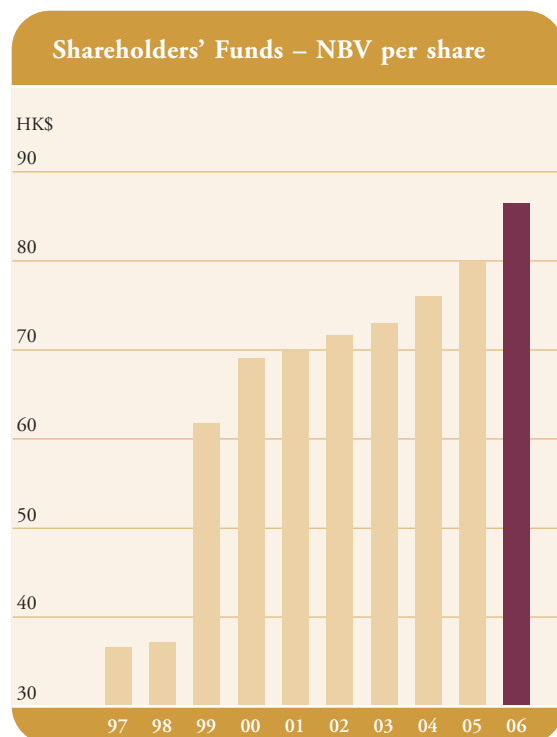
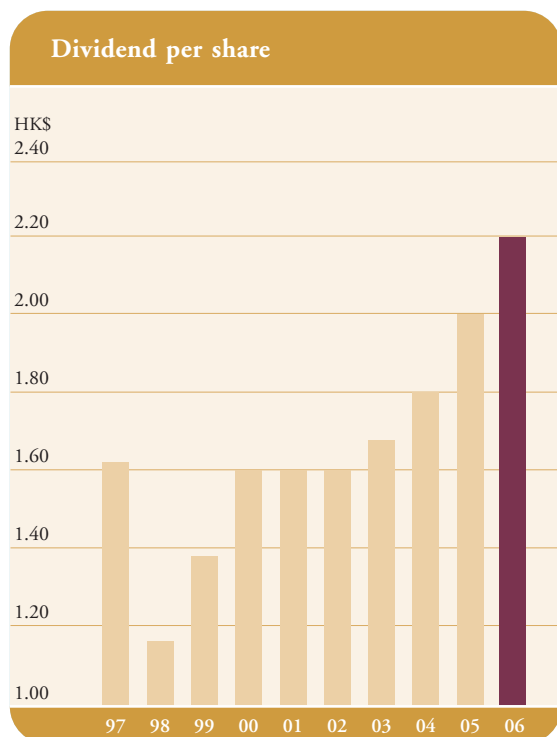
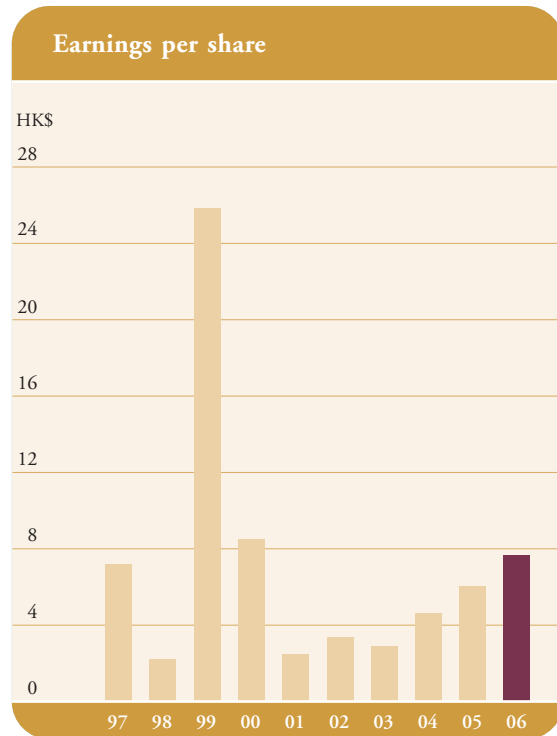
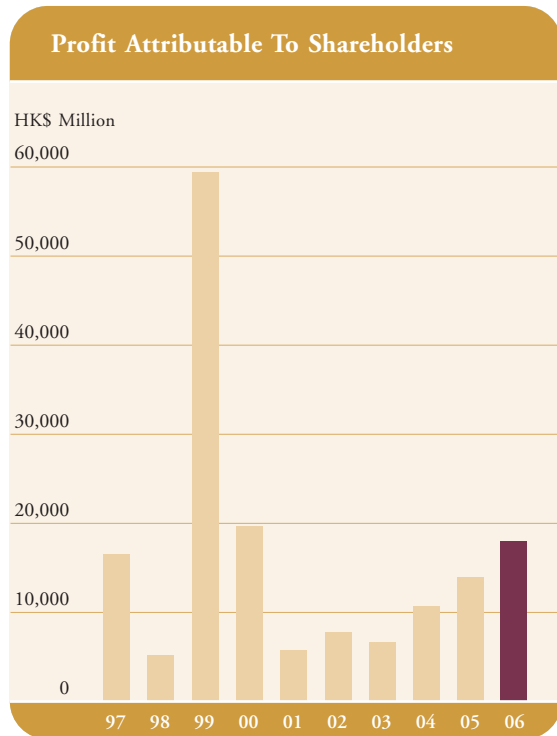
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Turnover	7,857	11,865	8,193	9,341	7,486	9,122	14,336	18,431	14,358	15,346
Profit attributable to shareholders	16,594	5,170	59,405	19,678	5,792	7,835	6,724	10,700	13,995	18,075
Interim dividend paid	896	643	758	880	880	880	880	880	973	1,065
Final dividend proposed	2,826	2,022	2,412	2,826	2,826	2,826	3,011	3,289	3,659	4,031
Profit for the year retained	12,872	2,505	56,235	15,972	2,086	4,129	2,833	6,531	9,363	12,979

## Consolidated Balance Sheet (HK\$ million)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Fixed assets	811	3,131	9,530	3,167	3,274	6,762	6,987	7,385	9,612	10,222
Investment properties	2,483	10,805	11,760	12,039	11,476	11,999	9,876	10,545	11,710	14,508
Associates	47,636	48,652	103,518	117,264	118,657	121,387	121,617	124,444	126,281	134,358
Other non-current assets	25,503	28,553	24,544	29,769	33,805	31,270	30,673	30,123	30,421	33,055
Net current assets	22,763	9,346	9,376	14,554	17,979	18,359	20,435	26,784	31,126	46,067
Total assets less current liabilities	99,196	100,487	158,728	176,793	185,191	189,777	189,588	199,281	209,150	238,210
Bank and other loans	13,642	10,245	10,238	13,806	18,728	19,255	16,357	17,907	18,683	27,609
Loan from joint development partner	-	-	-	-	-	-	-	-	-	4,000
Deferred tax liabilities and others	131	86	138	194	189	316	354	428	544	920
Net assets	85,423	90,156	148,352	162,793	166,274	170,206	172,877	180,946	189,923	205,681
Representing:										
Share capital	1,149	1,149	1,149	1,158	1,158	1,158	1,158	1,158	1,158	1,158
Share premium	7,856	7,856	7,856	9,331	9,331	9,331	9,331	9,331	9,331	9,331
Reserves	74,291	75,994	132,616	149,026	151,138	155,284	158,349	165,312	174,673	189,933
Shareholders' funds	83,296	84,999	141,621	159,515	161,627	165,773	168,838	175,801	185,162	200,422
Minority interests	2,127	5,157	6,731	3,278	4,647	4,433	4,039	5,145	4,761	5,259
Total equity	85,423	90,156	148,352	162,793	166,274	170,206	172,877	180,946	189,923	205,681
Shareholders' funds – NBV per share (HK\$)	36.25	37.00	61.64	68.87	69.78	71.57	72.90	75.90	79.94	86.53
Earnings per share (HK\$)	7.22	2.25	25.86	8.53	2.50	3.38	2.90	4.62	6.04	7.80
Dividend per share (HK\$)	1.62	1.16	1.38	1.60	1.60	1.60	1.68	1.80	2.00	2.20



# Results Highlights



# The Year at a Glance

- The Group announced 2006 Annual Results on 22 March 2007.
- Received “Reader’s Choice Awards – Best Hotel, Beijing” for Grand Hyatt Beijing from *DestinAsian*.
- Received “2006 Best of the Best Preferred Brands of China’s Richest” award for Grand Hyatt Beijing from *Hurun Report*.
- Received the “Top 100 Readers’ Choice Awards – Top 50 Asia Hotels” for Grand Hyatt Beijing from *Condé Nast Traveler* (The U.S.A. version).
- Received “Travel + Leisure 500 – The World’s Best Hotels” award for Grand Hyatt Beijing from *Travel + Leisure*.
- Received “The Best Hotel in Beijing” award for Grand Hyatt Beijing from *Asiamoney*.
- Nearly 30 members of the Cheung Kong Group were named Caring Companies – its third consecutive year to have the largest number of members being awarded.
- Launch of The Apex, Kwai Chung was well-received by purchasers.





Dress Casual Day



Reader's Digest Trusted Brand



Yahoo! Emotive Brand



MTR Hong Kong Race Walking

- Received “The 3rd China Hotel Golden Pillow Award – Top 10 Business Hotels” for Grand Hyatt Beijing from *21st Century Business Herald*.
- Received “Most Popular 100 China Business Hotels Award” for Grand Hyatt Beijing from *International Business Daily*.
- Received “World’s Best Business Hotels & Airlines 2006 – The Best Business Hotel in Beijing” for Grand Hyatt Beijing from *Global Finance*.
- The Cheung Kong Group ranks the third among the “Top Ten Fund-raisers” and “Outstanding Fund-raiser Awards – Companies & Organisations” of “Dress Casual Day 2005” from The Community Chest.
- “Metro Town” team of Cheung Kong Group participated in “MTR Hong Kong Race Walking 2006” organised by MTRC and Hong Kong Amateur Athletic Association and won the “Highest Fund Raising Corporate Team” and the Second Runner-up for “Corporate Branding Team”.
- Gold winner in the “2006 Reader’s Digest Trusted Brand Awards – Property Developer category”.
- Cheung Kong Group won three awards in “Yahoo! Emotive Brand Awards 2005-2006”, which include Cheung Kong (Holdings) Limited for “Property Developer and Agent” Category; 3 Hong Kong for “Mobile Phone Network/Internet Service” Category and PARKnSHOP for “Chain Store” Category.

## The Year at a Glance *(continued)*

HK\$6 Billion 5-Year Revolving Credit Facility



Top 200 Real Estate Enterprises in China



- Successfully raised a 5-year revolving credit facility of HK\$6 billion for general corporate purposes.
- The Cheung Kong Group was ranked as the “Second Top Donor” in “The Community Chest 2005/2006 Awards” – its seventh consecutive year to be ranked amongst the top three donors.
- Received “500 famous brands awards in Asia”, Cheung Kong ranked the highest among the property developers in Hong Kong. Other group members, including Hutchison Whampoa Limited, Watsons, Harbour Plaza and TOM Group Limited also received the award.
- Ranked No. 1 in “Top 200 Real Estate Enterprises in China” conducted by the City Development and Environment Research Center of the Chinese Academy of Social Sciences, the Federation of China National Real Estate Enterprises and All China Real Estate Corporations Confederation.
- Ranked No. 4 in the “Top 500 International Chinese Entrepreneurs” survey conducted by *Yazhou Zhoukan*.
- Release of Le Point, Tiu Keng Leng, with good sales results.



Le Point, Tiu Keng Leng



500 famous brands award in Asia



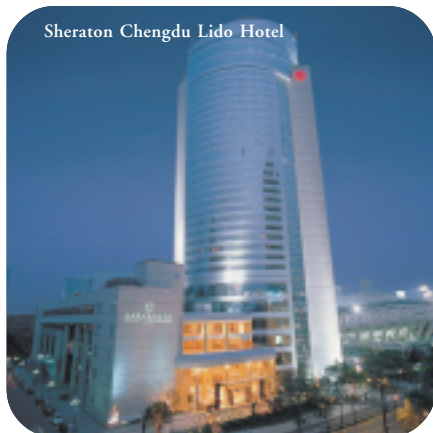
The Community Chest Awards





Directors seminar on corporate governance practices

- Sausalito, Ma On Shan, was offered for sale with favourable responses.
- Received “China’s Best Business Hotels in 2006” for Grand Hyatt Beijing, Beijing Great Wall Sheraton Hotel and Sheraton Shenyang Lido Hotel from *Forbes*.
- Received the “Top 100 Hotels of the World” award for Grand Hyatt Beijing from *Institutional Investor*.
- Issue of fixed-rate debt instruments worth S\$400 million in Singapore, which is to date, the largest Singapore dollar debt capital market issuance by a foreign issuer in 2006.
- The Legend and Metro Town received seven awards of HKIS Property Marketing Award 2006 from The Hong Kong Institute of Surveyors, which include Top Ten Property Marketing Projects Award, Top Ten Property Sales Brochures Award and Top Ten Flat Layouts Award. The Legend received the Best of the Year Property Sales Brochure.
- Received the “Best Business Hotel in Chengdu” award for Sheraton Chengdu Lido Hotel from *Business Traveller China*.
- Received the “Best Business Hotel in Beijing” award for Grand Hyatt Beijing from *Business Traveller China*.
- Seminars were organised at which distinguished professionals have been invited to present to the Directors on subjects such as duties and responsibilities of directors and its trends, corporate governance practices and its development and way forward.
- Release of CASA 880, Quarry Bay with good sales results.



Sheraton Chengdu Lido Hotel



HKIS Property Marketing Award



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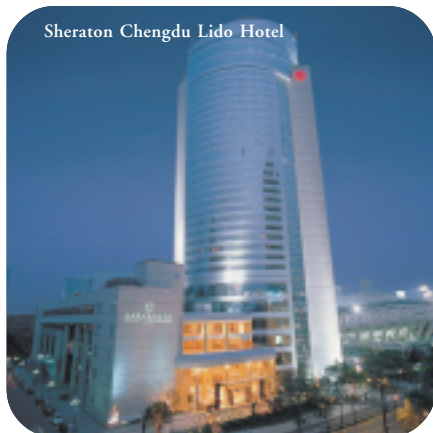
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Sheraton Chengdu Lido Hotel



HKIS Property Marketing Award

# Report of the Chairman and the Managing Director

Shaping  
the Future





*We have complete confidence in the Group's ability to shape the future as we have all the right ingredients in place to drive long-term sustainable growth, and to create ever increasing value for shareholders.*

## **PROFIT FOR THE YEAR**

The Group's audited profit attributable to shareholders for the year ended 31st December, 2006 amounted to HK\$18,075 million (2005 – HK\$13,995 million). Earnings per share were HK\$7.80 (2005 – HK\$6.04).

The Group's audited profit attributable to shareholders amounted to HK\$18,075 million, increased by **29%**.

## **DIVIDEND**

The Directors recommend the payment of a final dividend of HK\$1.74 per share in respect of 2006, to shareholders whose names appear on the Register of Members of the Company on 17th May, 2007. This together with the interim dividend of HK\$0.46 per share gives a total of HK\$2.20 per share for the year (2005 – HK\$2.00 per share). The proposed final dividend will be paid on 22nd May, 2007 following approval at the Annual General Meeting.

## PROSPECTS

### Solid Business Growth

*2006 marked another year of solid progress for the Group. A number of significant investment and expansion initiatives delivered good results, with the Group well positioned to generate continued long-term growth and better value for shareholders.*

The Group's profit before share of results of the Hutchison Whampoa Group increased by 18% for 2006. This positive performance reflects progress across the various core businesses of the Group.

### Property Business: Achieve Continued Growth

The general economic environment was positive in 2006 as oil prices receded to more reasonable levels, interest rates stabilised, and the global economy maintained its growth momentum. In Hong Kong, robust economic growth was recorded for the third consecutive year with real GDP increasing by 6.8%. Domestic demand and exports continued to be the twin drivers of growth. In particular, strong private consumption and investment was seen against the backdrop of declining unemployment, rising income, and an extremely buoyant finance sector.

A slowdown in property activities was recorded in the first half of 2006 due to the anticipated rises in interest rates and in part to the lack of major new launches by developers. However, the steady pick-up of transactions in the latter part of 2006 was a clear sign of improving market sentiment. We anticipate a stable property market in 2007 with moderate upward pressure on property prices as buyer's confidence is positively impacted by stable lending rates and an optimistic outlook for Hong Kong's economy.

Our property activities are progressing well and on schedule, with all development and expansion initiatives being effectively planned and managed. Property sales in 2006 were in line with our stated target, and projects for sale in 2007 are progressing as scheduled. The Group's continuing sound results reflect not only its proven ability to respond rapidly, flexibly and creatively to market developments and customer needs, but also its commitment to quality of life and conservation by employing environmentally-friendly concepts and technologies in project planning, construction, and management.

In 2006, we achieved significant progress in landbank expansion by completing a series of quality land acquisitions. Our landbank comprises a diversified portfolio of prime sites with high development potential, providing an excellent platform to contribute significantly to property development in Hong Kong over the next five to six years. Our financial strength and market knowledge give us the capacity to further expand our landbank, and position us for growth in the future.

The Group's investment property portfolio and its recurrent earnings base continued to expand during the year with the addition of a quality commercial property and the launch of new hotels. We will continue to add value to our rental portfolio by acquiring superior investment properties when suitable opportunities arise.

The total number of hotel rooms and serviced suites of the properties directly or indirectly owned by the Group and by the Hutchison Whampoa Group, including those under construction, is approximately 18,000 of which about 12,000 hotel rooms and serviced suites are within properties located in Hong Kong, with the remainder outside of Hong Kong.

The Mainland continues to be the major focus of the Group's expansion outside Hong Kong. Despite the various measures introduced to regulate land supply and property activities, long-term growth prospects for the Mainland's property market remain positive as it is supported by solid fundamentals and strong underlying demand. We will continue to capitalise on the Mainland's growth opportunities by following a disciplined approach to investment and development.

We increased our other overseas expansion activities during the year by strengthening our presence as a leading provider of quality properties in Singapore and the United Kingdom. Following the acquisition made in early 2007 pursuant to an option in respect of the land parcel at Marina Bay, Singapore, a significant addition was made to the landbank of the Group. Apart from land acquisition, solid results were also recorded in construction, and sales and marketing. We are confident that we are on track to benefit from the high growth potential of these markets and deliver attractive returns to shareholders.

### Listed Affiliated Companies: Deliver Solid Progress

Overall, both the Hutchison Whampoa Group's established businesses and the 3 Group recorded growth and improved results in 2006. During the year, the 3 Group reported narrowing losses from the continued growth in its customer base and revenue, reflecting a successful strategy of capturing higher-value contract customers. The 3 Group is continuing to improve its operating cost structure and is moving towards achieving its operating targets. Its management is continuing to target achieving positive monthly EBITDA after deducting all customer acquisition costs on a sustainable basis during the first half of 2007 and positive monthly EBIT on a sustainable basis during 2008. The Hutchison Whampoa Group will benefit from the cash dividend following the anticipated completion of the sale of the entire interest in the mobile business in India.

2006 marked the beginning of the second decade of Cheung Kong Infrastructure Holdings Limited ("CKI") as a listed company. In general terms, CKI's businesses in the key markets of Hong Kong, the Mainland, Australia and the United Kingdom have all performed well during the year. While CKI's Australian asset base was reduced as a result of the divestment of part of its Australian electricity businesses to Spark Infrastructure Group in December 2005, its overall profit generation capacity has not diminished. On the whole, CKI's investments have exceeded expectations, enabling it to deliver continued recurring profit and dividend growth to its shareholders. CKI has laid very solid foundations and has ample resources to fund future expansion.

The year 2006 saw continued challenges for the electricity business in Hong Kong of Hongkong Electric Holdings Limited ("Hongkong Electric"). However, supply reliability was not compromised and was maintained at a world class level of over 99.999%. Its international operations continued to perform well during the year and the overall results were in line with expectations. Hongkong Electric will continue to look for investment opportunities in other parts of the world in order to increase earnings and to reduce the proportion of its earnings derived from the electricity operations in Hong Kong.

2006 was a very exciting year for CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences") with notable achievements on all fronts. Steady sales growth by the environmental and health businesses, and a meaningful contribution from recent acquisitions supported CK Life Sciences' strong financial performance for the year. 2006 was also notable for the expansion of the *Adrien Gagnon* (or "AG") nutraceutical brand following its international launch, firstly in Hong Kong and then in the Netherlands. CK Life Sciences will continue to pursue organic growth of its core businesses in health and environmental sustainability by leveraging its experience and expertise in the biotech sector, and will continue to explore acquisition opportunities to further enhance its growth and add value to its shareholders.

## New Growth Opportunities

*We see exciting growth in the future and the Group is well placed to capitalise on the opportunities which will arise in the years ahead. Our solid foundations and international scope, excellent reputation and financial strength will enable the Group to strengthen its competitive position globally, and drive sustainable growth in 2007 and beyond.*

Looking into 2007, prospects for the global economy remain steady and China's rapid development will continue to drive worldwide economic growth. While the pace of growth in the United States is forecast to moderate, barring unforeseeable circumstances, significant fluctuations in interest rates seem unlikely, with reductions more likely than increases.

China is maintaining its rapid economic expansion, with GDP growth reaching 10.7% in 2006, double-digit growth for the fourth consecutive year. Strong growth accompanied by moderate inflation is expected to continue in 2007, and the overall economy is in good shape on its path to achieving stated macroeconomic targets. Various tightening measures and increased efforts to fine-tune the Mainland's economic structure and growth patterns are conducive to its healthy development and to achieving long-term sustainable growth.



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

Hong Kong's positive growth trend is predicted to continue in 2007. We remain optimistic about Hong Kong's long-term economic prospects as it is poised to benefit from the positive global economic environment and the Mainland's robust growth momentum. However, Hong Kong must be proactive to capitalise on the enormous opportunities arising from the Mainland's rapid expansion by building on its existing advantages, positioning itself for closer economic integration with the Mainland, and contributing its part to the nation's development. We have every confidence in Hong Kong's ability to move in this direction.

The Cheung Kong Group is firmly rooted in Hong Kong and with operations spanning 56 countries worldwide, and will continue to capture new opportunities arising from the Mainland's extraordinary growth. In an ever-changing and increasingly competitive environment, we need to constantly innovate, assess risks, draw on our experience and creativity, and raise our efficiency in order to meet new challenges and seize new opportunities. We have complete confidence in the Group's ability to shape the future as we have all the right ingredients in place to drive long-term sustainable growth, and to create ever increasing value for shareholders.

### **Acknowledgement**

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

**Li Ka-shing**  
Chairman

**Li Tzar Kuoi, Victor**  
Managing Director

Hong Kong, 22nd March, 2007

# Management Discussion and Analysis

## BUSINESS REVIEW

### Major Business Activities

#### 1. Developments Completed during 2006:

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
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	Tseung Kwan O Town Lot No. 73, Area 73B Tseung Kwan O	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%
Caribbean Coast Crystal Cove	Tung Chung Town Lot No. 5	61,680	Joint Venture
Cape Coral Phase 2 and Commercial	Panyu Dashi, Guangzhou	95,210	50%
The Greenwich Phases IA and IB	Yao Jia Yuan, Beijing	131,000	50%
Regency Park Phases IV and V	Pudong Huamu, Shanghai	35,550	50%
Seasons Villas Phase 6B	Pudong Huamu, Shanghai	810	50%
One Raffles Quay	Marina Boulevard Singapore	148,530	33.33%

## Management Discussion and Analysis (continued)

### 2. Developments in Progress and Scheduled for Completion in 2007:

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
The Apex and Hotel Development	The Remaining Portion of Kwai Chung Town Lot No. 467	74,340	100%
Central Park Towers Phase 1	Tin Shui Wai Town Lot No. 24	98,800	98.47%
Le Point	Tseung Kwan O Town Lot No. 73, Area 73B Tseung Kwan O	130,338	Joint Venture
Sausalito	Sha Tin Town Lot No. 487	70,030	100%
Cape Coral Phase 1	Nanan, Chongqing	39,738	47.5%
Changchun Project Phase 1	Jing Yue Tan, Changchun	57,826	50%
The Greenwich Commercial	Yao Jia Yuan, Beijing	2,377	50%
Chengdu Project Phase 1A	Wenjiang, Chengdu	91,275	50%
The Greenwich Phase 1A	Xian	113,902	50%
Le Parc Phase 1A	Chengdu	70,565	50%
Maison des Artistes Phases 1 to 3C and Commercial	Gubei, Shanghai	112,120	50%
Regency Park Phases IIA and VI	Pudong Huamu, Shanghai	31,481	50%
The Metropolitan Plaza	Guangzhou	87,018	50%
Seasons Villas Phase 4A	Pudong Huamu, Shanghai	1,500	50%
Kerry Everbright City Phases IIA and IIB	Zhabei District, Shanghai	150,200	24.75%

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

#### Hong Kong

- (1) February 2006: A wholly owned subsidiary of the Group executed a development agreement with MTR Corporation Limited (“MTR”) 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.
- (2) April 2006: A wholly owned subsidiary of the Group entered into a development agreement with Kowloon-Canton Railway Corporation for the development at Tai Wai Maintenance Centre of the Ma On Shan Rail. With an area of approximately 70,600 sq. m., the site is planned for a residential development with a total developable gross floor area of approximately 313,960 sq. m. Construction work involving a developable gross floor area of about 200,750 sq. m. is due to commence. The remaining portion comprising a developable gross floor area of about 113,210 sq. m. is under planning.
- (3) June 2006: A wholly owned subsidiary of the Group entered into a sale and purchase agreement with Nan Fung Development Limited (“Nan Fung”) to dispose of the Group’s 15% interest in the development at Area 86, Tseung Kwan O, Site AB of Tseung Kwan O Town Lot No. 70 to Nan Fung for a total consideration of approximately HK\$678 million.
- (4) June 2006: The Group entered into a sale and purchase agreement for the acquisition of 29% of the issued share capital of The Ming An Insurance Company (Hong Kong) Limited for a consideration of approximately HK\$607 million. The Ming An Group was listed on The Stock Exchange of Hong Kong Limited in December 2006 and after completion of the listing, the Group holds approximately 21% interest in the Ming An Group.
- (5) November 2006: The Group successfully bid for Sha Tin Town Lot No. 548, Area 77, Ma On Shan, Sha Tin at a Government auction. With an area of approximately 16,440 sq. m., the site is designated for a residential development estimated to have a developable gross floor area of approximately 82,200 sq. m.
- (6) November 2006: A wholly owned subsidiary of the Group entered into a sale and purchase agreement with MTR for the acquisition of the whole of the commercial development with a developable gross floor area of approximately 16,800 sq. m. and the whole of the commercial car park at Tseung Kwan O Town Lot No. 73 (the “Project TKOTL73”).
- (7) December 2006: A wholly owned subsidiary of the Group entered into a sale and purchase agreement with Nan Fung to dispose of 20% of the Group’s interest in the Project TKOTL73 to Nan Fung.

## Management Discussion and Analysis *(continued)*

- (8) February 2007: A wholly owned subsidiary of the Group acquired 90 Repulse Bay Road, Section A and the Remaining Portion of Rural Building Lot No. 177. With a site area of approximately 3,300 sq. m., the site is designated for a residential development.
- (9) During the year under review, the Group continued to acquire properties and agricultural land with potential for development. Some of the properties and agricultural land are under varying stages of design and planning applications.

### **The Mainland and Overseas**

- (10) 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.
- (11) 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 thereon situated at and known as the Lots Road Power Station, Lots Road, Chelsea, London, England.
- (12) June 2006: A 45/45 joint venture company of the Group and the Hutchison Whampoa Group together with an independent third party entered into an agreement for the confirmation of bid result, redevelopment and payment of the bid price in respect of bidding of a piece of land with an area of approximately 386,207 sq. m. located at Xiao Gang Wan, Qingdao, the Mainland (the “Land”). Pursuant to the above agreement, the joint venture company agreed to acquire an area of approximately 311,780 sq. m., representing approximately 81% of the total area of the Land and the land use right thereof, which is planned for development into residential and commercial properties.
- (13) October 2006: A wholly owned subsidiary of the Group issued S\$400 million Guaranteed Fixed Rates Notes in Singapore comprising S\$200 million Guaranteed Fixed Rate Notes due 2009 and S\$200 million Guaranteed Fixed Rate Notes due 2011.



- (14) October 2006: A joint venture company equally owned by the Group and the Hutchison Whampoa Group entered into agreements with independent third parties to acquire and jointly develop (through a wholly foreign owned enterprise to be established by the joint venture company) a piece of land with an area of approximately 80,000 sq. m. at Lujiazui, Pudong New District, Shanghai, the Mainland for development into properties for commercial and related purposes.
- (15) January 2007: The Group, the Hutchison Whampoa Group and an independent third party were successful in the bid for a piece of land with an area of approximately 177,262 sq. m. at Zhen Ru Fu Zhong Xin (A3-A6), Putuo District, Shanghai, the Mainland. A sino-foreign equity joint venture company will be established by the Group, the Hutchison Whampoa Group and the independent third party with effective equity interests of 49.2%, 50.4% and 0.4% respectively, for acquiring and developing the land into commercial and residential properties.
- (16) February 2007: 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, exercised an option, granted in their favour under a joint tender in July 2005, to purchase the remainder of Land Parcel 662 at Marina Boulevard/Central Boulevard, Singapore ("Phase 2 of Marina Bay Land") with a maximum permissible gross floor area of 194,000 sq. m. Phase 2 of Marina Bay Land is planned for the development of a residential development and an office development.
- (17) During the year under review, the Group's property projects in the Mainland and overseas were on schedule, both in terms of sales and leasing.

## Property Sales

Turnover of property sales for the year, including share of property sales of jointly controlled entities, was HK\$13,796 million (2005 – HK\$12,904 million), an increase of HK\$892 million when compared with last year, and comprised mainly the sale of residential units of The Pacifica in Hong Kong and Cairnhill Crest in Singapore, both completed in previous years, and the sale of residential units of property projects completed during the year, including Metro Town, Seasons Palace and The Legend at Jardine's Lookout in Hong Kong and Cape Coral Phase 2, Regency Park Phases IV and V and The Greenwich Phases IA and IB in the Mainland. Approximately 84% of the residential units of these projects 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\$5,583 million (2005 – HK\$3,306 million), an increase of HK\$2,277 million when compared with last year. The contribution margin for property sales recognised during the year was, in aggregate, better than last year as demand for residential properties in Hong Kong remained strong, particularly in the luxury sector, as interest rates became more stable in the second half year.

Contribution from property sales for 2007 will mainly be derived from the sale of residential units of The Apex, Sausalito, Le Point and Central Park Towers Phase 1 in Hong Kong and several other property projects in the Mainland which are scheduled for completion.

During the year, the presale of residential units of The Apex, Sausalito and Le Point was launched and, as at the year end, over 70% of the residential units of these projects have been presold.

## Property Rental

Turnover of the Group's property rental for the year was HK\$624 million (2005 – HK\$590 million), an increase of HK\$34 million when compared with last year mainly due to increases in rental rates in Hong Kong during the year, the effect of which was partly offset by the disposal of several industrial/office properties in Hong Kong to Prosperity Real Estate Investment Trust at the end of last year. The Group's existing investment properties comprise mainly retail shopping malls and commercial office properties in Hong Kong which accounted for approximately 30% and 42% respectively of the turnover of the Group's property rental for the year.

Contribution from property rental, including share of results of jointly controlled entities, was HK\$936 million (2005 – HK\$901 million), an increase of HK\$35 million when compared with last year. During the year, increased occupancy and rental rates were reported by most of the investment properties in Hong Kong and the Mainland, and their increase in contribution offset the absence of contribution from various investment properties which were divested last year. With the completion of One Raffles Quay during the year, a commercial property in Singapore of which the Group has a 33 $\frac{1}{3}$ % interest, and the acquisition of the commercial portion of Metro Town in Hong Kong before the year end, of which the Group has a 80% interest, the contribution from property rental will be enhanced in the coming year.

At balance sheet date, the Group recorded an increase in the fair value of investment properties of HK\$1,936 million based on a professional valuation, and shared an increase in the fair value of investment properties of HK\$564 million of jointly controlled entities.

## Hotels and Serviced Suites

Turnover of the Group's hotels and serviced suites for the year was HK\$729 million (2005 – HK\$642 million), an increase of HK\$87 million when compared with last year. The increase in turnover was mainly attributable to increased occupancy and room rates as economic conditions in Hong Kong and the Mainland were good and the number of tourist arrivals continued to grow during the year.

Contribution from hotels and serviced suites, including share of results of jointly controlled entities, was HK\$367 million (2005 – HK\$275 million), an increase of HK\$92 million when compared with last year. During the year, satisfactory operating results were reported by the Group's hotels and serviced suites both in Hong Kong and the Mainland, and contribution from jointly controlled entities increased significantly from last year as Harbour Plaza Metropolis and The Kowloon Hotel in Hong Kong and Grand Hyatt Beijing in the Mainland all had good performance.

During the second half year, the Harbourview Horizon All-Suite Hotel and the Rambler Oasis Hotel, of which the Group has a 100% interest and a 30% interest respectively, had their grand opening. Furthermore, the Harbourfront Horizon All-Suite Hotel, of which the Group has a 100% interest, was completed during the year and will commence operation shortly. These hotel and serviced suite properties are located in Hong Kong and stand to benefit from the growing tourist arrivals in Hong Kong.

## Property and Project Management

Turnover of property and project management for the year was HK\$197 million (2005 – HK\$222 million), of which income from property management was HK\$144 million (2005 – HK\$137 million), an increase of HK\$7 million when compared with last year, and income from project related services was HK\$53 million (2005 – HK\$85 million), a decrease of HK\$32 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 management was HK\$83 million (2005 – HK\$80 million), an increase of HK\$3 million when compared with last year. Contribution from project related services was lower following the decrease in project management services rendered by the Group during the year.

The Group is committed to providing high quality services to properties under our management. At the year end, the total floor area under the Group's property management was approximately 81 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, 2006 of HK\$20,030 million (2005 – HK\$14,343 million).

The CK Life Sciences Group, another listed associate, reported profit attributable to shareholders for the year ended 31st December, 2006 of HK\$102,022,000 (2005 – HK\$12,234,000).

## FINANCIAL REVIEW

### Liquidity and Financing

During the year, the Group obtained a loan of HK\$4 billion from a joint development partner to finance the payment of land premium of a joint development project. The Group also issued notes with a ten-year term in Hong Kong under the retail note issuance programme in the amount of HK\$150 million and issued Singapore Dollar Fixed Rates Notes with three-year and five-year terms in Singapore in an aggregate principal amount of S\$400 million. During the year, the Group also redeemed notes upon maturity in the total amount of HK\$909 million. At balance sheet date, outstanding bonds and notes issued by the Group amounted to HK\$10.6 billion.

Together with bank loans of HK\$23.9 billion, the Group's total borrowings at balance sheet date were HK\$38.5 billion, an increase of HK\$15.9 billion from the end of last year. The maturity profile is spread over a period of ten years, with HK\$6.9 billion repayable within one year, HK\$31 billion within two to five years and HK\$0.6 billion beyond five years.

At balance sheet date, the Group's gearing ratio was approximately 17.3%, calculated on the basis of the Group's net borrowings (after deducting cash and bank balances of HK\$3.8 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 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\$) and S\$ 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 balance sheet date, certain subsidiaries of the Group in the Mainland pledged assets of joint ventures with aggregate carrying value of HK\$1,138 million (2005 – HK\$1,120 million) to secure bank loan facilities utilised by the joint ventures with other partners.

## Contingent Liabilities

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

- (1) share of contingent liability of jointly controlled entity in respect of guaranteed return payments payable to the other party of a co-operative joint venture in the next 43 years amounted to HK\$4,488 million;
- (2) guarantees provided for the minimum share of revenue/profit receivable by other partners of joint development projects amounted to HK\$1,422 million (2005 – HK\$672 million); and
- (3) guarantees provided for bank loans utilised by jointly controlled entities amounted to HK\$3,701 million (2005 – HK\$4,731 million).

## Employees

At 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\$1,111 million. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. The Group does not have any share option scheme for employees.

## Directors' Biographical Information



LI Ka-shing

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 78, 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 is a current member of the International Business Advisory Council of the United Kingdom. Mr. Li has received Honorary Doctorates from Peking University, The University of Hong Kong, The Hong Kong University of Science and Technology, The Chinese University of Hong Kong, City University of Hong Kong, The Open University of Hong Kong, University of Calgary in Canada and 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 42, 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, and nephew of Mr. Kam Hing Lam, Deputy Managing Director of the Company.

**KAM Hing Lam**, aged 60, 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. Mr. Kam is a member of the Beijing Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. Mr. Kam is the brother-in-law of Mr. Li Ka-shing, Chairman of the Company and a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance, 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 54, 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 56, has been an Executive Director since 1993. Mr. Chung is a Registered Architect. He is a member of the 11th Guangzhou Committee of the Chinese People's Political Consultative Conference.

**PAU Yee Wan, Ezra**, aged 51, 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 Securities and Futures Ordinance.

**WOO Chia Ching, Grace**, aged 50, 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 56, 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 a director of 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 75, 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 55, 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 55, 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 Securities and Futures Ordinance. 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 69, 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 Securities and Futures Ordinance. He holds a Master of Laws degree from the University of London.

**George Colin MAGNUS**, OBE, aged 71, 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 80, 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 83, 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**

**CHEONG Ying Chew,  
Henry**

**KWAN Chiu Yin,  
Robert**

**Simon MURRAY**, CBE, aged 67, 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 (International) Limited (GEMS Ltd.), a private equity fund management company. 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 57, 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 59, 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. She has been appointed as a member of the Audit Committee of the Company on 1st January, 2007. Ms. Hung is also 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 54, 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.

**CHEONG Ying Chew, Henry**, aged 59, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since September 2004. He has been appointed as the Chairman of the Audit Committee of the Company on 1st January, 2007. 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, SPG Land (Holdings) Limited and TOM Group Limited, all being listed companies in Hong Kong, and Jade Asia Pacific Fund Inc., a company listed in Ireland.

**KWAN Chiu Yin, Robert**, JP, aged 70, had been an Independent Non-executive Director and the Chairman of the Audit Committee of the Company since September 2004 until he resigned from these offices in January 2007. Mr. Kwan was re-appointed as an Independent Non-executive Director of the Company in March 2007. He 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 was an Independent Non-executive Director of CK Life Sciences Int'l., (Holdings) Inc., Pak Fah Yeow International Limited, Melco International Development Limited and Shun Tak Holdings Limited, all being listed companies.



# Senior Management's Biographical Information

## Accounts Department

**Man Ka Keung, Simon**, aged 49, Director, Corporate Strategy Unit & Chief Manager, joined the Cheung Kong Group in December 1987. He has over 26 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 43, Senior Manager, joined the Cheung Kong Group in October 1987. He has over 24 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 51, Chief Manager, joined the Cheung Kong Group in May 1990. He has over 29 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.

**Ho Kin Chung, Richard**, aged 51, Contracts Manager, joined the Cheung Kong Group in March 2000. He has over 28 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 43, Contracts Manager, joined the Cheung Kong Group in May 1997. He has over 19 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 47, Contracts Manager, joined the Cheung Kong Group in June 1987. He has over 25 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 44, Manager, joined the Cheung Kong Group in February 1990. She has over 22 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 47, 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 22 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, a member of the Hong Kong Institute of Architects and a member of the Chinese People's Political Consultative Conference (Dong Cheng District, Beijing).

**Wang Qi, James**, aged 43, Manager, Business Development, joined the Cheung Kong Group in January 1994. He has over 21 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 54, Business Development Manager, China Hotels, joined the Cheung Kong Group in July 1994. He has over 28 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 44, Business Development Manager, China Hotels, joined the Cheung Kong Group in January 1994. He has over 23 years of experience in accounting, hotel and property management. He holds a Master's degree in Business Administration.

**Lee Chi Kin, Casey**, aged 44, Business Development Manager, China Hotels, joined the Cheung Kong Group in August 1998. He has over 22 years of experience in accounting, hotel management and property development. He holds a Bachelor of Social Sciences degree with Honours. He is a member of The Chinese Institute of Certified Public Accountants, 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 member of the Chinese People's Political Consultative Conference (Shenyang).

**Au Hoe Kye, Quincy**, aged 51, Finance Manager, Shanghai Project, joined the Cheung Kong Group in September 1994. He has over 19 years of experience in accounting. He is an associate member of The Institute of Chartered Accountants in England and Wales, a fellow member of The Association of Chartered Certified Accountants and a fellow of the Hong Kong Institute of Certified Public Accountants.

**Cheung Sau Ying, Dorothy**, aged 45, Finance Manager, China Hotels, joined the Cheung Kong Group in August 2000. She has over 24 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 38, Finance Manager, ChangLe Project, joined the Cheung Kong Group in October 2005. She has over 14 years of experience in accounting and auditing. She holds a Master of Science degree in Financial Management. She is a fellow member of The Association of Chartered Certified Accountants.

**Chan Pak Wing, Thomas**, aged 50, Manager, China Housing Development, joined the Cheung Kong Group in August 1993. He has over 25 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 53, Project Manager, China Hotels, joined the Cheung Kong Group in May 1997. He has over 30 years of experience in project management and holds a Higher Certificate in Building Technology.

**Lam Ka Keung**, aged 49, Project Manager, Guangzhou Project, joined the Cheung Kong Group in June 1994. He has over 29 years of experience in project management. He holds a Higher Certificate in Construction Technology.

**Leung Shau Yung, Fabian**, aged 44, Project Manager, joined the Cheung Kong Group in May 1997. He has over 18 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 51, Project Manager, China Hotels, joined the Cheung Kong Group in June 1998. He has over 32 years of experience in hotel construction, E & M engineering and property management.

**Cheung Wing Cheong, Alan**, aged 57, E & M Manager, Shanghai Project, joined the Cheung Kong Group in December 2006. He has over 32 years of experience in electrical & mechanical engineering. He holds a Master of Science degree in Engineering Management. He is a member of The Chartered Institution of Building Services Engineers (UK) and a member of The Hong Kong Institution of Engineers.

### Company Secretarial Department

**Yeung, Eirene**, aged 46, Director, Corporate Strategy Unit and Company Secretary, joined the Cheung Kong Group in August 1994. Ms. Yeung has over 22 years of legal and compliance experience. 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. Ms. Yeung is a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She is a Part-time Member of the Central Policy Unit of the HKSAR Government (for 2005, 2006 and 2007), a member of the Companies Ordinance Rewrite Advisory Group 3, and has been appointed a member of the Dual Filing Advisory Group of the Securities and Futures Commission.

**Law Kai Chung, Edmund**, aged 39, Senior Manager, joined the Cheung Kong Group in October 2000. He has over 13 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.

**Tse Kwok Yee, Erica**, aged 32, Manager, joined the Cheung Kong Group in September 2002. She has over 9 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.

**Chan Ho Choi, Bons**, aged 42, Manager, joined the Cheung Kong Group in March 1997. He has over 16 years of experience in company secretarial field. He holds a Master of Business degree. He is an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of The Hong Kong Institute of Chartered Secretaries.

## Senior Management's Biographical Information *(continued)*

### Construction Audit & Quality Assurance Department

**Tsui Ying Kit, Simon**, aged 47, Manager, joined the Cheung Kong Group in March 1976. He has over 26 years of experience in electrical and mechanical engineering and building quality management. He holds a Master of Science degree in Facility Management, and is a Certified Facility Manager and a member of International Facility Management Association.

### Corporate Affairs Department

**Tong Barnes Wai Che, Wendy**, aged 46, 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 22 years of experience in public relations, marketing communications and corporate affairs. She holds a Bachelor's degree in Business Administration.

**Cheong Yuen Mei, Winnie**, aged 38, Senior Corporate Affairs Manager, joined the Cheung Kong Group in March 1999. She has over 16 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 43, Senior Marketing Communications Manager, joined the Cheung Kong Group in August 2005. She has over 17 years of experience in advertising and marketing communications. She holds a Diploma in Journalism.

**Lai Man Yee, Emily**, aged 39, Marketing Communications Manager, joined the Cheung Kong Group in April 1995. She has over 15 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 39, Director, Corporate Strategy Unit & Chief Manager, 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, mReferral Corporation (HK) Limited and Silk Telecom Pty Limited. He is also a Non-Executive Director of ARA Asset Management (Prosperity) Limited and Ming An (Holdings) Company Limited. He has over 17 years of experience in banking, investment and portfolio management, real estate development and marketing, and managing technology related ventures. He holds a Bachelor of Commerce degree in Finance

and a Master of Arts degree in Global Business Management. He is a committee member of the Finance and Hospitality Services Committee of Caritas Hong Kong and a member of the Chancellor's Circle of the University of British Columbia, Canada.

**Lee Kwong Wang, Francis**, aged 36, Deputy Chief Manager, joined the Cheung Kong Group in July 2001. He is a Director of PowerCom Network Hong Kong Limited, Videofone Company Limited, Videofone International Limited and Beijing Net-Infinity Technology Development Company Limited. He has over 14 years of experience in banking, investment and managing technology related ventures. He holds a Bachelor of Science 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.

**Chan Cheuk Man, Curley**, aged 35, Senior Manager, joined the Cheung Kong Group in July 2000. He has over 12 years of experience in finance, investment and business development. He holds a Bachelor of Arts degree with Honours in Accountancy and a Master of Science degree in Accounting and Finance. He is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

### Design & Promotion Department

**Leung Yuen Kwan, Josephine**, aged 38, Senior Manager, joined the Cheung Kong Group in July 1995. She has over 13 years of experience in design, promotion, market research and property sales. She holds a Bachelor of Commerce degree in Marketing and Finance.

**Chan Yee, Ringo**, aged 39, Design Manager, joined the Cheung Kong Group in November 2006. He has over 13 years of experience in design and promotion. He holds a Bachelor of Arts degree in Graphic Design.

### Development Department

**Shen Wai Yee, Grace**, aged 55, Chief Manager, Construction Management Division, joined the Cheung Kong Group in September 1989. She has over 25 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.

**Chan Hon Shing**, aged 45, Project Manager, joined the Cheung Kong Group in December 1995. He has over 20 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 39, Project Manager, joined the Cheung Kong Group in May 1997. He has over 13 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 53, Project Manager/Manager of Interior Architecture, joined the Cheung Kong Group in November 1998. He has over 27 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 fellow member of the Hong Kong Institute of Architects and possesses the qualification of PRC Class 1 Registered Architect.

**Lam Yuk, Bruce**, aged 38, Project Manager, joined the Cheung Kong Group in June 1998. He has over 13 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, a member of the Hong Kong Institute of Architects and possesses the qualification of PRC Class 1 Registered Architect.

**Leung Chun Fung, Victor**, aged 48, Project Manager, joined the Cheung Kong Group in May 1995. He has over 23 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 43, Project Manager, joined the Cheung Kong Group in January 1999. He has over 17 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 47, Project Manager, joined the Cheung Kong Group in April 1989. He has over 23 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 43, Project Manager, Structural, joined the Cheung Kong Group in September 1999. He has over 19 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 47, Project Manager, joined the Cheung Kong Group in November 1986. He has over 21 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.

**Yiu Chi Wai, Albert**, aged 35, Project Manager, joined the Cheung Kong Group in June 2001. He has over 10 years of experience in project 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.

**Mak Kwok Keung, Charles**, aged 45, Senior Construction Manager, joined the Cheung Kong Group in January 1994. He has over 24 years of experience in construction management. He holds a Postgraduate Diploma in Construction Management.

## Senior Management's Biographical Information *(continued)*

**Wong Yin Li, Raymond**, aged 50, Senior Construction Manager, joined the Cheung Kong Group in November 1989. He has over 21 years of experience in construction management. He holds a Higher Diploma in Building Technology and Management.

**Chan Ho Kei, Kevin**, aged 34, Construction Manager, joined the Cheung Kong Group in June 2003. He has over 8 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.

### E & M Department

**Lo Kin Hing, Isaac**, aged 45, Senior Manager, joined the Cheung Kong Group in April 2003. He has over 20 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 Engineering and Technology and a fellow of The Hong Kong Institution of Engineers.

### Finance Department

**Andrew J. Hunter**, aged 48, Chief Financial Officer, joined the Cheung Kong Group in 1988. He is an Executive Director and Chief Operating Officer of Cheung Kong Infrastructure Holdings Limited and an Executive Director of Hong Kong Electric Holdings Limited. He has over 23 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 51, Chief Manager, joined the Cheung Kong Group in September 2001. She has over 27 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 50, Senior Manager, Administration, joined the Cheung Kong Group in December 1977. She has over 29 years of experience in office administration management. She is a member of the Hong Kong Institute of Human Resource Management.

**Ng Po Lung**, aged 45, Manager, Administration, joined the Cheung Kong Group in November 1993. He has over 22 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.

**Tsang Chi Lun, Alan**, aged 38, Manager, Human Resources, joined the Cheung Kong Group in April 2002. He has over 14 years of experience in human resources management. He holds a Bachelor of Arts degree with Honours in Hospitality Management and a Master's degree in Business Administration. He is a member of the Hong Kong Institute of Human Resource Management.

### Information Technology Department

**Lum Man Fai, Brian**, aged 39, Senior Manager, joined the Cheung Kong Group in August 2000. He has over 15 years of experience in information technology and telecommunication. He holds a Bachelor of Science degree with Honours in Electronics and a Master's degree in Business Administration.

**Yung Wing Hung, Nelson**, aged 36, System Manager, joined the Cheung Kong Group in November 1994. He has over 12 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.

### Internal Audit Department

**Lee King Yuen, Albert**, aged 51, Senior Manager, joined the Cheung Kong Group in November 1987. He has over 29 years of experience in auditing. He holds a Bachelor of Science degree in Business Administration. He is a fellow member of The Association of Chartered Certified Accountants and a fellow of the Hong Kong Institute of Certified Public Accountants.

### Leasing Department

**Wong See Hang, Resina**, aged 43, Deputy Chief Manager, Leasing, joined the Cheung Kong Group in June 1990. She has over 21 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 46, Senior Leasing Manager, joined the Cheung Kong Group in October 2003. She has over 25 years of experience in property leasing. She holds a Diploma in Business.

**Wong Ling Fei, Mable**, aged 44, Senior Leasing Manager, joined the Cheung Kong Group in September 2002. She has over 18 years of experience in property leasing.



**Lee Ming Ting, Michele**, aged 39, Leasing Manager, joined the Cheung Kong Group in December 2006. She has over 15 years of experience in property sales and leasing. She holds a Bachelor of Laws degree and a Master of Laws degree.

**Tsui Fan, Frank**, aged 35, Manager, E-Park, joined the Cheung Kong Group in July 1998. He has over 12 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 54, Chief Manager, joined the Cheung Kong Group in July 1985. He has over 23 years of experience in legal field. He holds a Diploma in Economics.

**Wong Fung King, Amy**, aged 47, Senior Legal Manager, joined the Cheung Kong Group in June 1998. She has over 22 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 43, Manager, joined the Cheung Kong Group in April 2000. He has over 17 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 40, Assistant Chief Manager, joined the Cheung Kong Group in February 1997. She has over 17 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 44, Senior Manager, joined the Cheung Kong Group in January 1994. He has over 17 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 member of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

**Ho Kwong Ngai, Eric**, aged 43, Senior Manager, joined the Cheung Kong Group in July 2005. 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 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 48, Deputy Chief Manager, Sales, joined the Cheung Kong Group in June 1981. He has over 28 years of experience in property sales.

**Kwok Tze Wai, William**, aged 41, Deputy Chief Manager, Sales, joined the Cheung Kong Group in May 1989. He has over 18 years of experience in property sales. He holds a Bachelor of Science degree in Business Administration Marketing.

**Wong See Chung, Francis**, aged 45, Deputy Chief Manager, Sales, joined the Cheung Kong Group in January 1994. He has over 11 years of experience in property sales. He holds a Master's degree in Business Administration.

**Yuen Tim Hung, Kenneth**, aged 49, Senior Sales Manager, joined the Cheung Kong Group in March 1984. He has over 25 years of experience in advertising, marketing and property sales. He holds a Diploma in Communications.

**Cho Kau Ming, Iris**, aged 38, Sales Manager, joined the Cheung Kong Group in May 1995. She has over 12 years of experience in property sales. She holds a Bachelor of Science degree in Business Administration.

**Ng Chui Ha, Fiona**, aged 43, Manager, Sales Administration, joined the Cheung Kong Group in December 1990. She has over 20 years of experience in sales administration. She holds a Bachelor of Arts degree in History.

#### Sales Department – Building Management

**Ho Kwong Fai, Ellickey**, aged 44, 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 21 years of experience in building management and holds a Professional Diploma in Real Estate Administration.

**Wong Wo Muk, Philip**, aged 47, Manager, Building Management, joined the Cheung Kong Group in May 1987 and is a Director of Goodwell-Fortune Property Services Limited. He has over 24 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).

# Risk Factors

The Group's businesses, financial condition, results of operations or growth prospects may be affected by risks and uncertainties pertaining to the Group's businesses. The factors set out below are those that the Group believes could result in the Group's businesses, financial condition, results of operations or growth prospects differing materially from expected or historical results. There may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

## Property Developments

There exist general risks inherent in property development and in the ownership of properties, including, among other things, risks that financing for development may not be available on favourable terms, that construction may not be completed on schedule or within budget, that long-term financing may not be available on completion of construction, that developed properties may not be sold or leased on profitable terms, that there will be intense competition from other developers or property owners which may lead to vacancies or an inability to sell or rent properties on favourable terms, that purchasers or tenants may default, that properties hold for rental purpose will need to be renovated, repaired and re-let on a periodic basis, that it may not be possible to renew leases or re-let spaces as existing leases expire, and that the property market conditions are subject to changes in environmental laws and regulations and zoning laws and other governmental rules and fiscal policies. Property values and rental values are also affected by factors such as political developments, governmental regulations and changes in planning or tax laws, levels of interest rates and consumer prices and the overall supply of properties.

Investment in property is generally illiquid, which may limit the ability of the Group in timely realising property assets into cash.

In addition, suitable land of significant size are not easy to obtain due to limited undeveloped land area in Hong Kong. In the Mainland, the supply of substantially all land is controlled by the relevant authorities and a land premium has to be paid to the relevant authorities for acquiring the land use rights. Acquisition of land in other overseas markets may be subject to various other regulatory requirements or restrictions. Future growth prospects of property developers (including the Group) may therefore be affected by the availability and price levels of prime sites in Hong Kong, the Mainland and other overseas markets.

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

## Industry Trends and Interest Rates

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

In particular, income from finance and treasury operations is dependent upon the interest rate and currency environment and market conditions, and therefore there can be no assurance that changes in these conditions will not adversely affect the Group's financial condition or results of operations.

## Highly Competitive Markets

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

## Currency Fluctuations

The results of the Group is recorded in Hong Kong dollars but its various subsidiaries and associates may receive revenue and incur expenses in other currencies. Any currency fluctuations on translation of the accounts of these subsidiaries and associates and also on the repatriation of earnings, equity investments and loans may therefore impact on the Group's performance. Although currency exposures had been managed by the Group, a depreciation or fluctuation of the currencies in which the Group conducts operations relative to the Hong Kong dollar could adversely affect the Group's financial condition or results of operations.

## Strategic Partners

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

## **Impact of Local, National and International Regulations**

The local business risks in different countries and cities in which the Group operates could have a material impact on the financial condition, results of operations and growth prospects of the businesses in the relevant market. The Group has investments in different countries and cities around the world and the Group is, and may increasingly become, exposed to different and changing political, social, legal and regulatory requirements at the local, national or international level. Also, new policies or measures by governments, whether fiscal, regulatory or other competitive changes, may pose a risk to the overall investment return of the Group's businesses and may delay or prevent the commercial operation of a business with resulting loss of revenues and profit.

## **Impact of New Accounting Standards**

The Hong Kong Institute of Certified Public Accountants ("HKICPA") had issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRS") which were generally effective on or after 1st January, 2005. HKICPA may in the future issue new and revised standards and interpretations. In addition, interpretations on the application of the HKFRS will continue to develop. These factors may require the Group to adopt new accounting policies. The adoption of new accounting policies or new HKFRS might or could have a significant impact on the Group's financial position or results of operations.

## **Outbreak of Highly Contagious Disease**

In 2003, there was an outbreak of Severe Acute Respiratory Syndrome ("SARS") in Hong Kong, the Mainland and other places. The SARS outbreak had a significant adverse impact on the economies of the affected areas. There can be no assurance that there will not be another significant global outbreak of a severe communicable disease such as avian influenza. If such an outbreak were to occur, it may have a material adverse impact on the operations of the Group and its results of operations may suffer.

## **Connected Transactions**

Hutchison Whampoa Limited ("Hutchison") is also listed on The Stock Exchange of Hong Kong Limited. Although the Group believes that its relationship with Hutchison provides it with significant business advantages, the relationship results in various connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and accordingly any transactions entered into between the Group and Hutchison, its subsidiaries or associates are connected transactions, which, unless one of the exemptions is available, will be subject to compliance with the applicable requirements of the Listing Rules, including the issuance of press announcements, the obtaining of independent shareholders' approval at general meetings and disclosure in annual reports and accounts. Independent shareholders' approval requirements may also lead to unpredictable outcomes causing disruptions to as well as increase the risks of the Group's business activities. Independent shareholders may also take actions that are in conflict with the interests of the Group.

## **The Group's financial condition or results of operations are affected by those of the Hutchison Whampoa Group**

The Group owns approximately 49.9% of the Hutchison Whampoa Group which operates in over 50 countries around the world and hence its financial condition and results of operations may be affected by the local market conditions and the economy of the places where it has business operations as well as any litigation against them. The Group's financial condition and results of operations are materially affected by the financial condition and results of operations of the Hutchison Whampoa Group. In addition, the core businesses of the Hutchison Whampoa Group are different from those of the Group, and as a result, the Group is indirectly exposed to the risks facing the Hutchison Whampoa Group.

## **Past Performance and Forward Looking Statements**

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



# Report of the Directors

The Directors have pleasure in presenting to shareholders their report together with the audited financial statements for the year ended 31st December, 2006 on pages 108 to 147.

## 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, 2006 are set out in the consolidated profit and loss account on page 108.

The Directors recommend the payment of a final dividend of HK\$1.74 per share which, together with the interim dividend of HK\$0.46 per share paid on 13th October, 2006, makes a total dividend of HK\$2.20 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 (22) to the financial statements and in the consolidated statement of changes in equity on page 111 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 100 to 107.

## Directors

The Directors of the Company are listed on page 156. The Directors' biographical information is set out on pages 24 to 27.

On 1st January, 2007, Mr. Kwan Chiu Yin, Robert resigned as an Independent Non-executive Director of the Company. On 22nd March, 2007, Mr. Kwan Chiu Yin, Robert was re-appointed as an Independent Non-executive Director of the Company.

Mr. Kwan Chiu Yin, Robert will hold office until the forthcoming annual general meeting and, being eligible, offer himself for re-election in accordance with the Company's Articles of Association.

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. Ip Tak Chuen, Edmond, Ms. Woo Chia Ching, Grace, Mr. Chiu Kwok Hung, Justin, Mr. Chow Kun Chee, Roland, Mr. Yeh Yuan Chang, Anthony, Mr. Chow Nin Mow, Albert and Dr. Wong Yick-ming, Rosanna 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, 2006, 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 of 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	–	–	45,597,000 (Note 1)	857,794,744 (Note 2)	903,391,744	39.00%
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	74,000	–	–	–	74,000	0.003%
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	–	–	48,577,000 (Note 1)	2,141,698,773 (Note 3)	2,190,275,773	51.37%
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	Beneficial owner	142,000	–	–	–	142,000	0.003%
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 10)	1,912,109,945	84.82%
Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	1,912,109,945 (Note 10)	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	Founder of discretionary trusts	-	-	-	4,258,634,570 (Note 11)	4,258,634,570	44.30%
Li Tzar Kuoi, Victor	Beneficial owner & beneficiary of trusts	2,250,000	-	-	4,258,634,570 (Note 11)	4,260,884,570	44.33%
Kam Hing Lam	Interest of child or spouse	-	6,225,000	-	-	6,225,000	0.06%
Ip Tak Chuen, Edmond	Beneficial owner	2,250,000	-	-	-	2,250,000	0.02%
Chung Sun Keung, Davy	Beneficial owner	375,000	-	-	-	375,000	0.004%
Pau Yee Wan, Ezra	Beneficial owner	900,000	-	-	-	900,000	0.009%
Woo Chia Ching, Grace	Beneficial owner	1,125,000	-	-	-	1,125,000	0.01%
Leung Siu Hon	Beneficial owner, interest of child or spouse & interest of controlled corporation	1,688,130	2,000	2,970 (Note 8)	-	1,693,100	0.017%
Fok Kin-ning, Canning	Interest of controlled corporation	-	-	1,500,000 (Note 7)	-	1,500,000	0.015%
Frank John Sixt	Beneficial owner	900,000	-	-	-	900,000	0.009%
Chow Kun Chee, Roland	Beneficial owner	903,936	-	-	-	903,936	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	753,360	600	–	11,040 (Note 5)	765,000	0.008%
Kwok Tun-li, Stanley	Interest of child or spouse	–	200,000	–	–	200,000	0.002%
Hung Siu-lin, Katherine	Beneficial owner	9,000	–	–	–	9,000	≈0%
Kwan Chiu Yin, Robert	Interest of controlled corporation	–	–	750,001 (Note 9)	–	750,001	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 15)	100,000,000	100%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	100,000,000 (Note 15)	100,000,000	100%
Jabrin Limited	Li Ka-shing	Founder of discretionary trusts	–	–	–	9,000 (Note 15)	9,000	90%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	9,000 (Note 15)	9,000	90%
Kobert Limited	Li Ka-shing	Founder of discretionary trusts	–	–	–	4,900 (Note 15)	4,900	100%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	4,900 (Note 15)	4,900	100%
Tsing-Yi Realty, Limited	Li Ka-shing	Founder of discretionary trusts	–	–	–	3,150,000 (Note 15)	3,150,000	100%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	3,150,000 (Note 15)	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 16)	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%
The Ming An (Holdings) Company Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	609,290,000 (Note 17)	609,290,000	21.74%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	609,290,000 (Note 17)	609,290,000	21.74%

## 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 12)	18,613,202
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	18,613,202 (Note 12)	18,613,202
Cheung Kong Infrastructure Holdings Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	31,644,803 (Note 13)	31,644,803
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	31,644,803 (Note 13)	31,644,803
Hutchison Telecommunications (Australia) Limited	Fok Kin-ning, Canning	Beneficial owner & interest of controlled corporation	134,000 (Note 14)	-	1,340,001 (Notes 7 & 14)	-	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 12)	18,613,202
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	18,613,202 (Note 12)	18,613,202
Cheung Kong Infrastructure Holdings Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	31,644,801 (Note 13(b))	31,644,801
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	31,644,801 (Note 13(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
	Fok Kin-ning, Canning	Interest of controlled corporation	-	-	US\$2,500,000 6.5% Notes due 2013 (Note 7)	-	US\$2,500,000 6.5% Notes due 2013
Hutchison Whampoa International (03/33) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	-	-	US\$8,000,000 6.25% Notes due 2014 (Note 4)	-	US\$8,000,000 6.25% Notes due 2014
		Interest of controlled corporation	-	-	US\$15,000,000 7.45% Notes due 2033 (Note 4)	-	US\$15,000,000 7.45% Notes due 2033

## Report of the Directors (continued)

Name of Company	Name of Director	Capacity	Amount of Debentures				Total
			Personal Interest	Family Interest	Corporate Interest	Other Interest	
Hutchison Whampoa International (03/33) Limited	Fok Kin-ning, Canning	Interest of controlled corporation	–	–	US\$2,500,000 5.45% Notes due 2010 (Note 7)	–	US\$2,500,000 5.45% Notes due 2010
		Interest of controlled corporation	–	–	US\$2,500,000 6.25% Notes due 2014 (Note 7)	–	US\$2,500,000 6.25% Notes due 2014
		Interest of controlled corporation	–	–	US\$2,000,000 7.45% Notes due 2033 (Note 7)	–	US\$2,000,000 7.45% Notes due 2033
Hutchison Whampoa Finance (05) Limited	Fok Kin-ning, Canning	Interest of controlled corporation	–	–	Euro 4,600,000 4.125% Notes due 2015 (Note 7)	–	Euro 4,600,000 4.125% Notes due 2015

### 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.



## Report of the Directors (*continued*)

- (8) Such interests are held by a company which is wholly owned by Mr. Leung Siu Hon and his wife.
- (9) Such interests are held by a company wholly owned by Mr. Kwan Chiu Yin, Robert.
- (10) 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.

- (11) The two references to 4,258,634,570 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.

- (12) 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.

- (13) 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.

- (14) 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.

- (15) 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.
- (16) 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.
- (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 Directors of the Company, Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to such shares under the SFO.

As at 31st December, 2006, 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, 2006, 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, 2006, 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 were as follows:

### 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%

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, 2006, 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 Hutchison Whampoa Limited (“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\$50,154,882 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, 2006.

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 2006 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.

Pursuant to Rule 14A.38 of the Listing Rules, the Company has engaged the auditors of the Company to perform certain factual finding procedures in respect of the Continuing Connected Transaction of the Group in accordance with the Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed-Upon Procedures Regarding Financial Information” issued by the Hong Kong Institute of Certified Public Accountants. The auditors have reported their factual findings on these procedures to the Board of Directors and confirmed that for the year 2006 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 terms of the agreement governing the transaction; and (iii) has not exceeded the cap amount for the financial year ended 31st December, 2006 as set out in the Announcement.

## Connected Transactions

1. On 1st June, 2006, the Group had entered into (i) a subscription agreement with CKI/HEI Electricity Holdings (Malaysian) Limited (“CHEM”) to subscribe for 50 new shares in the capital of CHEM for an aggregate consideration of US\$50 (the “Subscription”) and (ii) a loan agreement with CHEM to grant a facility of up to A\$12.5 million to CHEM (the “Facility”). As HWL is a substantial shareholder of certain subsidiaries of the Company and CHEM is an associate of HWL, CHEM is therefore a connected person of the Company within the meaning of the Listing Rules. The Subscription and the granting of the Facility constituted connected transactions for the Company under the Listing Rules.
2. On 8th June, 2006, the Group had entered into a sale and purchase agreement (the “S&P Agreement”) with Nan Fung Development Limited (“Nan Fung”) to dispose of 15% interest of the Group in the development located at Site AB of Tseung Kwan O Town Lot No. 70, Tseung Kwan O, Sai Kung, Hong Kong to Nan Fung for a total consideration of approximately HK\$678 million. Nan Fung is a connected person of the Company within the meaning of the Listing Rules by virtue of being a substantial shareholder of certain subsidiaries of the Company. The entering into of the S&P Agreement constituted a connected transaction for the Company under the Listing Rules.
3. 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
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.



Date	Joint Venture Company	Details of JV Arrangements
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.
14th October, 2006	Extreme Selection Investments Limited (“ESIL”)	Establishment of ESIL for the purpose of forming a project company for owning and developing a piece of land situated at Lujiazui, Pudong New District, Shanghai, the Mainland (“Pudong Land X3-2”). To fund the payment of acquisition costs of the land use rights and the construction and other project costs for the development of Pudong Land X3-2, the proposed total investment and the registered capital of the project company would be about RMB1,740 million and RMB870 million respectively. Any contribution to the registered capital of, and any shareholders’ loans to, the project company would be made by the Group and the HWL Group in proportion to their respective effective equity interests in ESIL.

4. 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
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.
26th April, 2006	Hutchison Whampoa Properties (Shanghai) Gubei Limited (“HWP(SG)”)	50% of the obligations under the development of a piece of land located at Gubei New District, Shanghai, the Mainland by HWP(SG) into residential property, including the financial assistance provided or to be provided by the Group and the HWL Group by way of contribution to increase the registered capital of, and any shareholders’ loans to, HWP(SG) in proportion to their respective indirect equity interests in HWP(SG). The total investment and registered capital of HWP(SG) were increased from US\$68.7 million and US\$22.9 million respectively to US\$99.45 million and US\$33.15 million respectively on 22nd July, 2005, and would be increased to US\$138.7 million and US\$48.55 million respectively.

## Report of the Directors (continued)

Date	Joint Venture Company	Guarantees or Financial Assistance provided by the Group
29th June, 2006	Hutchison Whampoa Properties (Qingdao) Limited (“HWP(QD)”)	45% of the obligations under the acquisition and redevelopment of certain portions of a piece of land located at Xiao Gang Wan, Qingdao, the Mainland by HWP(QD) into residential and commercial properties, including the financial assistance provided or to be provided by the Group and the HWL Group by way of contribution to increase the registered capital of, and any shareholders’ loans to, HWP(QD) in proportion to their respective effective equity interests in HWP(QD). The total investment and registered capital of HWP(QD) were proposed to be increased from US\$17.5 million and US\$7 million respectively to US\$335.8 million and US\$118 million respectively in stages.
9th January, 2007	Shanghai Changrun Jianghe Property Development Co., Ltd. (“Shanghai JVCo”)	49.2% of the obligations under the acquisition and development of a piece of land located at Putuo District, Shanghai, the Mainland by Shanghai JVCo into commercial and residential properties, including the financial assistance provided or to be provided by the Group and the HWL Group by way of contribution to the registered capital of, and any shareholders’ loans to, Shanghai JVCo in proportion to their respective effective equity interests in Shanghai JVCo. The total investment, including the registered capital, of Shanghai JVCo was proposed to be RMB3,600 million.
16th February, 2007	Choicewide Group Limited (“Choicewide”)	In relation and pursuant to the exercise of an option to acquire the remainder of Land Parcel 662 at Marina Boulevard/Central Boulevard, Singapore (the “Land”) as referred to in the connected transaction disclosure made in respect of Choicewide in the Company’s Annual Report 2005, 50% of the obligations of Choicewide pursuant to the exercise of the option at a total consideration of S\$907.7 million. The option consideration has been included in the total consideration disclosed in the joint announcement of the Group and the HWL Group dated 15th July, 2005. The acquisition was made through a joint venture company in Singapore in which each of the Group, the HWL Group and two other consortium 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.

## Major Customers and Suppliers

During the year, 88% of the Group's purchases were attributable to the Group's five largest suppliers with the largest supplier accounting for 77% 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.

## 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)
Kam Hing Lam	CK Life Sciences Int'l., (Holdings) Inc.	Chairman	(4) & (5)
	Hutchison Whampoa Limited	Executive Director	(1), (2), (3), (4) & (5)
	Cheung Kong Infrastructure Holdings Limited	Group Managing Director	(4) & (5)
Kam Hing Lam	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)
	Shougang Concord International Enterprises Company Limited	Non-executive Director	(1) & (4)
	The Ming An (Holdings) Company Limited	Non-executive Director	(1) & (4)
	Chiu Kwok Hung, Justin	ARA Asset Management (Singapore) Limited	Chairman
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)

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 variety of charitable activities of the community. Donations of approximately HK\$4,400,000 were made by the Group to various charitable organisations including The Community Chest. The Group also sponsored and supported a number of charitable events such as the "Green Power Hike", "Walk for Nature@Mai Po" and "MTR Hong Kong Race Walking 2006". In addition, about 30 members of the Cheung Kong Group were named "Caring Companies" in recognition of their good corporate citizenship.



## Rule 13.22 of the Listing Rules

As at 31st December, 2006, 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, 2006	HK\$ Million	The Group's attributable interest HK\$ Million
Fixed assets	9,162	3,750
Investment properties	22,965	8,959
Other non-current assets	885	389
Current assets		
Stock of properties	30,485	12,263
Bank balances and deposits	6,058	2,626
Other current assets	9,059	4,381
Current liabilities		
Bank and other loans	(2,252)	(1,025)
Other current liabilities	(6,883)	(2,985)
Non-current liabilities		
Bank and other loans	(9,346)	(4,236)
Other non-current liabilities	(4,845)	(2,100)
Minority interests	(1,904)	(940)
<b>Total shareholders' loan and equity</b>	<b>53,384</b>	<b>21,082</b>

## 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, 22nd March, 2007

# Corporate Governance Report

The Board of Directors (“Board”) and the management of the Company are committed to the maintenance 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 of 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, 2006.

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

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices																																
<b>A.</b>	<b>DIRECTORS</b>																																		
<b>A.1</b>	<b>The Board</b>																																		
	<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"> <li>The Board meets regularly and held meetings in March, May, August and November 2006.</li> <li>Details of Directors’ attendance records in 2006: <table border="1"> <thead> <tr> <th>Members of the Board</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Executive Directors</b></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>4/4</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"><b>Non-executive Directors</b></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> </li> </ul>	Members of the Board	Attendance	<b>Executive Directors</b>		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	4/4	PAU Yee Wan, Ezra	4/4	WOO Chia Ching, Grace	4/4	CHIU Kwok Hung, Justin	4/4	<b>Non-executive Directors</b>		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
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## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices	
A.1.1 (cont'd)			<b>Members of the Board</b>	
			<b>Independent Non-executive Directors</b>	
			KWOK Tun-li, Stanley	4/4
			YEH Yuan Chang, Anthony	4/4
			Simon MURRAY	4/4
			CHOW Nin Mow, Albert	4/4
			HUNG Siu-lin, Katherine	4/4
			WONG Yick-ming, Rosanna	4/4
			KWAN Chiu Yin, Robert #	3/4
			CHEONG Ying Chew, Henry	4/4
			# Resigned from the Board effective 1st January, 2007 for personal reason and re-appointed to the Board effective 22nd March, 2007.	
			<ul style="list-style-type: none"> <li>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.</li> </ul>	
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"> <li>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.</li> </ul>	
A.1.3	– At least 14 days notice for regular board meetings	√	<ul style="list-style-type: none"> <li>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.</li> </ul>	
	– Reasonable notice for other board meetings	√	<ul style="list-style-type: none"> <li>At least 14 days formal notice would be given before each regular meeting.</li> </ul>	
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"> <li>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.</li> <li>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.</li> </ul>	

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

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.1.7	<ul style="list-style-type: none"> <li>– 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</li> <li>– 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.</li> </ul>	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
A.1.8	<ul style="list-style-type: none"> <li>– 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.</li> <li>– Independent non-executive directors who, and whose associates, have no material interest in the transaction should be present at such board meeting.</li> </ul>	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Director must declare his/her interest in the matters to be passed in the resolution, if applicable.</li> <li>• 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.</li> </ul>



Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.2	<p><b>Chairman and Chief Executive Officer</b></p> <p><i>Corporate Governance Principle</i>  <i>There should be a clear division of responsibilities between Chairman and the Managing Director of the Company to ensure a balance of power and authority.</i></p>		
A.2.1	<ul style="list-style-type: none"> <li>– Separate roles of chairman and chief executive officer not to be performed by the same individual</li> <li>– Division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.</li> </ul>	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> <li>• The positions of the Chairman of the Board and the Managing Director are currently held by separate individuals.</li> <li>• 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.</li> <li>• 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.</li> </ul>
A.2.2	<p>The chairman should ensure that all directors are properly briefed on issues arising at board meetings.</p>	<p>√</p>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices																																				
A.2.2 (cont'd)			<ul style="list-style-type: none"> <li>In addition to regular Board meetings, the Chairman had meetings with the Non-executive Directors (including the Independent Non-executive Directors) without the presence of Executive Directors in May and November 2006. Details of the attendance records of the meetings are as follows: <table border="1" data-bbox="762 720 1394 1410"> <thead> <tr> <th colspan="2" style="text-align: right;">Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Chairman</b></td> </tr> <tr> <td>LI Ka-shing</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td colspan="2"><b>Non-executive Directors</b></td> </tr> <tr> <td>LEUNG Siu Hon</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>FOK Kin-ning, Canning</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>Frank John SIXT</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>CHOW Kun Chee, Roland</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>George Colin MAGNUS</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td colspan="2"><b>Independent Non-executive Directors</b></td> </tr> <tr> <td>KWOK Tun-li, Stanley</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>YEH Yuan Chang, Anthony</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>Simon MURRAY</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>CHOW Nin Mow, Albert</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>HUNG Siu-lin, Katherine</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>WONG Yick-ming, Rosanna</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>KWAN Chiu Yin, Robert #</td> <td style="text-align: right;">1/2</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td style="text-align: right;">2/2</td> </tr> </tbody> </table> <p data-bbox="804 1453 1385 1604">Note: The Chairman and the Non-executive Directors (including the Independent Non-executive 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.</p> <p data-bbox="804 1640 1385 1698"># Resigned from the Board effective 1st January, 2007 for personal reason and re-appointed to the Board effective 22nd March, 2007.</p> </li> </ul>	Attendance		<b>Chairman</b>		LI Ka-shing	2/2	<b>Non-executive Directors</b>		LEUNG Siu Hon	2/2	FOK Kin-ning, Canning	2/2	Frank John SIXT	2/2	CHOW Kun Chee, Roland	2/2	George Colin MAGNUS	2/2	<b>Independent Non-executive Directors</b>		KWOK Tun-li, Stanley	2/2	YEH Yuan Chang, Anthony	2/2	Simon MURRAY	2/2	CHOW Nin Mow, Albert	2/2	HUNG Siu-lin, Katherine	2/2	WONG Yick-ming, Rosanna	2/2	KWAN Chiu Yin, Robert #	1/2	CHEONG Ying Chew, Henry	2/2
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Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
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"> <li>The Board papers including supporting analysis and related background information are normally sent to the Directors at least three days before Board meetings.</li> <li>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.</li> </ul>
<p><b>A.3 Board composition</b></p> <p><i>Corporate Governance Principle</i>  <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	Independent non-executive directors should be expressly identified as such in all corporate communications that disclose the names of directors of the company.	√	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Details of the composition of the Board are set out on page 156.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.3.1 (cont'd)			<ul style="list-style-type: none"> <li>The Directors' biographical information and the relationships among the Directors are set out on pages 24 to 27.</li> <li>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.</li> </ul>
<b>A.4</b>	<b>Appointments, re-election and removal</b>		
	<p><i>Corporate Governance Principle</i></p> <p><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>		
A.4.1	Non-executive directors should be appointed for a specific term, subject to re-election.	√	<ul style="list-style-type: none"> <li>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.</li> </ul>
A.4.2	<ul style="list-style-type: none"> <li>All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment.</li> <li>Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.</li> </ul>	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> <li>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.</li> </ul> <p>On the basis that the proposed amendment to the Company's Articles of Association is approved at the forthcoming 2007 annual general meeting, Directors appointed to fill a casual vacancy will be subject to election by shareholders at the first general meeting after their appointment.</p>

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.4.2 (cont'd)			<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.5	<b>Responsibilities of directors</b>  <i>Corporate Governance Principle</i> <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	<ul style="list-style-type: none"> <li>– 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.</li> <li>– 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</li> </ul>	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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 provided to each newly appointed Director. A revised information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors was forwarded to each Director during the year for his/her information and ready reference.</li> <li>• Memos are issued from time to time to the Directors on updating of legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.</li> <li>• During the year, seminars were organised at which distinguished professionals were invited to present to the Directors on subjects such as duties and responsibilities of directors and its trends, corporate governance practices and its development and the way forward, etc. The attendance rate was about 80%.</li> </ul>



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"> <li>– independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct at board meetings</li> <li>– take the lead on potential conflicts of interests</li> <li>– serve on the audit, remuneration, nomination and other governance committees, if invited</li> <li>– scrutinise the company's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance</li> </ul>	<p>√</p> <p>√</p> <p>√</p> <p>√</p>	<ul style="list-style-type: none"> <li>• The Non-executive Directors exercise their independent judgement and advise on the future business direction and strategic plans of the Company.</li> <li>• Non-executive Directors review the financial information and operational performance of the Company on a regular basis.</li> <li>• Independent Non-executive Directors are invited to serve on the Audit and Remuneration Committees of the Company.</li> </ul>
A.5.3	<p>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.</p>	<p>√</p>	<ul style="list-style-type: none"> <li>• There is satisfactory attendance at Board meetings during the year. Please refer to A.1.1 for details of attendance records.</li> <li>• 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.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.5.4	<ul style="list-style-type: none"> <li>– Directors must comply with the Model Code.</li> <li>– Board should establish written guidelines on no less exacting terms than the Model Code for relevant employees.</li> </ul>	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> <li>• The Company has adopted the model code for securities transactions by directors of listed issuers (“Model Code”) set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors’ securities transactions, effective 31st March, 2004.</li> <li>• 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, 2006.</li> <li>• 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.</li> </ul>
A.6	<p><b>Supply of and access to information</b></p> <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"> <li>– Send agenda and full board papers to all directors at least 3 days before regular board or board committee meeting</li> <li>– So far as practicable for other board or board committee meetings</li> </ul>	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.6.2	<ul style="list-style-type: none"> <li>– 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.</li> <li>– The board and each director should have separate and independent access to the company’s senior management for making further enquiries where necessary.</li> </ul>	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> <li>• The Company Secretary and the Qualified Accountant attend all regular Board meetings to advise on corporate governance, statutory compliance, and accounting and financial matters.</li> <li>• 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.</li> </ul>
A.6.3	<ul style="list-style-type: none"> <li>– All directors are entitled to have access to board papers and related materials.</li> <li>– Steps must be taken to respond as promptly and fully as possible to queries raised by directors.</li> </ul>	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> <li>• Please see A.6.2 above.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices								
<b>B.</b>	<b>REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT</b>										
<b>B.1</b>	<b>The level and make-up of remuneration and disclosure</b>										
	<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"> <li>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.</li> <li>The Company established its Remuneration Committee on 1st January, 2005.</li> <li>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.</li> <li>Since the publication of the Company's 2005 annual report, meetings of the Remuneration Committee were held in November 2006 and January 2007. Details of the attendance records of the members of the Remuneration Committee are as follows:</li> </ul> <table border="1"> <thead> <tr> <th>Members of the Remuneration Committee</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td>LI Ka-shing <i>(Chairman of the Remuneration Committee)</i></td> <td>2/2</td> </tr> <tr> <td>KWOK Tun-li, Stanley</td> <td>2/2</td> </tr> <tr> <td>WONG Yick-ming, Rosanna</td> <td>2/2</td> </tr> </tbody> </table> <p>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>	Members of the Remuneration Committee	Attendance	LI Ka-shing <i>(Chairman of the Remuneration Committee)</i>	2/2	KWOK Tun-li, Stanley	2/2	WONG Yick-ming, Rosanna	2/2
Members of the Remuneration Committee	Attendance										
LI Ka-shing <i>(Chairman of the Remuneration Committee)</i>	2/2										
KWOK Tun-li, Stanley	2/2										
WONG Yick-ming, Rosanna	2/2										

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
B.1.1 (cont'd)			<ul style="list-style-type: none"> <li>• The following is a summary of the work for the Remuneration Committee during the said meetings:               <ol style="list-style-type: none"> <li>1. Review of the remuneration policy for 2006/2007;</li> <li>2. Review of the remuneration of Non-executive Directors; and</li> <li>3. Review of the annual performance bonus policy.</li> </ol> </li> </ul>
B.1.2	<p>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.</p>	√	<ul style="list-style-type: none"> <li>• 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, including, without limitation, succession plan and key personnel movements as well as policies for recruiting and retaining qualified personnel.</li> <li>• 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.</li> <li>• To enable them to better advise on the Group's future remuneration policy and related strategies, the Remuneration Committee has been advised of the Group's existing remuneration policy and succession plan, such as guidelines on designing employees' remuneration packages and related market trends and information.</li> </ul>

## 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"> <li>– determine specific remuneration packages of all executive directors and senior management</li> <li>– review and approve performance-based remuneration and the compensation payable on loss or termination of office or appointment</li> <li>– ensure that no director or any of his associates is involved in deciding his own remuneration</li> </ul>	√	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
B.1.4	<p>The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.</p>	√	<ul style="list-style-type: none"> <li>• The terms of reference of the Remuneration Committee are posted on the Company's website.</li> <li>• 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.</li> </ul>
B.1.5	<p>The remuneration committee should be provided with sufficient resources to discharge its duties.</p>	√	<ul style="list-style-type: none"> <li>• The Human Resources Department provides administrative support and implements the approved remuneration packages and other human resources related decisions approved by the Remuneration Committee.</li> </ul>



Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
<b>C.</b>	<b>ACCOUNTABILITY AND AUDIT</b>		
<b>C.1</b>	<b>Financial reporting</b>		
	<p><i><b>Corporate Governance Principle</b></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	<p>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.</p>	√	<ul style="list-style-type: none"> <li>• Directors are provided with a review of the Group's major business activities and detailed financial information on a quarterly basis.</li> </ul>
C.1.2	<p>– The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts.</p> <p>– There should be a statement by the auditors about their reporting responsibilities in the auditors' report on the financial statements.</p>	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> <li>• The Directors annually acknowledge in writing their responsibility for preparing the financial statements of the Group.</li> <li>• 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.</li> <li>• 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.</li> </ul>

## Corporate Governance Report *(continued)*

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.1.2 (cont'd)	<ul style="list-style-type: none"> <li>– 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.</li> </ul>	√	<ul style="list-style-type: none"> <li>• The Directors also ensure the publication of the financial statements of the Group is in a timely manner.</li> <li>• The statement by the auditors of the Company regarding their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 148 and 149.</li> </ul>
	<ul style="list-style-type: none"> <li>– 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.</li> </ul>	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"> <li>The Board aims to present a clear, balanced and understandable assessment of the Group's performance and position in all shareholder communications.</li> <li>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.</li> </ul>
C.2	<p><b>Internal controls</b></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"> <li>– 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</li> <li>– The review should cover all material controls, including financial, operational and compliance controls and risk management functions.</li> </ul>	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> <li>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.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.2.1 (cont'd)			<p><b><i>Internal Control Environment</i></b></p> <ul style="list-style-type: none"> <li>• An organisational structure with operating policies and procedures, lines of responsibility and delegated authority has been established.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• The Internal Control Self Assessment process is established that requires the senior management in each material business unit to annually assess the effectiveness of controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.</li> <li>• 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.</li> </ul>

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.2.1 (cont'd)			<p>The Internal Audit Department carries out annual risk assessment on each audit area and derives a yearly audit plan according to their risk ratings. The audit plan is reviewed and endorsed by the audit committee of the Company (“Audit Committee”). In addition to its agreed schedule of work, the Internal Audit Department conducts other review and investigative work as may be required. The results of internal audit reviews and agreed action plans in response to the Internal Audit Department’s recommendations are reported to the Executive Directors and Audit Committee periodically. The Internal Audit Department also follows up the corrective actions to ensure that satisfactory controls are maintained.</p> <ul style="list-style-type: none"> <li>The Directors, through the 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.</li> </ul>
<p><b>C.3      Audit Committee</b></p> <p><i>Corporate Governance Principle</i>  <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	– Full minutes of audit committee meetings should be kept by a duly appointed secretary of the meeting.	√	<ul style="list-style-type: none"> <li>Minutes drafted by the Company Secretary are circulated to members of the Audit Committee within a reasonable time after each meeting.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices								
C.3.1 (cont'd)	– 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	√	<ul style="list-style-type: none"> <li>Audit Committee meetings were held in March and August 2006. Details of the attendance records of members of the Audit Committee are as follows: <table border="1"> <thead> <tr> <th>Members of the Audit Committee</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td>KWAN Chiu Yin, Robert <i>(Chairman of the Audit Committee)</i></td> <td>2/2</td> </tr> <tr> <td>KWOK Tun-li, Stanley</td> <td>2/2</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td>2/2</td> </tr> </tbody> </table> </li> </ul> <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> <ul style="list-style-type: none"> <li>The following is a summary of the work of the Audit Committee during 2006: <ol style="list-style-type: none"> <li>Review of the financial reports for 2005 annual results and 2006 interim results;</li> <li>Review of the findings and recommendations of the Internal Audit Department on the work of various departments and related companies;</li> <li>Review of the effectiveness of the internal control system;</li> <li>Review of the external auditors' audit findings;</li> <li>Review of the auditors' remuneration;</li> <li>Review of risks of different business units and analysis thereof provided by the relevant business units; and</li> <li>Review of the control mechanisms for such risks and advising on action plans for improvement of the situations.</li> </ol> </li> </ul>	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										



Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.3.1 (cont'd)			<ul style="list-style-type: none"> <li>• 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 20th March, 2007 that the system of internal controls was adequate and effective.</li> <li>• On 20th March, 2007, the Audit Committee met to review the Group's 2006 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 auditors, 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 2006 Annual Report complied 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, 2006.</li> <li>• The Audit Committee also recommended to the Board the re-appointment of Messrs. Deloitte Touche Tohmatsu ("Deloitte") as the Company's external auditors for 2007 and that the related resolution shall be put forth for shareholders' consideration and approval at the 2007 annual general meeting.</li> <li>• The Group's Annual Report for the year ended 31st December, 2006 has been reviewed by the Audit Committee.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
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 or to have any financial interest in, the firm, whichever is the later.</p>	√	<ul style="list-style-type: none"> <li>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.</li> <li>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 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. Mr. Kwan ceased to be the Chairman of the Audit Committee of the Company on 1st January, 2007.</li> </ul>
C.3.3	<p>Terms of reference of the audit committee include:</p> <ul style="list-style-type: none"> <li>– recommendation to the board on the appointment and removal of external auditors and approval of their terms of engagement</li> <li>– review and monitor external auditors' independence and effectiveness of audit process</li> <li>– review of financial information of the company</li> <li>– oversight of the company's financial reporting system and internal control procedures</li> </ul>	√	<ul style="list-style-type: none"> <li>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.</li> </ul>

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"> <li>• 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).</li> <li>• 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.</li> <li>• 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.</li> <li>• In 2006, the Audit Committee comprising 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, held two meetings during the year. Following the retirement of Mr. Kwan Chiu Yin, Robert from the Audit Committee effective 1st January, 2007, the existing Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Cheong Ying Chew, Henry (Chairman of the Audit Committee), Mr. Kwok Tun-li, Stanley and Ms. Hung Siu-lin, Katherine.</li> </ul>

## 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"> <li>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 2007.</li> <li>For the year ended 31st December, 2006, the external auditors of the Company received approximately HK\$5 million for audit services and HK\$1 million for tax and other services.</li> </ul>
C.3.6	The audit committee should be provided with sufficient resources to discharge its duties.	√	<ul style="list-style-type: none"> <li>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.</li> </ul>

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
<b>D.</b>	<b>DELEGATION BY THE BOARD</b>		
<b>D.1</b>	<b>Management functions</b>		
<i>Corporate Governance Principle</i>			
<i>The Company should have a formal schedule of matters specifically reserved to the Board and those delegated to management.</i>			
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"> <li>• Executive Directors are in charge of different businesses and functional divisions in accordance with their respective areas of expertise.</li> <li>• Please refer to the Management Structure Chart set out on page 91.</li> <li>• For matters or transactions of a material nature, the same will be referred to the Board for approval.</li> <li>• For matters or transactions of a magnitude requiring disclosure under the Listing Rules or other applicable rules or regulations, appropriate disclosure will be made and where necessary, circular will be prepared and shareholders' approval will be obtained in accordance with the requirements of the applicable rules and regulations.</li> </ul>
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"> <li>• 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.</li> <li>• Under the leadership of the Managing Director, management is responsible for the day-to-day operations of the Group.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
<b>D.2</b>	<b>Board Committees</b>		
	<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>		
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"> <li>Two Board Committees, namely, Audit Committee and Remuneration Committee have been established with specific terms of reference as mentioned in C.3.3 and B.1.3 above.</li> </ul>
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"> <li>Board Committees report to the Board of their decisions and recommendations at the Board meetings.</li> </ul>
<b>E.</b>	<b>COMMUNICATION WITH SHAREHOLDERS</b>		
<b>E.1</b>	<b>Effective communication</b>		
	<p><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></p>		



Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
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"> <li>Separate resolutions are proposed at the general meeting on each substantially separate issue, including the election of individual directors.</li> </ul>
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"> <li>In 2006, 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.</li> <li>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, (vi) the Company's Registrars deal with shareholders for all share registration and related matters, and (vii) Corporate Affairs Department of the Company handles enquiries from shareholders, and investors generally.</li> </ul>

## Corporate Governance Report (continued)

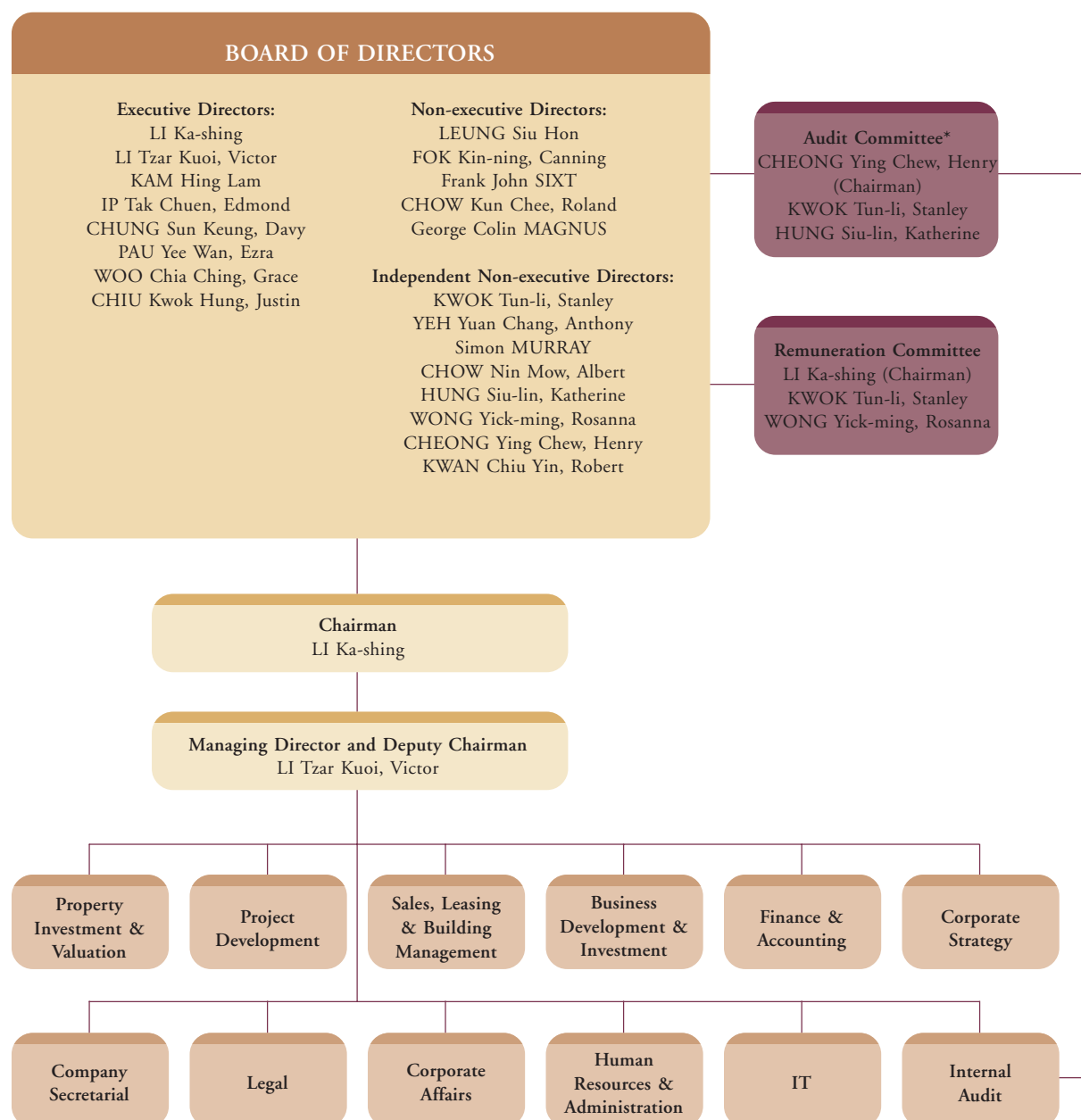
Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
E.2	<b>Voting by Poll</b>  <i>Corporate Governance Principle</i> <i>The Company should regularly inform shareholders of the procedure for voting by poll and ensure compliance with the requirements about voting by poll contained in Listing Rules and the constitutional documents of the Company.</i>		
E.2.1	<ul style="list-style-type: none"> <li>– The chairman of a meeting should ensure disclosure in the circulars of the procedures for and the rights of shareholders to demand a poll.</li> <li>– 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.</li> </ul>	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> <li>• In 2006, the right to demand a poll was set out in the circular containing the notice of annual general meeting.</li> <li>• In 2006, the Chairman of the annual general 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.</li> </ul>

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
E.2.1 (cont'd)	<p>– 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.</p>	√	
E.2.2	<p>– 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.</p> <p>– The company should ensure that votes cast are properly counted and recorded.</p>	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>

## 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"> <li>– the procedures for demanding a poll by shareholders before putting a resolution to the vote on a show of hands; and</li> <li>– the detailed procedures for conducting a poll and then answer any questions from shareholders whenever voting by way of a poll is required.</li> </ul>	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> <li>• At the 2006 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.</li> <li>• At the 2006 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.</li> </ul>

## Management Structure Chart



\* Following the cessation of Mr. Kwan Chiu Yin, Robert as Chairman of the Audit Committee with effect from 1st January, 2007, the existing Audit Committee comprises Mr. Cheong Ying Chew, Henry (Chairman of the Audit Committee), Mr. Kwok Tun-li, Stanley and Ms. Hung Siu-lin, Katherine, all being Independent Non-executive Directors of the Company.

## Highlights of Development Projects

# Harbourfront Horizon All-Suite Hotel

## Hung Hom

Site Area	: 20,364 sq. m.
Floor Area	: 107,400 sq. m.
Land Use	: Non-industrial
Number of Guest Rooms	: 1,662 Guest Rooms
Completion	: January 2006

*This premier hotel adjacent to the Tsim Sha Tsui commercial hub and capturing the panoramic Victoria Harbour views at Hung Hom Bay offers an ideal choice for business and leisure.*





# The Legend

at Jardine's Lookout

*As a byword for prestige and exclusivity, this luxury residence exudes grace and style that set it apart.*

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





# Caribbean Coast – Crystal Cove

Tung Chung

Site Area : 67,900 sq. m. (whole lot TCTL5)  
Floor Area : 61,682 sq. m.  
Land Use : Residential  
Number of Units : 824 Residential Units  
Completion : September 2006

*This resort-style residential development strategically located in Tung Chung has easy access to other parts of Hong Kong, and offers a dynamic urban lifestyle in natural lush surroundings.*



# The Apex

Kwai Chung

*Featuring Club 24 Ours, a 24-hour clubhouse divided into three different zones: sea, land and sky, this contemporary serviced apartment complex redefines leisure living.*

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



# Le Point

## Tiu Keng Leng

Site Area	: 32,334 sq. m. (Total site area of Metro Town, Tiu Keng Leng)
Floor Area	: 130,338 sq. m.
Land Use	: Residential
Number of Units	: 2,096 Residential Units
Completion	: Second half of 2007

*A stylish and sophisticated residential development combining modern comforts and the convenience of a prime urban location above the MTR interchange station.*





# Sausalito

Ma On Shan

*Blessed with inspiring ocean and mountain views, this deluxe residential property epitomises exclusivity and the elegance of life.*

Site Area	: 14,006 sq. m.
Floor Area	: 70,030 sq. m.
Land Use	: Residential
Number of Units	: 1,030 Residential Units
Completion	: August 2007



# Former Marine Police Headquarters KIL 11161

Tsim Sha Tsui

Site Area	: 12,289 sq. m.
Floor Area	
– Existing Building	: 5,610 sq. m.
– New Development	: 7,213 sq. m.
Land Use	: Commercial
Number of Guest Rooms	: Less than 30 Guest Rooms
Completion	: October 2008

*This historical building to be transformed into a heritage development with elegant food and beverage outlets and retail facilities is set to be an exciting new tourist attraction in Hong Kong.*



# Area 86, Tseung Kwan O Town Lot No. 70

*This substantial prime waterfront site is earmarked for a large-scale residential and commercial complex that incorporates many unique elements for a metropolitan lifestyle.*

	Site F (Package 1)	Site AB (Package 2)
Site Area	: 14,267 sq. m.	31,490 sq. m.
Floor Area	: 142,196 sq. m.	309,696 sq. m.
Land Use	: Non-industrial (excluding hotel, petrol filling station and godown)	Non-industrial (excluding hotel, petrol filling station and godown)
Number of Units	: 2,096 Residential Units	4,272 Residential Units
Completion	: 2008	2009 and 2010



# Schedule of Major Properties

Dated the 31st day of December, 2006

## A. PROPERTIES FOR/UNDER DEVELOPMENT

Location	Lot Number	Group's Interest	Approx. Site Area (sq. m.)
<b>Hong Kong</b>			
The Apex and hotel development, Kwai Chung	K.C.T.L. 467 R.P.	100.0%	7,825
Central Park Towers, Tin Shui Wai	T.S.W.T.L. 24	98.5%	32,870
Sausalito, Ma On Shan	S.T.T.L. 487	100.0%	14,006
CASA 880, Quarry Bay	Q.B.I.L. 4 various sec. of s.B	100.0%	1,230
A site at Kam Tin Road, Kam Tin	Lot 2081 in D.D. 109	100.0%	48,634
A site at Tsim Sha Tsui	K.I.L. 11161	100.0%	12,289
A site at Hung Shui Kiu	Lot 2064 in D.D. 121	50.0%	16,292
A site at Kowloon City	K.I.L. 4013 R.P.	100.0%	3,153
A site at Ho Man Tin	K.I.L. 11124	90.0%	17,756
A site at Mid-level	I.L. 711 s.A	100.0%	592
A site at Ma On Shan	S.T.T.L. 548	100.0%	16,440
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%	168,921
Various sites at Yuen Long	Various lots	100.0%	186,796
Various sites at Tai Po	Various lots	100.0%	20,921
<b>The Mainland</b>			
Regency Park, Pudong, Shanghai	–	50.0%	179,562
The Greenwich, Beijing	–	50.0%	173,372
Jingyuetan, Changchun	–	50.0%	920,671
Wenjiang, Chengdu	–	50.0%	373,326
The Riverside and Metropolitan Plaza, Guangzhou	–	50.0%	71,281
Le Parc, Chengdu	–	50.0%	681,816
Cape Coral, Chongqing	–	47.5%	128,212
Maison des Artistes, Shanghai	–	50.0%	50,728



Approx. Floor Area Attributable to the Group (sq. m.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
53,150	Serviced apartment/Commercial	Interior finishing	April, 2007
21,190	Hotel	Interior finishing	September, 2007
97,345	Residential	Interior finishing	June, 2007
68,338	Residential/Commercial	Foundation work completed	December, 2009
70,030	Residential	Superstructure in progress	August, 2007
9,840	Residential	Superstructure in progress	May, 2008
19,453	Residential	Superstructure in progress	June, 2008
12,823	Commercial/Hotel	Site formation	October, 2008
24,938	Residential	Planning	December, 2008
21,420	Hotel	Foundation work	March, 2009
143,824	Residential/Commercial	Superstructure in progress	March, 2009
2,961	Residential	Demolition work	July, 2009
82,200	Residential	Planning	December, 2009
4,026	Residential	Planning	–
–	Industrial	Planning	–
–	Industrial	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
12,865	Residential	Interior finishing	January, 2007
2,875	Commercial	Foundation work	June, 2007
25,236	Residential/Commercial	Foundation work	June, 2008
1,188	Commercial	Interior finishing	May, 2007
119,220	Residential	Planning	September, 2008
28,912	Residential	Planning	September, 2007
173,489	Residential/Commercial	Planning	September, 2011
45,636	Residential	Foundation work	September, 2007
23,857	Residential	Foundation work	January, 2008
176,468	Residential/Commercial	Planning	June, 2009
43,508	Commercial	Superstructure in progress	September, 2007
127,856	Residential	Superstructure in progress	June, 2008
35,282	Residential	Foundation work	November, 2007
59,473	Residential	Foundation work	February, 2008
903,284	Residential/Commercial	Planning	–
18,875	Commercial	Superstructure in progress	December, 2007
36,413	Residential	Superstructure in progress	June, 2008
124,961	Residential/Commercial	Foundation work	September, 2009
56,059	Residential/Commercial	Superstructure in progress	December, 2007
21,936	Residential	Foundation work	January, 2008

Schedule of Major Properties (continued)

A. PROPERTIES FOR/UNDER DEVELOPMENT (continued)

Location	Lot Number	Group's Interest	Approx. Site Area (sq. m.)
<b>The Mainland (continued)</b>			
The Greenwich, Xian	–	50.0%	515,552
Kerry Everbright City, Shanghai	–	24.8%	50,656
Regency Park, Guanlan, Shenzhen	–	50.0%	375,845
Horizon Cove, Zhuhai	–	50.0%	100,568
Qiao Island, Zhuhai	–	50.0%	199,996
Douxi, Chongqing	–	50.0%	440,486
Laguna Verona, Dongguan	–	49.8%	2,565,206
Le Sommet, Shenzhen	–	50.0%	223,692
Chang Le/Po Garden, Beijing	–	100.0%	741,822
International Toys & Gifts Center, Guangzhou	–	30.0%	321,261
Maqiao, Shanghai	–	42.5%	260,556
Xin Zha Road, Shanghai	–	30.0%	14,528
Cape Coral, Panyu, Guangzhou	–	50.0%	277,546
Zhongxin Town, Luogang, Guangzhou	–	40.0%	225,548
Laopu Pian, Jiangnan, Wuhan	–	50.0%	34,788
MTR Yingkoudao, Tianjin	–	40.0%	19,617
Shisanling, Beijing	–	50.0%	254,738
Zengcheng, Guangzhou	–	50.0%	2,112,632
Hualou Jie, Jiangnan, Wuhan	–	50.0%	105,639
Huaqiangbei, Futian, Shenzhen	–	50.0%	17,105
Century Avenue, Pudong, Shanghai	–	25.0%	50,849
Nangan, Changchun	–	50.0%	167,483
Changsha Wangcheng, Hunan	–	50.0%	556,420
Xiao Gang Wan, Qingdao	–	45.0%	311,774
<b>Overseas</b>			
Marina Bay, Singapore	–	16.7%	53,331
Lots Road & Chelsea Harbour Phase 2, London, United Kingdom	–	47.5%	35,693

Approx. Floor Area Attributable to the Group (sq. m.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
56,950	Residential	Superstructure in progress	December, 2007
67,546	Residential	Superstructure in progress	March, 2008
396,594	Residential/Commercial	Planning	December, 2011
37,189	Residential/Commercial	Superstructure in progress	December, 2007
25,369	Residential/Commercial	Planning	December, 2010
28,139	Residential	Planning	February, 2008
20,410	Residential	Planning	December, 2008
29,927	Residential	Planning	December, 2009
50,284	Residential	Superstructure in progress	February, 2008
32,679	Residential	Planning	March, 2008
42,429	Residential	Planning	September, 2008
43,644	Residential	Planning	September, 2009
9,865	Residential/Commercial	Planning	May, 2008
195,250	Residential	Planning	June, 2010
73,383	Residential/Commercial	Foundation work	June, 2008
42,959	Residential	Foundation work	December, 2008
563,246	Residential/Commercial	Planning	–
44,243	Residential/Commercial	Planning	August, 2008
101,618	Residential/Commercial	Planning	September, 2009
97,321	Residential/Commercial	Superstructure in progress	December, 2008
102,493	Residential	Site formation	December, 2009
245,280	Residential/Commercial	Site formation	December, 2011
51,402	Commercial	Planning	December, 2008
19,109	Residential	Planning	January, 2009
17,433	Commercial	Planning	January, 2009
70,895	Residential	Planning	March, 2009
67,209	Residential	Planning	December, 2009
40,252	Residential/Commercial	Planning	April, 2009
52,492	Residential/Commercial	Planning	October, 2010
80,435	Residential/Commercial	Planning	June, 2009
94,096	Residential/Commercial	Planning	June, 2009
39,749	Residential	Planning	September, 2009
87,934	Residential/Commercial	Planning	March, 2010
243,956	Residential/Commercial	Planning	–
182,401	Residential/Commercial	Planning	June, 2010
74,802	Residential/Commercial	Foundation work	September, 2010
66,654	Commercial	Planning	September, 2010
109,328	Residential/Commercial	Planning	September, 2010
324,356	Residential/Commercial	Planning	March, 2012
410,941	Residential/Commercial/Hotel	Planning	–
40,667	Residential/Commercial	Foundation work	June, 2010
37,285	Residential/Commercial	Planning	June, 2012

Schedule of Major Properties (continued)

**B. PROPERTIES IN WHICH THE GROUP HAS A DEVELOPMENT INTEREST**

Location	Lot Number	Approx. Site Area (sq. m.)
<b>Hong Kong</b>		
Le Point, 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 (Package 1)	T.K.O.T.L. 70	14,267
Oil Street, North Point	I.L. 7106 s.A & Extension	6,816
Tai Wai Maintenance Centre	S.T.T.L. 529	70,597
Area 86, Tseung Kwan O (Package 2)	T.K.O.T.L. 70	31,490

**C. PROPERTIES FOR INVESTMENT/OWN USE**

Location	Lot Number	Group's Interest
<b>Hong Kong</b>		
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%
Metro Town, Tiu Keng Leng	T.K.O.T.L. 73	80.0%
Kingswood Ginza, Tin Shui Wai	T.S.W.T.L. 4	98.5%
Rambler Plaza, Tsing Yi	T.Y.T.L. 140	30.0%
Rambler Garden Hotel, Tsing Yi	T.Y.T.L. 140	30.0%
Rambler Oasis Hotel, Tsing Yi	T.Y.T.L. 140	30.0%
Harbour Plaza Resort City, Tin Shui Wai	T.S.W.T.L. 4	98.5%
Harbourview Horizon All-Suite Hotel, Hung Hom Bay	K.I.L. 11103	100.0%
Harbourfront Horizon All-Suite Hotel, Hung Hom Bay	K.I.L. 11110	100.0%
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%
Conic Investment Building, Hung Hom	–	100.0%
8 Tung Yuen Street, Yau Tong	Y.T.M.L. 69	100.0%

Approx. Floor Area of the Development (sq. m.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
130,338	Residential	Superstructure in progress	September, 2007
61,680	Residential	Completed	Completed
10,494	Residential	Foundation work	June, 2008
136,740	Residential/Commercial	Superstructure in progress	December, 2008
43,162	Hotel/Non-industrial	Superstructure in progress	December, 2008
100,372	Residential	Planning	April, 2009
100,372	Residential	Planning	January, 2010
113,211	Residential	Planning	October, 2010
124,800	Residential	Foundation work	December, 2009
184,896	Residential	Foundation work	December, 2010

Approx. Site Area (sq. m.)	Approx. Floor Area Attributable to the Group (sq. m.)	Existing Use	Lease Term
–	113,169	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
–	13,440	Commercial	Medium Term Lease
–	49,211	Commercial	Medium Term Lease
950	1,777	Commercial	Medium Term Lease
3,147	5,884	Hotel	Medium Term Lease
3,135	5,862	Hotel	Medium Term Lease
–	60,591	Hotel	Medium Term Lease
9,940	119,280	Hotel	Medium Term Lease
20,364	107,444	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
–	30,409	Industrial	Medium Term Lease
2,108	7,170	Godown	Medium Term Lease

## Schedule of Major Properties *(continued)*

### C. PROPERTIES FOR INVESTMENT/OWN USE *(continued)*

Location	Lot Number	Group's Interest
<b>The Mainland</b>		
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%
<b>Overseas</b>		
One Raffles Quay, Singapore	—	33.3%

#### 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
14,449	81,180	Hotel	Medium Term Lease
4,615	39,174	Hotel	Medium Term Lease
–	25,872	Hotel	Medium Term Lease
–	70,212	Commercial	Medium Term Lease
–	67,090	Commercial/Hotel/Serviced apartment	Medium Term Lease
–	191,232	Commercial/Hotel/Serviced apartment	Medium Term Lease
–	30,640	Commercial	Medium Term Lease
–	22,015	Commercial/Residential	Medium Term Lease
–	53,466	Residential	Long Lease
15,600	49,511	Commercial	Long Lease

# Consolidated Profit and Loss Account

For the year ended 31st December, 2006

	Note	2006 \$ Million	2005 \$ Million
Group turnover		10,951	6,171
Share of property sales of jointly controlled entities		4,395	8,187
<b>Turnover</b>	(3)	<b>15,346</b>	<b>14,358</b>
Group turnover		10,951	6,171
Investment and other income		1,306	942
Operating costs			
Property and related costs		(4,908)	(3,640)
Salaries and related expenses		(696)	(649)
Interest and other finance costs		(589)	(347)
Other expenses		(392)	(325)
		(6,585)	(4,961)
Share of net profit of jointly controlled entities		1,673	3,288
Increase in fair value of investment properties		1,936	1,776
<b>Operating profit</b>		<b>9,281</b>	<b>7,216</b>
Share of net profit of associates		10,211	7,248
<b>Profit before taxation</b>	(4)	<b>19,492</b>	<b>14,464</b>
Taxation	(5)	(1,213)	(259)
<b>Profit for the year</b>		<b>18,279</b>	<b>14,205</b>
Profit attributable to minority interests		(204)	(210)
<b>Profit attributable to shareholders</b>	(6)	<b>18,075</b>	<b>13,995</b>
<b>Dividends</b>			
Interim dividend paid at \$0.46 (2005 – \$0.42) per share		1,065	973
Final dividend proposed at \$1.74 (2005 – \$1.58) per share		4,031	3,659
		5,096	4,632
<b>Earnings per share</b>	(7)	<b>\$7.80</b>	<b>\$6.04</b>

# Consolidated Balance Sheet

As at 31st December, 2006

	Note	2006 \$ Million	2005 \$ Million
<b>Non-current assets</b>			
Fixed assets	(8)	10,222	9,612
Investment properties	(9)	14,508	11,710
Associates	(11)	134,358	126,281
Jointly controlled entities	(12)	24,130	22,849
Investments available for sale	(13)	8,674	7,169
Long term loans		251	403
		<b>192,143</b>	<b>178,024</b>
<b>Current assets</b>			
Stock of properties	(14)	45,857	27,106
Debtors, deposits and prepayments	(15)	6,634	1,338
Investments held for trading	(16)	1,223	1,014
Derivative financial instruments		162	435
Bank balances and deposits		3,782	8,310
		<b>57,658</b>	<b>38,203</b>
<b>Current liabilities</b>			
Bank and other loans	(17)	6,872	3,904
Creditors and accruals	(18)	2,998	2,416
Derivative financial instruments		456	193
Provision for taxation		1,265	564
		<b>46,067</b>	<b>31,126</b>
<b>Net current assets</b>			
		<b>238,210</b>	<b>209,150</b>
<b>Total assets less current liabilities</b>			
<b>Non-current liabilities</b>			
Bank and other loans	(17)	27,609	18,683
Loan from joint development partner	(19)	4,000	–
Deferred tax liabilities	(20)	920	544
		<b>32,529</b>	<b>19,227</b>
<b>Net assets</b>			
		<b>205,681</b>	<b>189,923</b>
<b>Representing:</b>			
Share capital	(21)	1,158	1,158
Share premium		9,331	9,331
Reserves		189,933	174,673
<b>Shareholders' funds</b>		<b>200,422</b>	<b>185,162</b>
Minority interests		5,259	4,761
<b>Total equity</b>		<b>205,681</b>	<b>189,923</b>

Li Ka-shing  
Director

Ip Tak Chuen, Edmond  
Director

# Balance Sheet

As at 31st December, 2006

	Note	2006 \$ Million	2005 \$ Million
<b>Non-current assets</b>			
Fixed assets	(8)	14	18
Subsidiaries	(10)	29,551	28,877
Associates	(11)	55	50
Jointly controlled entities	(12)	74	62
Long term loans		4	4
		<b>29,698</b>	<b>29,011</b>
<b>Current assets</b>			
Stock of properties	(14)	3	3
Debtors, deposits and prepayments	(15)	389	204
Bank balances and deposits		512	483
		<b>904</b>	<b>690</b>
<b>Current liabilities</b>			
Creditors and accruals	(18)	132	119
Provision for taxation		17	19
<b>Net current assets</b>		<b>755</b>	<b>552</b>
<b>Net assets</b>		<b>30,453</b>	<b>29,563</b>
<b>Representing:</b>			
Share capital	(21)	1,158	1,158
Share premium		9,331	9,331
Reserves	(22)	19,964	19,074
<b>Total equity</b>		<b>30,453</b>	<b>29,563</b>

Li Ka-shing  
Director

Ip Tak Chuen, Edmond  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31st December, 2006

	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	10,489	345	–	296	164,118	5,145	180,393
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)
Total recognised income and expense	–	–	174	7	13,995	212	14,388
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
Profit for the year	–	–	–	–	18,075	204	18,279
Change in fair value of investments available for sale	–	–	1,103	–	–	–	1,103
Exchange translation differences	–	–	–	85	–	5	90
Share of reserves of jointly controlled entities/unlisted associates	–	–	–	721	–	–	721
Total recognised income and expense	–	–	1,103	806	18,075	209	20,193
Change in minority interests	–	–	–	–	–	321	321
Dividend paid to minorities	–	–	–	–	–	(32)	(32)
Dividend paid to shareholders	–	–	–	–	(4,724)	–	(4,724)
<b>Balance at 31st December, 2006</b>	<b>10,489</b>	<b>345</b>	<b>1,277</b>	<b>1,109</b>	<b>187,202</b>	<b>5,259</b>	<b>205,681</b>

# Consolidated Cash Flow Statement

For the year ended 31st December, 2006

	Note	2006 \$ Million	2005 \$ Million
<b>Operating activities</b>			
Cash generated from/(used in) operations	(a)	(16,930)	1,467
Investment in/advance to jointly controlled entities		(1,485)	(3,459)
Dividend/repayment from jointly controlled entities		3,214	4,498
Dividend from associates		3,694	4,192
Dividend from investments in securities		146	90
Interest received		505	424
Dividend paid to shareholders		(4,724)	(4,262)
Dividend paid to minorities		(32)	(130)
Profits tax paid		(136)	(125)
<b>Net cash from/(used in) operating activities</b>		<b>(15,748)</b>	<b>2,695</b>
<b>Investing activities</b>			
Investment in/advance to associates		(1,552)	(8)
Repayment from associates		31	24
Investment in/advance to jointly controlled entities		(546)	(2,360)
Repayment from jointly controlled entities		–	1,975
Disposal of jointly controlled entities		–	1,253
Purchase of investments available for sale		(2,630)	(940)
Disposal/redemption of investments available for sale		2,521	2,223
Addition of investment properties		(862)	(968)
Disposal of investment properties		–	1,989
Addition of fixed assets		(574)	(2,065)
<b>Net cash from/(used in) investing activities</b>		<b>(3,612)</b>	<b>1,123</b>
<b>Financing activities</b>			
Borrowing of bank and other loans		16,689	6,846
Repayment of bank and other loans		(4,843)	(5,299)
Loan from joint development partner		4,000	–
Increase/(decrease) in funding from minorities		321	(466)
Interest and other finance costs paid		(1,335)	(622)
<b>Net cash from financing activities</b>		<b>14,832</b>	<b>459</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(4,528)</b>	<b>4,277</b>
<b>Cash and cash equivalents at 1st January</b>		<b>8,310</b>	<b>4,033</b>
<b>Cash and cash equivalents at 31st December</b>	(b)	<b>3,782</b>	<b>8,310</b>

Notes:

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

	2006 \$ Million	2005 \$ Million
Profit before taxation	19,492	14,464
Interest income	(486)	(429)
Interest expenses	589	347
Dividend income from investments in securities	(146)	(90)
Share of net profit of jointly controlled entities	(1,673)	(3,288)
Share of net profit of associates	(10,211)	(7,248)
Increase in fair value of investment properties	(1,936)	(1,776)
Profit on disposal of jointly controlled entities	–	(162)
Profit on disposal of investment properties	–	(288)
(Gain)/loss on investments available for sale	(280)	127
Depreciation	172	166
Decrease in long term loans	109	846
(Increase)/decrease in investments held for trading	(223)	437
Increase in stock of properties	(17,755)	(3,204)
Increase/(decrease) in customers' deposits received	(425)	2,157
(Increase)/decrease in debtors, deposits and prepayments	(5,316)	218
(Increase)/decrease in derivative financial instruments	536	(242)
Increase/(decrease) in creditors and accruals	638	(554)
Exchange difference and other items	(15)	(14)
	(16,930)	1,467

(b) Cash and cash equivalents

	2006 \$ Million	2005 \$ Million
Bank balances and deposits	3,782	8,310



## 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 156 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. For those which are effective for accounting periods beginning on 1st January, 2006, the adoption has no significant impact on the Group’s results and financial position; and for those which are not yet effective, the Group is in the process of assessing their impact on the Group’s results and financial position.

### (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.

## 2. Principal Accounting Policies *(continued)*

### (d) Jointly controlled entities *(continued)*

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.

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.

### (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 33<sup>1</sup>/<sub>3</sub>% based on their respective estimated useful lives.

## 2. Principal Accounting Policies *(continued)*

### (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.

### (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.

## 2. Principal Accounting Policies *(continued)*

### (m) Revenue recognition *(continued)*

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.

### (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:

	2006 \$ Million	2005 \$ Million
Property sales	9,401	4,717
Property rental	624	590
Hotels and serviced suites	729	642
Property and project management	197	222
Group turnover	10,951	6,171
Share of property sales of jointly controlled entities	4,395	8,187
Turnover	15,346	14,358

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 16% and 14% 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	
	2006 \$ Million	2005 \$ Million	2006 \$ Million	2005 \$ Million	2006 \$ Million	2005 \$ Million
Property sales	4,513	1,269	1,070	2,037	5,583	3,306
Property rental	533	470	403	431	936	901
Hotels and serviced suites	150	129	217	146	367	275
Property and project management	84	98	–	–	84	98
	5,280	1,966	1,690	2,614	6,970	4,580
Investment and finance					1,077	779
Interest and other finance costs					(589)	(347)
Increase in fair value of investment properties						
Subsidiaries					1,936	1,776
Jointly controlled entities					564	1,165
Others					201	102
Taxation (excluding share of taxation of major listed associates)					(1,932)	(1,021)
Profit attributable to minority interests					(204)	(210)
					8,023	6,824
Share of net profit of major listed associates						
Hutchison Whampoa Limited					10,007	7,166
CK Life Sciences Int'l., (Holdings) Inc.					45	5
Profit attributable to shareholders					18,075	13,995

## 4. Profit before Taxation

	2006 \$ Million	2005 \$ Million
Profit before taxation is arrived at after charging:		
Interest and other finance costs		
Bank loans and other loans repayable within 5 years	1,364	729
Other loans not repayable within 5 years	28	9
	1,392	738
Less: Amount capitalised (see note (a))	(803)	(391)
	589	347
Directors' emoluments (see note (b))		
Salaries, allowances and benefits in kind	93	93
Pension scheme contribution	9	9
Discretionary bonus	42	44
	144	146
Less: Amount paid back	(9)	(12)
	135	134
Auditors' remuneration	5	5
Costs of properties sold	3,752	3,205
Depreciation	172	166
Impairment losses – investments available for sale	211	154
Operating lease charges – properties	64	30
and after crediting:		
Net rental income	573	521
Interest income from banks	247	117
Interest income from jointly controlled entities/associates	156	146
Income from listed investments in securities		
Dividend income from equity securities	145	89
Interest income from debt securities	6	39
Income from unlisted investments in securities		
Dividend income from equity securities	1	1
Interest income from debt securities	54	97
Profit on disposal of investments available for sale	491	27
Gain/(loss) on investments held for trading	225	(96)
Profit on disposal of investment properties	–	288
Profit on disposal of jointly controlled entities	–	162

Notes:

- (a) Interest was capitalised to property development projects at the average annual rate of approximately 4.5% (2005 – 2.5%) during the year.



#### 4. Profit before Taxation (continued)

Notes: (continued)

- (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:

	Salaries, Allowances and Benefits		Pension Scheme Contribution	Inducement or Discretionary Compensation Bonus Fee		2006 Total	2005 Total
	Director Fees \$ Million	in Kind \$ Million	\$ Million	\$ Million	\$ Million	\$ Million	\$ Million
Li Ka-shing <sup>(1)</sup>	0.01	–	–	–	–	0.01	0.01
Li Tzar Kuoi, Victor <sup>(2)</sup>	0.10	31.52	3.15	7.40	–	42.17	39.45
Kam Hing Lam <sup>(3)</sup>	0.10	15.39	1.54	0.43	–	17.46	17.46
Ip Tak Chuen, Edmond <sup>(4)</sup>	0.10	12.02	1.20	4.15	–	17.47	15.40
Chung Sun Keung, Davy	0.10	7.47	0.74	8.00	–	16.31	12.47
Pau Yee Wan, Ezra	0.10	8.47	0.85	6.00	–	15.42	14.17
Woo Chia Ching, Grace	0.10	8.47	0.85	8.00	–	17.42	16.17
Chiu Kwok Hung, Justin	0.10	7.59	0.75	8.00	–	16.44	14.62
Leung Siu Hon	0.10	–	–	–	–	0.10	0.10
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	0.10
George Colin Magnus	0.10	–	–	–	–	0.10	14.91
Kwok Tun-li, Stanley	0.25	–	–	–	–	0.25	0.25
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	0.15
Kwan Chiu Yin, Robert	0.20	–	–	–	–	0.20	0.20
Cheong Ying Chew, Henry	0.20	–	–	–	–	0.20	0.20
<b>Total</b>	<b>2.41</b>	<b>90.93</b>	<b>9.08</b>	<b>41.98</b>	<b>–</b>	<b>144.40</b>	<b>146.26</b>

- (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) 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. Taxation

	2006 \$ Million	2005 \$ Million
Hong Kong profits tax	833	137
Overseas tax	4	(1)
Deferred tax	376	123
	1,213	259

Hong Kong profits tax has been provided for at the rate of 17.5% (2005 – 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:

	2006 \$ Million	2005 \$ Million
Adjusted operating profit at Hong Kong tax rate of 17.5% (2005 – 17.5%)	1,748	1,395
Effect of different tax rates at overseas locations	310	238
Increase in fair value of investment properties	(17)	(248)
Profit on disposal of properties held for rental	(12)	(186)
Profit on disposal of subsidiaries and jointly controlled entities	–	(28)
Net effect of tax losses and deductible temporary differences utilised/not recognised	37	(77)
Net effect of non-assessable/deductible items	(153)	(77)
Others	9	(4)
	1,922	1,013
Less: Share of taxation of jointly controlled entities	(709)	(754)
	1,213	259

## 6. Profit Attributable to Shareholders

Profit attributable to shareholders dealt with in the profit and loss account of the Company is \$5,614 million (2005 – \$4,841 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 (2005 – 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
<b>Cost</b>					
At 1st January, 2005	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
Translation difference	–	–	48	9	57
Additions/transfers	36	510	8	187	741
Disposals	–	–	–	(25)	(25)
At 31st December, 2006	460	9,571	1,345	1,042	12,418
<b>Accumulated depreciation/provisions</b>					
At 1st January, 2005	–	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
Translation difference	–	–	7	6	13
Depreciation	–	77	30	65	172
Written back on disposals	–	–	–	(22)	(22)
At 31st December, 2006	–	1,382	182	632	2,196
<b>Net book value</b>					
At 31st December, 2006	460	8,189	1,163	410	10,222
At 31st December, 2005	424	7,756	1,144	288	9,612

At the balance sheet date:

- certain properties in Hong Kong with aggregate carrying value of \$8,473 million (2005 – \$8,013 million) and certain properties outside Hong Kong with aggregate carrying value of \$1,163 million (2005 – \$1,144 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 \$1,138 million (2005 – \$1,120 million) were pledged to secure bank loan facilities of these subsidiaries.

**8. Fixed Assets (continued)**

Company	Other assets	
	2006 \$ Million	2005 \$ Million
Cost		
At 1st January	187	181
Additions	7	11
Disposals	–	(5)
At 31st December	194	187
Accumulated depreciation		
At 1st January	169	165
Depreciation	11	9
Written back on disposals	–	(5)
At 31st December	180	169
Net book value at 31st December	14	18

**9. Investment Properties**

	2006 \$ Million	2005 \$ Million
Investment properties in Hong Kong		
At 1st January	11,710	10,545
Additions	862	1,090
Disposals	–	(1,701)
Increase in fair value	1,936	1,776
At 31st December	14,508	11,710

At the balance sheet date:

- investment properties have been revalued by DTZ Debenham Tie Leung Limited, independent professional valuers, on an open market value basis;
- investment properties with aggregate carrying value of \$13,971 million (2005 – \$11,207 million) and \$537 million (2005 – \$503 million) were held under medium term leases and long leases respectively; and
- gross rental income and direct operating expenses of investment properties during the year amounted to \$497 million (2005 – \$456 million) and \$6 million (2005 – \$26 million) respectively.

## 10. Subsidiaries

	2006 \$ Million	2005 \$ Million
Unlisted investments in subsidiaries	2,071	2,071
Amounts due from subsidiaries	33,914	32,161
Amounts due to subsidiaries	(6,434)	(5,355)
	29,551	28,877

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

## 11. Associates

	Group		Company	
	2006 \$ Million	2005 \$ Million	2006 \$ Million	2005 \$ Million
Listed investments in associates	28,676	27,160	–	–
Unlisted investments in associates	169	169	51	51
Share of results and reserves	105,134	98,623	–	–
	133,979	125,952	51	51
Amounts due from associates	393	352	5	–
Amounts due to associates	(14)	(23)	(1)	(1)
	134,358	126,281	55	50
Market value of investments in associates – listed in Hong Kong	172,988	159,994	–	–

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

## 12. Jointly Controlled Entities

	Group		Company	
	2006 \$ Million	2005 \$ Million	2006 \$ Million	2005 \$ Million
Unlisted investments in jointly controlled entities	4,542	1,137	–	–
Share of results and reserves	3,708	3,943	–	–
	8,250	5,080	–	–
Amounts due from jointly controlled entities	15,970	18,695	74	62
Amounts due to jointly controlled entities	(90)	(926)	–	–
	24,130	22,849	74	62

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:

	2006 \$ Million	2005 \$ Million
Non-current assets	13,170	12,258
Current assets	20,676	19,563
Current liabilities	(3,858)	(3,577)
Non-current liabilities	(6,306)	(6,072)
Income	6,733	10,995
Expenses	(4,296)	(6,858)

### 13. Investments Available for Sale

	2006 \$ Million	2005 \$ Million
Listed investments		
Equity securities – listed in Hong Kong	6,911	3,613
Equity securities – listed overseas	1,278	2,336
	8,189	5,949
Unlisted investments		
Equity securities	56	263
Debt securities	429	957
	485	1,220
	8,674	7,169

### 14. Stock of Properties

	Group		Company	
	2006 \$ Million	2005 \$ Million	2006 \$ Million	2005 \$ Million
Properties for/under development	22,743	19,893	–	–
Joint development projects	21,349	6,032	–	–
Properties for sale	3,498	3,339	3	3
	47,590	29,264	3	3
Less: Customers' deposits received	1,733	2,158	–	–
	45,857	27,106	3	3



## 15. Debtors, Deposits and Prepayments

	Group		Company	
	2006 \$ Million	2005 \$ Million	2006 \$ Million	2005 \$ Million
Trade debtors	6,029	892	–	–
Deposits, prepayments and other debtors	605	446	389	204
	6,634	1,338	389	204

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:

	2006 \$ Million	2005 \$ Million
Current to one month	6,000	841
Two to three months	19	29
Over three months	10	22
	6,029	892

## 16. Investments Held for Trading

	2006 \$ Million	2005 \$ Million
Listed investments		
Equity securities – listed in Hong Kong	193	144
Equity securities – listed overseas	73	60
Debt securities – listed overseas	137	137
	403	341
Unlisted investments		
Equity securities	439	406
Debt securities	381	267
	820	673
	1,223	1,014

## 17. Bank and Other Loans

	2006 \$ Million	2005 \$ Million
Bank loans repayable		
within 1 year	4,587	2,995
after 1 year but not exceeding 2 years	3,878	2,176
after 2 years but not exceeding 5 years	15,434	8,076
after 5 years	–	36
	23,899	13,283
Other loans repayable		
within 1 year	2,285	909
after 1 year but not exceeding 2 years	2,400	2,285
after 2 years but not exceeding 5 years	5,247	5,610
after 5 years	650	500
	10,582	9,304
Less: Amounts classified under current liabilities	34,481	22,587
Amounts classified under non-current liabilities	6,872	3,904
	27,609	18,683

At the balance sheet date:

- (a) bank loans amounting to \$299 million (2005 – \$382 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:
 

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:
 

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)
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)

**17. Bank and Other Loans (continued)**

- (ii) issued by Cheung Kong Bond Finance Limited in Hong Kong: (continued)
- |      |             |                                      |
|------|-------------|--------------------------------------|
| HK\$ | 500,000,000 | 4.4% due April 2015 (issued in 2005) |
| HK\$ | 150,000,000 | 5.1% due April 2016 (issued in 2006) |
- (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) |
| SGD  | 200,000,000 | 3.655% due October 2009 (issued in 2006)        |
| SGD  | 200,000,000 | 3.76% due October 2011 (issued in 2006)         |
- (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 inter-bank offered rate of the relevant currency plus a margin less than 1% per annum.

**18. Creditors and Accruals**

	Group		Company	
	2006 \$ Million	2005 \$ Million	2006 \$ Million	2005 \$ Million
Trade creditors	263	160	–	–
Accruals and other creditors	2,735	2,256	132	119
	2,998	2,416	132	119

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

	2006 \$ Million	2005 \$ Million
Current to one month	214	140
Two to three months	30	12
Over three months	19	8
	263	160

**19. Loan from Joint Development Partner**

Pursuant to the terms of a joint development project, the Group obtained a loan of \$4,000 million from the joint development partner to finance the payment of land premium of the joint development project. The loan is repayable, by two equal instalments, upon completion of phase 1 (or on 31st December, 2009, whichever is earlier) and phase 2 (or on 31st December, 2011, whichever is earlier) of the joint development project.

## 20. Deferred Tax Liabilities

At the balance sheet date:

- (a) deferred tax liabilities amounting to \$432 million (2005 – \$378 million) and \$488 million (2005 – \$166 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 \$3,022 million (2005 – \$2,640 million), of which \$108 million (2005 – \$176 million) expire within 5 years, were not recognised.

## 21. Share Capital

	2006 No. of shares	2005 No. of shares	2006 \$ Million	2005 \$ 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

## 22. Reserves

	Capital reserve \$ Million	Retained profits \$ Million	2006 Total \$ Million	2005 Total \$ Million
At 1st January	199	18,875	19,074	18,495
Profit for the year	–	5,614	5,614	4,841
Dividend paid	–	(4,724)	(4,724)	(4,262)
At 31st December	199	19,765	19,964	19,074

The Company's reserves available for distribution to shareholders, including the proposed final dividend, amounted to \$19,765 million (2005 – \$18,875 million). Proposed final dividend for 2005 was approved by shareholders on 18th May, 2006 and paid on 23rd May, 2006.

## 23. 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	
	2006 \$ Million	2005 \$ Million
Future minimum lease income receivable		
not later than 1 year	496	470
later than 1 year and not later than 5 years	385	481
later than 5 years	–	1
	881	952

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	
	2006 \$ Million	2005 \$ Million	2006 \$ Million	2005 \$ Million
Future minimum lease charges payable				
not later than 1 year	53	55	40	40
later than 1 year and not later than 5 years	39	81	31	71
	92	136	71	111

## 24. 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, 2006				
Property development	54,231	10,517	64,748	(5,918)
Property investment	15,004	9,771	24,775	(173)
Hotels and serviced suites	9,953	3,703	13,656	(424)
Property and project management	149	–	149	(46)
Total segment assets/(liabilities)			103,328	(6,561)
Investments in listed associates			133,494	–
Cash and investments in securities			11,400	–
Bank and other loans			–	(34,481)
Other assets/(liabilities)			1,579	(3,078)
Total assets/(liabilities)			249,801	(44,120)
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)

## 24. 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	
	2006 \$ Million	2005 \$ Million	2006 \$ Million	2005 \$ Million
Hong Kong	78,879	52,100	1,310	3,301
The Mainland	17,612	15,550	13	12
Asia	5,892	5,385	–	–
Europe	942	775	–	–
North America	3	4	–	–
	103,328	73,814	1,323	3,313

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

	Depreciation		Capital Expenditure	
	2006 \$ Million	2005 \$ Million	2006 \$ Million	2005 \$ Million
Property investment	–	–	902	1,013
Hotels and serviced suites	139	137	401	2,281
Property and project management	16	13	20	19
	155	150	1,323	3,313

## 25. 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 – \$549 million (2005 – \$317 million)
    - jointly controlled entities – \$83 million (2005 – Nil)
  - (ii) authorised but not contracted for
    - fixed assets – \$10 million (2005 – \$4 million)
    - jointly controlled entities – \$2,457 million (2005 – Nil)
- (b) the Group's share of capital commitments of the jointly controlled entities were as follows:
  - (i) contracted but not provided for – \$700 million (2005 – \$713 million)
  - (ii) authorised but not contracted for – \$2,938 million (2005 – \$1,565 million)
- (c) the Group's share of contingent liability of jointly controlled entity in respect of guaranteed return payments payable to the other party of a co-operative joint venture in the next 43 years amounted to \$4,488 million;



## 25. Commitments and Contingent Liabilities *(continued)*

- (d) the minimum share of revenue/profit guaranteed by the Company to be received by other partners of joint development projects amounted to \$1,422 million (2005 – \$672 million); and
- (e) the Company provided guarantees for loan financing as follows:
  - (i) bank and other loans utilised by subsidiaries – \$34,182 million (2005 – \$22,205 million)
  - (ii) loan from joint development partner to a subsidiary – \$4,000 million (2005 – Nil)
  - (iii) bank loans utilised by jointly controlled entities – \$1,130 million (2005 – \$1,109 million)and certain subsidiaries provided guarantees for bank loans utilised by jointly controlled entities amounted to \$2,571 million (2005 – \$3,622 million).

## 26. 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 \$64 million (2005 – \$59 million) and forfeited contributions in the amount of \$5 million (2005 – \$5 million) were used to reduce current year's contributions.

## 27. 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 (25).

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

## 28. 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\$) and SGD 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.

## 28. 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.

## 29. Approval of Financial Statements

The financial statements reported in Hong Kong dollars and set out on pages 108 to 147 were approved by the board of directors on 22nd March, 2007.

# 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	Hotels & serviced suites
Best Sense Investments Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Biro Investment Limited	HK\$ 10,000		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 City Investments 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
iMarkets Limited	HK\$ 30,000,000		54.83	Provider of electronic trading platform
Issamed Investments Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Japura Development Pte Ltd (Singapore)	SGD 1,000,000		76	Property development
Jetmark Limited	HK\$ 2		100	Property development
Joynote Ltd (Singapore)	SGD 2		100	Finance
Match Power Investment Limited	HK\$ 2		100	Property development
Maxchief Limited	HK\$ 2		100	Property development
Mega Gain Resources Limited	HK\$ 1		80	Property investment

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 City Investments Limited	HK\$ 1		100	Property development
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
Rich Asia Investments Limited	HK\$ 1,000,000		85	Property development
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
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)		44.3	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 Ming An (Holdings) Company Limited (Cayman Islands)		21.7	General insurance

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
Afford Limited	50	Property development
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 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)	47.5	Property development
Circadian Limited (The United Kingdom)	47.5	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 Castle Management Limited (British Virgin Islands)	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
Konus Investment Limited	42.5	Property development & investment
Mapleleaf Developments Limited (British Virgin Islands)	25	Property development
Marketon Investment Limited	50	Property development & investment
Matrica Limited	30	Property development & investment
Mighty General Limited	50	Property development
Montoya (HK) 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



## Principal Jointly Controlled Entities (continued)

Name	Effective percentage of Ownership Interest held by the Company Indirectly	Principal Activities
Shanklin Developments Limited (British Virgin Islands)	50	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
Zealand Limited (British Virgin Islands)	50	Property development

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

Name	Area of Operation
Afford Limited	The Mainland
Bayswater Developments Limited	The Mainland
Beright Investments Limited	The Mainland
Chesgold Limited	The Mainland
Cheung Wo 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
Golden Castle Management 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
Shanklin Developments Limited	The Mainland
Sky Island Limited	The Mainland
Zealand Limited	The Mainland

## Appendix IV

Extracts of the 2006 published financial statements of Hutchison Whampoa Limited, a listed associate, are set out below.

### Consolidated Profit and Loss Account

For the year ended 31st December, 2006

	2006 \$ Million	2005 \$ Million
Company and subsidiary companies		
Revenue	183,812	182,584
Cost of inventories sold	(67,114)	(62,804)
Staff costs	(25,729)	(25,730)
Telecommunications expensed prepaid customer acquisition costs	(5,494)	(11,954)
Depreciation and amortisation	(33,091)	(35,727)
Other operating expenses	(50,860)	(60,233)
Change in fair value of investment properties	2,843	3,685
Profit on disposal of investments and others	23,290	25,117
	27,657	14,938
Share of profits less losses after tax of:		
Associated companies	11,472	8,067
Jointly controlled entities	3,075	3,927
	14,547	11,994
Interest and other finance costs	(16,601)	(15,405)
<b>Profit before tax</b>	<b>25,603</b>	<b>11,527</b>
Current tax charge	(1,560)	(2,511)
Deferred tax (charge) credit	(1,417)	4,538
<b>Profit after tax</b>	<b>22,626</b>	<b>13,554</b>
Allocated as: Loss (profit) attributable to minority interests	(2,596)	789
<b>Profit attributable to shareholders of the Company</b>	<b>20,030</b>	<b>14,343</b>

**Consolidated Balance Sheet**

At 31st December, 2006

	2006 \$ Million	As restated 2005 \$ Million
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	140,181	124,243
Investment properties	41,657	38,557
Leasehold land	35,293	32,374
Telecommunications licences	89,077	84,624
Telecommunications postpaid customer acquisition costs	10,532	6,172
Goodwill	21,840	17,959
Brand names and other rights	7,582	3,579
Associated companies	74,954	65,334
Interests in joint ventures	38,507	37,284
Deferred tax assets	17,159	15,635
Other non-current assets	3,762	4,426
Liquid funds and other listed investments	66,251	60,669
	<b>546,795</b>	<b>490,856</b>
<b>Current assets</b>		
Cash and cash equivalents	64,151	49,717
Trade and other receivables	44,188	36,154
Inventories	22,382	20,337
	<b>130,721</b>	<b>106,208</b>
<b>Current liabilities</b>		
Trade and other payables	66,487	56,017
Bank and other debts	22,070	26,028
Current tax liabilities	1,629	2,080
	<b>90,186</b>	<b>84,125</b>
<b>Net current assets</b>	<b>40,535</b>	<b>22,083</b>
<b>Total assets less current liabilities</b>	<b>587,330</b>	<b>512,939</b>
<b>Non-current liabilities</b>		
Bank and other debts	260,970	233,454
Interest bearing loans from minority shareholders	12,030	5,429
Deferred tax liabilities	15,019	13,750
Pension obligations	2,378	2,323
Other non-current liabilities	6,368	4,354
	<b>296,765</b>	<b>259,310</b>
<b>Net assets</b>	<b>290,565</b>	<b>253,629</b>
<b>CAPITAL AND RESERVES</b>		
Share capital	1,066	1,066
Reserves	272,728	242,488
<b>Total shareholders' funds</b>	<b>273,794</b>	<b>243,554</b>
Minority interests	16,771	10,075
<b>Total equity</b>	<b>290,565</b>	<b>253,629</b>

## Appendix V

Extracts of the 2006 published financial statements of CK Life Sciences Int'l., (Holdings) Inc., a listed associate, are set out below.

### Consolidated Income Statement

For the year ended 31st December, 2006

	2006 \$'000	2005 \$'000
Turnover	2,197,118	694,379
Cost of sales	(1,369,928)	(386,536)
Other income	827,190	307,843
Staff costs	43,382	80,412
Depreciation	(283,269)	(142,711)
Amortization of intangible assets	(31,888)	(28,836)
Fair value change of investments at fair value through profit and loss/derivative financial instruments	(22,282)	(4,758)
Other operating expenses	(10,007)	(28,165)
Finance costs	(389,745)	(151,482)
Finance costs	(37,866)	(19,494)
Share of results of associates	2,930	3,337
Profit before taxation	98,445	16,146
Taxation	(1,653)	(5,368)
Profit for the year	96,792	10,778
Attributable to:		
Equity holders of the Company	102,022	12,234
Minority interests	(5,230)	(1,456)
	96,792	10,778

**Consolidated Balance Sheet**

As at 31st December, 2006

	2006 \$'000	2005 \$'000
<b>Non-current assets</b>		
Property, plant and equipment	358,180	359,953
Prepaid lease for land	12,700	27,827
Intangible assets	3,077,477	738,738
Interests in associates	72,909	30,922
Debt investment	–	174,179
Available-for-sale investments	155,727	210,879
Investments at fair value through profit and loss	920,265	1,280,331
Deferred taxation	19,178	7,216
	<b>4,616,436</b>	<b>2,830,045</b>
<b>Current assets</b>		
Debt investment	–	36,986
Investments at fair value through profit and loss	12,709	48,346
Derivative financial instruments	19,544	22,361
Inventories	320,489	127,914
Receivables and prepayments	502,852	202,990
Taxation	–	808
Deposit with financial institution	47,931	39,000
Bank balances and deposits	411,693	372,433
	<b>1,315,218</b>	<b>850,838</b>
<b>Current liabilities</b>		
Payables and accruals	(438,286)	(216,958)
Derivative financial instruments	(63,630)	(54,736)
Bank loans	–	(93,080)
Finance lease obligations	(2,222)	(559)
Taxation	(16,057)	–
	<b>(520,195)</b>	<b>(365,333)</b>
<b>Net current assets</b>	<b>795,023</b>	<b>485,505</b>
<b>Total assets less current liabilities</b>	<b>5,411,459</b>	<b>3,315,550</b>
<b>Non-current liabilities</b>		
Bank loans	(322,877)	(461,200)
Finance lease obligations	(1,505)	(1,741)
Loan from a minority shareholder	(23,828)	(34,252)
Deferred taxation	(101,225)	(34,270)
	<b>(449,435)</b>	<b>(531,463)</b>
<b>Total net assets</b>	<b>4,962,024</b>	<b>2,784,087</b>

### Consolidated Balance Sheet (continued)

As at 31st December, 2006

	2006 \$'000	2005 \$'000
<b>Capital and reserves</b>		
Share capital	961,107	640,738
Share premium and reserves	3,985,346	2,095,522
<b>Equity attributable to equity holders of the Company</b>	<b>4,946,453</b>	<b>2,736,260</b>
Minority interests	15,571	47,827
<b>Total equity</b>	<b>4,962,024</b>	<b>2,784,087</b>

## **Deloitte.** **德勤**

### **TO THE MEMBERS OF CHEUNG KONG (HOLDINGS) LIMITED**

*(incorporated in Hong Kong with limited liability)*

We have audited the consolidated financial statements of Cheung Kong (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 108 to 147, which comprise the consolidated and the Company balance sheets as at 31st December, 2006, and the consolidated profit and loss account, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Directors' responsibility for the consolidated financial statements**

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December, 2006 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

### **DELOITTE TOUCHE TOHMATSU**

*Certified Public Accountants*

Hong Kong

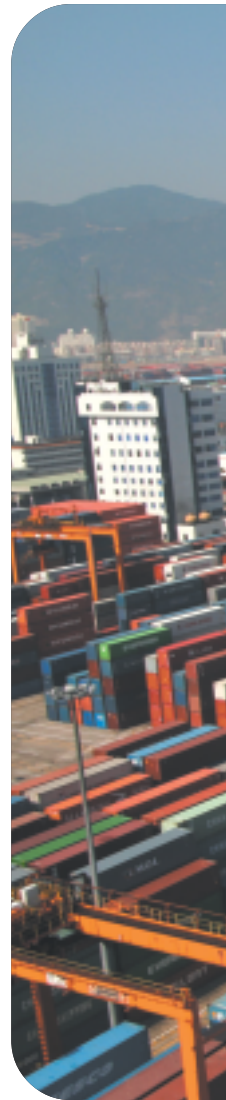
22nd March, 2007

## Listed Affiliated Companies

# Hutchison Whampoa Limited

### Business Growth on All Fronts

*Both the Hutchison Whampoa Group's established businesses and the 3 Group recorded growth and improved results in 2006. Building on its diversified portfolio of operations worldwide, and its sound financial position, all of the businesses of the Hutchison Whampoa Group are expected to continue to perform well in 2007.*



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



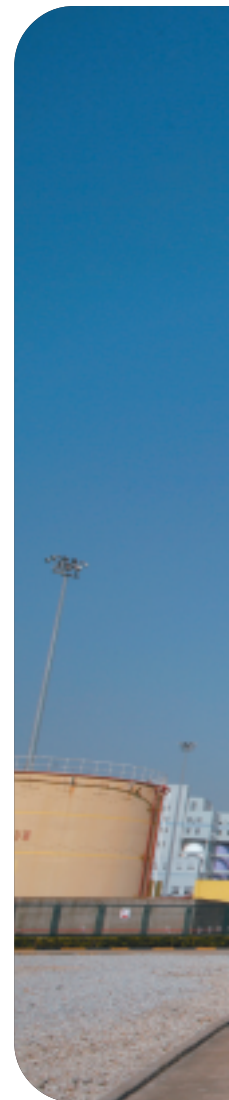




# Cheung Kong Infrastructure Holdings Limited

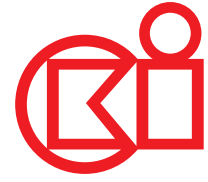
## Another Decade of Achievement Ahead

*Over the last ten years, CKI has grown significantly and evolved into a global infrastructure player with diverse investments across Hong Kong, the Mainland, Australia, the United Kingdom, Canada and the Philippines. With its strong market position and substantial financial resources, CKI is well placed to generate continued growth and returns in its second decade of operations and beyond.*



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





# Hongkong Electric Holdings Limited



## Invest in Key Growth Opportunities

*Hongkong Electric maintained an exceptional standard of supply reliability of over 99.999% in Hong Kong, while its international operations also reported a good performance in 2006. In the years to come, Hongkong Electric will continue to invest in key growth opportunities in international markets in order to achieve continuous growth and improved returns for shareholders.*



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









# Corporate Information and Key Dates

## 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>
CHEONG Ying Chew, Henry	<i>Independent Non-executive Director</i>
KWAN Chiu Yin, Robert	<i>Independent Non-executive Director</i>

\* Also alternate director to Simon MURRAY

## Audit Committee

CHEONG Ying Chew, Henry (*Chairman*)  
KWOK Tun-li, Stanley  
HUNG Siu-lin, Katherine

## 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

## Authorised Representatives

IP Tak Chuen, Edmond  
Eirene YEUNG

## Principal Bankers

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

## Auditors

Deloitte Touche Tohmatsu

## Legal Advisers

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

## Stock Codes

The Stock Exchange of Hong Kong Limited: 0001  
Bloomberg: 1 HK  
Reuters: 1.HK

## Website

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

## Key Dates

Annual Results Announcement	22nd March, 2007
Closure of Register of Members	10th to 17th May, 2007 (both days inclusive)
Record Date for Final Dividend	17th May, 2007
Payment of Final Dividend	22nd May, 2007



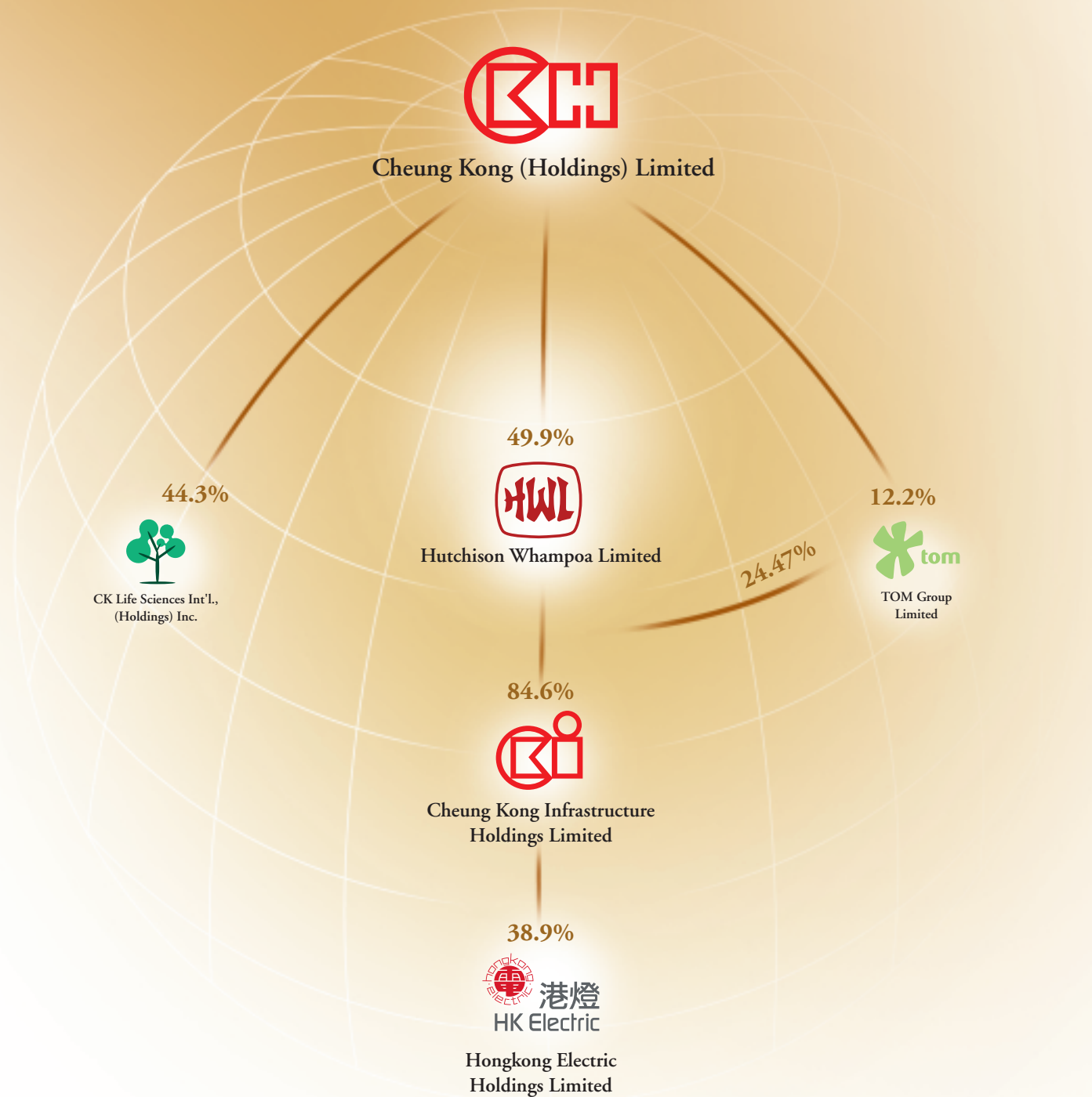




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# Group Structure



CHEUNG KONG GROUP  
TOTAL MARKET CAPITALISATION

# HK\$700 Billion

22nd March, 2007

# Group Financial Summary

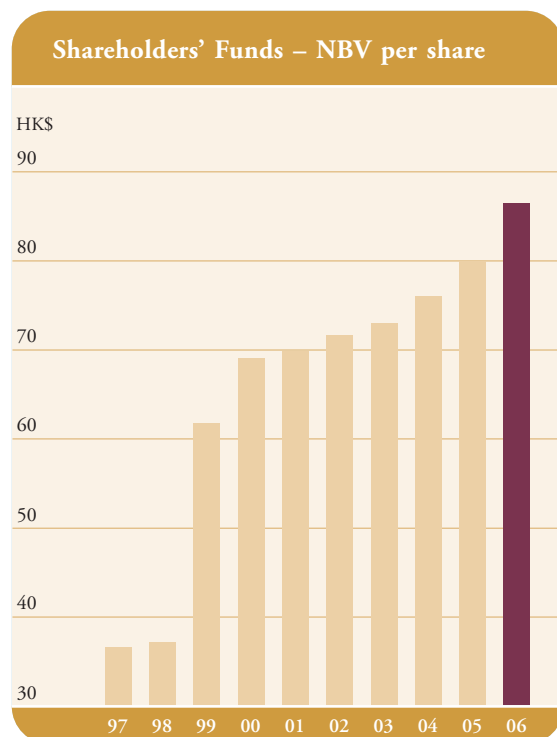
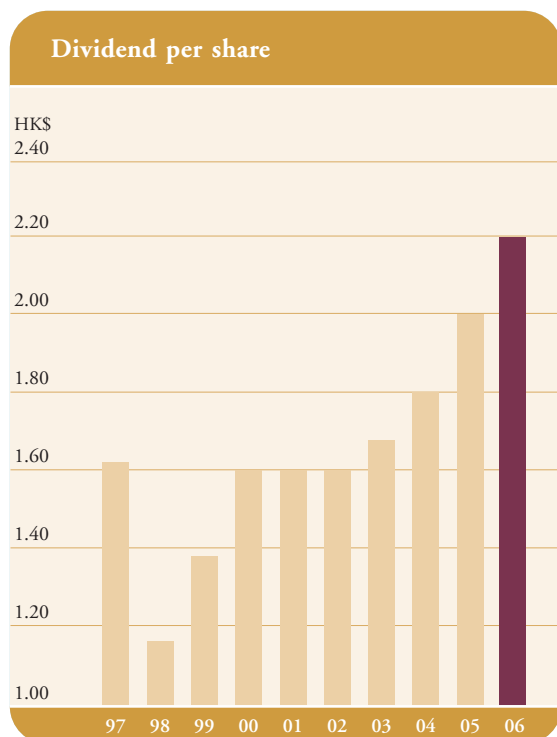
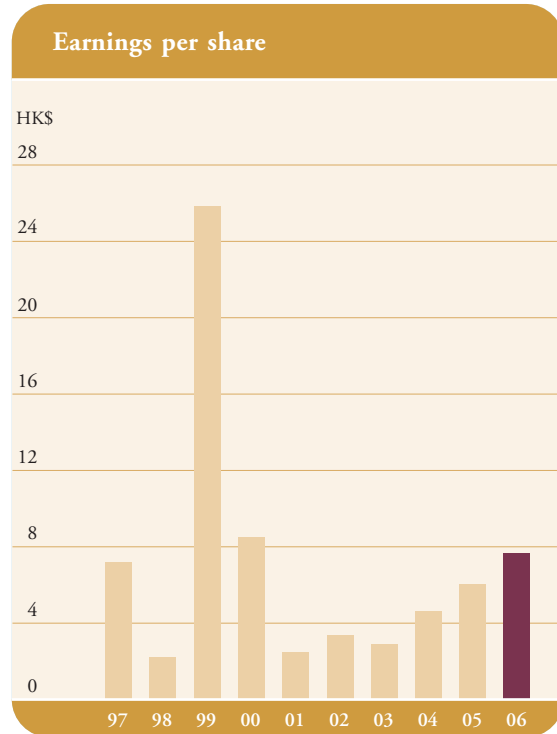
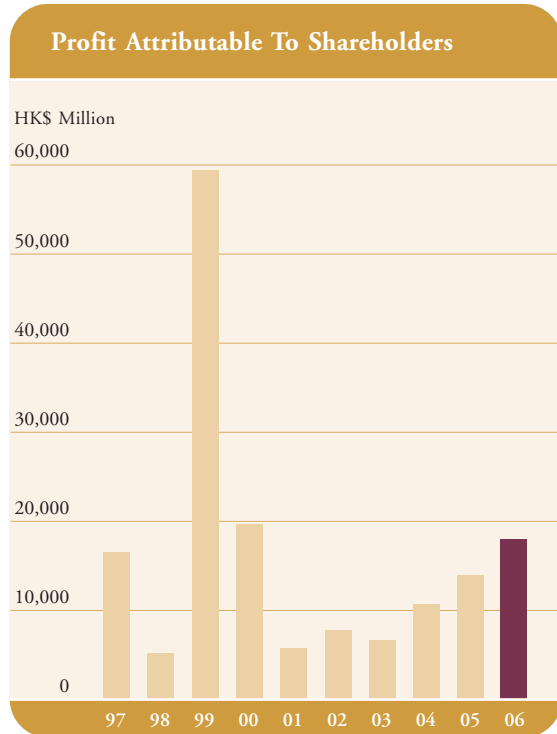
## Consolidated Profit and Loss Account (HK\$ million)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Turnover	7,857	11,865	8,193	9,341	7,486	9,122	14,336	18,431	14,358	15,346
Profit attributable to shareholders	16,594	5,170	59,405	19,678	5,792	7,835	6,724	10,700	13,995	18,075
Interim dividend paid	896	643	758	880	880	880	880	880	973	1,065
Final dividend proposed	2,826	2,022	2,412	2,826	2,826	2,826	3,011	3,289	3,659	4,031
Profit for the year retained	12,872	2,505	56,235	15,972	2,086	4,129	2,833	6,531	9,363	12,979

## Consolidated Balance Sheet (HK\$ million)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Fixed assets	811	3,131	9,530	3,167	3,274	6,762	6,987	7,385	9,612	10,222
Investment properties	2,483	10,805	11,760	12,039	11,476	11,999	9,876	10,545	11,710	14,508
Associates	47,636	48,652	103,518	117,264	118,657	121,387	121,617	124,444	126,281	134,358
Other non-current assets	25,503	28,553	24,544	29,769	33,805	31,270	30,673	30,123	30,421	33,055
Net current assets	22,763	9,346	9,376	14,554	17,979	18,359	20,435	26,784	31,126	46,067
Total assets less current liabilities	99,196	100,487	158,728	176,793	185,191	189,777	189,588	199,281	209,150	238,210
Bank and other loans	13,642	10,245	10,238	13,806	18,728	19,255	16,357	17,907	18,683	27,609
Loan from joint development partner	-	-	-	-	-	-	-	-	-	4,000
Deferred tax liabilities and others	131	86	138	194	189	316	354	428	544	920
Net assets	85,423	90,156	148,352	162,793	166,274	170,206	172,877	180,946	189,923	205,681
Representing:										
Share capital	1,149	1,149	1,149	1,158	1,158	1,158	1,158	1,158	1,158	1,158
Share premium	7,856	7,856	7,856	9,331	9,331	9,331	9,331	9,331	9,331	9,331
Reserves	74,291	75,994	132,616	149,026	151,138	155,284	158,349	165,312	174,673	189,933
Shareholders' funds	83,296	84,999	141,621	159,515	161,627	165,773	168,838	175,801	185,162	200,422
Minority interests	2,127	5,157	6,731	3,278	4,647	4,433	4,039	5,145	4,761	5,259
Total equity	85,423	90,156	148,352	162,793	166,274	170,206	172,877	180,946	189,923	205,681
Shareholders' funds										
- NBV per share (HK\$)	36.25	37.00	61.64	68.87	69.78	71.57	72.90	75.90	79.94	86.53
Earnings per share (HK\$)	7.22	2.25	25.86	8.53	2.50	3.38	2.90	4.62	6.04	7.80
Dividend per share (HK\$)	1.62	1.16	1.38	1.60	1.60	1.60	1.68	1.80	2.00	2.20

# Results Highlights





# The Year at a Glance

- The Group announced 2006 Annual Results on 22 March 2007.
- Received “Reader’s Choice Awards – Best Hotel, Beijing” for Grand Hyatt Beijing from *DestinAsian*.
- Received “2006 Best of the Best Preferred Brands of China’s Richest” award for Grand Hyatt Beijing from *Hurun Report*.
- Received the “Top 100 Readers’ Choice Awards – Top 50 Asia Hotels” for Grand Hyatt Beijing from *Condé Nast Traveler* (The U.S.A. version).
- Received “Travel + Leisure 500 – The World’s Best Hotels” award for Grand Hyatt Beijing from *Travel + Leisure*.
- Received “The Best Hotel in Beijing” award for Grand Hyatt Beijing from *Asiamoney*.
- Nearly 30 members of the Cheung Kong Group were named Caring Companies – its third consecutive year to have the largest number of members being awarded.
- Launch of The Apex, Kwai Chung was well-received by purchasers.





Dress Casual Day



Reader's Digest Trusted Brand



Yahoo! Emotive Brand



MTR Hong Kong Race Walking

- Received “The 3rd China Hotel Golden Pillow Award – Top 10 Business Hotels” for Grand Hyatt Beijing from *21st Century Business Herald*.
- Received “Most Popular 100 China Business Hotels Award” for Grand Hyatt Beijing from *International Business Daily*.
- Received “World’s Best Business Hotels & Airlines 2006 – The Best Business Hotel in Beijing” for Grand Hyatt Beijing from *Global Finance*.
- The Cheung Kong Group ranks the third among the “Top Ten Fund-raisers” and “Outstanding Fund-raiser Awards – Companies & Organisations” of “Dress Casual Day 2005” from The Community Chest.
- “Metro Town” team of Cheung Kong Group participated in “MTR Hong Kong Race Walking 2006” organised by MTRC and Hong Kong Amateur Athletic Association and won the “Highest Fund Raising Corporate Team” and the Second Runner-up for “Corporate Branding Team”.
- Gold winner in the “2006 Reader’s Digest Trusted Brand Awards – Property Developer category”.
- Cheung Kong Group won three awards in “Yahoo! Emotive Brand Awards 2005-2006”, which include Cheung Kong (Holdings) Limited for “Property Developer and Agent” Category; 3 Hong Kong for “Mobile Phone Network/Internet Service” Category and PARKnSHOP for “Chain Store” Category.

## The Year at a Glance *(continued)*

HK\$6 Billion 5-Year Revolving Credit Facility



Top 200 Real Estate Enterprises in China



- Successfully raised a 5-year revolving credit facility of HK\$6 billion for general corporate purposes.
- The Cheung Kong Group was ranked as the “Second Top Donor” in “The Community Chest 2005/2006 Awards” – its seventh consecutive year to be ranked amongst the top three donors.
- Received “500 famous brands awards in Asia”, Cheung Kong ranked the highest among the property developers in Hong Kong. Other group members, including Hutchison Whampoa Limited, Watsons, Harbour Plaza and TOM Group Limited also received the award.
- Ranked No. 1 in “Top 200 Real Estate Enterprises in China” conducted by the City Development and Environment Research Center of the Chinese Academy of Social Sciences, the Federation of China National Real Estate Enterprises and All China Real Estate Corporations Confederation.
- Ranked No. 4 in the “Top 500 International Chinese Entrepreneurs” survey conducted by *Yazhou Zhoukan*.
- Release of Le Point, Tiu Keng Leng, with good sales results.



Le Point, Tiu Keng Leng



500 famous brands award in Asia



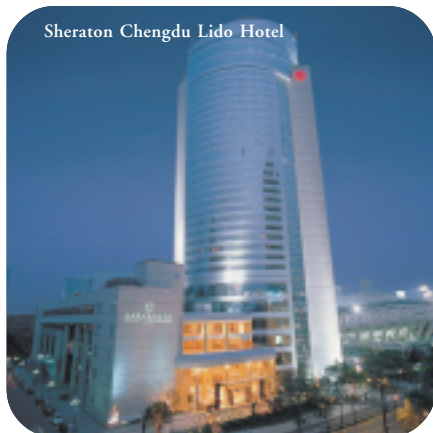
The Community Chest Awards





Directors seminar on corporate governance practices

- Sausalito, Ma On Shan, was offered for sale with favourable responses.
- Received “China’s Best Business Hotels in 2006” for Grand Hyatt Beijing, Beijing Great Wall Sheraton Hotel and Sheraton Shenyang Lido Hotel from *Forbes*.
- Received the “Top 100 Hotels of the World” award for Grand Hyatt Beijing from *Institutional Investor*.
- Issue of fixed-rate debt instruments worth S\$400 million in Singapore, which is to date, the largest Singapore dollar debt capital market issuance by a foreign issuer in 2006.
- The Legend and Metro Town received seven awards of HKIS Property Marketing Award 2006 from The Hong Kong Institute of Surveyors, which include Top Ten Property Marketing Projects Award, Top Ten Property Sales Brochures Award and Top Ten Flat Layouts Award. The Legend received the Best of the Year Property Sales Brochure.
- Received the “Best Business Hotel in Chengdu” award for Sheraton Chengdu Lido Hotel from *Business Traveller China*.
- Received the “Best Business Hotel in Beijing” award for Grand Hyatt Beijing from *Business Traveller China*.
- Seminars were organised at which distinguished professionals have been invited to present to the Directors on subjects such as duties and responsibilities of directors and its trends, corporate governance practices and its development and way forward.
- Release of CASA 880, Quarry Bay with good sales results.



Sheraton Chengdu Lido Hotel



HKIS Property Marketing Award

# Report of the Chairman and the Managing Director

## Shaping the Future



*We have complete confidence in the Group's ability to shape the future as we have all the right ingredients in place to drive long-term sustainable growth, and to create ever increasing value for shareholders.*

## **PROFIT FOR THE YEAR**

The Group's audited profit attributable to shareholders for the year ended 31st December, 2006 amounted to HK\$18,075 million (2005 – HK\$13,995 million). Earnings per share were HK\$7.80 (2005 – HK\$6.04).

The Group's audited profit attributable to shareholders amounted to HK\$18,075 million, increased by **29%**.

## **DIVIDEND**

The Directors recommend the payment of a final dividend of HK\$1.74 per share in respect of 2006, to shareholders whose names appear on the Register of Members of the Company on 17th May, 2007. This together with the interim dividend of HK\$0.46 per share gives a total of HK\$2.20 per share for the year (2005 – HK\$2.00 per share). The proposed final dividend will be paid on 22nd May, 2007 following approval at the Annual General Meeting.

## PROSPECTS

### Solid Business Growth

*2006 marked another year of solid progress for the Group. A number of significant investment and expansion initiatives delivered good results, with the Group well positioned to generate continued long-term growth and better value for shareholders.*

The Group's profit before share of results of the Hutchison Whampoa Group increased by 18% for 2006. This positive performance reflects progress across the various core businesses of the Group.

### Property Business: Achieve Continued Growth

The general economic environment was positive in 2006 as oil prices receded to more reasonable levels, interest rates stabilised, and the global economy maintained its growth momentum. In Hong Kong, robust economic growth was recorded for the third consecutive year with real GDP increasing by 6.8%. Domestic demand and exports continued to be the twin drivers of growth. In particular, strong private consumption and investment was seen against the backdrop of declining unemployment, rising income, and an extremely buoyant finance sector.

A slowdown in property activities was recorded in the first half of 2006 due to the anticipated rises in interest rates and in part to the lack of major new launches by developers. However, the steady pick-up of transactions in the latter part of 2006 was a clear sign of improving market sentiment. We anticipate a stable property market in 2007 with moderate upward pressure on property prices as buyer's confidence is positively impacted by stable lending rates and an optimistic outlook for Hong Kong's economy.



Our property activities are progressing well and on schedule, with all development and expansion initiatives being effectively planned and managed. Property sales in 2006 were in line with our stated target, and projects for sale in 2007 are progressing as scheduled. The Group's continuing sound results reflect not only its proven ability to respond rapidly, flexibly and creatively to market developments and customer needs, but also its commitment to quality of life and conservation by employing environmentally-friendly concepts and technologies in project planning, construction, and management.

In 2006, we achieved significant progress in landbank expansion by completing a series of quality land acquisitions. Our landbank comprises a diversified portfolio of prime sites with high development potential, providing an excellent platform to contribute significantly to property development in Hong Kong over the next five to six years. Our financial strength and market knowledge give us the capacity to further expand our landbank, and position us for growth in the future.

The Group's investment property portfolio and its recurrent earnings base continued to expand during the year with the addition of a quality commercial property and the launch of new hotels. We will continue to add value to our rental portfolio by acquiring superior investment properties when suitable opportunities arise.

The total number of hotel rooms and serviced suites of the properties directly or indirectly owned by the Group and by the Hutchison Whampoa Group, including those under construction, is approximately 18,000 of which about 12,000 hotel rooms and serviced suites are within properties located in Hong Kong, with the remainder outside of Hong Kong.

The Mainland continues to be the major focus of the Group's expansion outside Hong Kong. Despite the various measures introduced to regulate land supply and property activities, long-term growth prospects for the Mainland's property market remain positive as it is supported by solid fundamentals and strong underlying demand. We will continue to capitalise on the Mainland's growth opportunities by following a disciplined approach to investment and development.

We increased our other overseas expansion activities during the year by strengthening our presence as a leading provider of quality properties in Singapore and the United Kingdom. Following the acquisition made in early 2007 pursuant to an option in respect of the land parcel at Marina Bay, Singapore, a significant addition was made to the landbank of the Group. Apart from land acquisition, solid results were also recorded in construction, and sales and marketing. We are confident that we are on track to benefit from the high growth potential of these markets and deliver attractive returns to shareholders.

### Listed Affiliated Companies: Deliver Solid Progress

Overall, both the Hutchison Whampoa Group's established businesses and the 3 Group recorded growth and improved results in 2006. During the year, the 3 Group reported narrowing losses from the continued growth in its customer base and revenue, reflecting a successful strategy of capturing higher-value contract customers. The 3 Group is continuing to improve its operating cost structure and is moving towards achieving its operating targets. Its management is continuing to target achieving positive monthly EBITDA after deducting all customer acquisition costs on a sustainable basis during the first half of 2007 and positive monthly EBIT on a sustainable basis during 2008. The Hutchison Whampoa Group will benefit from the cash dividend following the anticipated completion of the sale of the entire interest in the mobile business in India.

2006 marked the beginning of the second decade of Cheung Kong Infrastructure Holdings Limited ("CKI") as a listed company. In general terms, CKI's businesses in the key markets of Hong Kong, the Mainland, Australia and the United Kingdom have all performed well during the year. While CKI's Australian asset base was reduced as a result of the divestment of part of its Australian electricity businesses to Spark Infrastructure Group in December 2005, its overall profit generation capacity has not diminished. On the whole, CKI's investments have exceeded expectations, enabling it to deliver continued recurring profit and dividend growth to its shareholders. CKI has laid very solid foundations and has ample resources to fund future expansion.

The year 2006 saw continued challenges for the electricity business in Hong Kong of Hongkong Electric Holdings Limited ("Hongkong Electric"). However, supply reliability was not compromised and was maintained at a world class level of over 99.999%. Its international operations continued to perform well during the year and the overall results were in line with expectations. Hongkong Electric will continue to look for investment opportunities in other parts of the world in order to increase earnings and to reduce the proportion of its earnings derived from the electricity operations in Hong Kong.

2006 was a very exciting year for CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences") with notable achievements on all fronts. Steady sales growth by the environmental and health businesses, and a meaningful contribution from recent acquisitions supported CK Life Sciences' strong financial performance for the year. 2006 was also notable for the expansion of the *Adrien Gagnon* (or "AG") nutraceutical brand following its international launch, firstly in Hong Kong and then in the Netherlands. CK Life Sciences will continue to pursue organic growth of its core businesses in health and environmental sustainability by leveraging its experience and expertise in the biotech sector, and will continue to explore acquisition opportunities to further enhance its growth and add value to its shareholders.

## **New Growth Opportunities**

*We see exciting growth in the future and the Group is well placed to capitalise on the opportunities which will arise in the years ahead. Our solid foundations and international scope, excellent reputation and financial strength will enable the Group to strengthen its competitive position globally, and drive sustainable growth in 2007 and beyond.*

Looking into 2007, prospects for the global economy remain steady and China's rapid development will continue to drive worldwide economic growth. While the pace of growth in the United States is forecast to moderate, barring unforeseeable circumstances, significant fluctuations in interest rates seem unlikely, with reductions more likely than increases.

China is maintaining its rapid economic expansion, with GDP growth reaching 10.7% in 2006, double-digit growth for the fourth consecutive year. Strong growth accompanied by moderate inflation is expected to continue in 2007, and the overall economy is in good shape on its path to achieving stated macroeconomic targets. Various tightening measures and increased efforts to fine-tune the Mainland's economic structure and growth patterns are conducive to its healthy development and to achieving long-term sustainable growth.

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

Hong Kong's positive growth trend is predicted to continue in 2007. We remain optimistic about Hong Kong's long-term economic prospects as it is poised to benefit from the positive global economic environment and the Mainland's robust growth momentum. However, Hong Kong must be proactive to capitalise on the enormous opportunities arising from the Mainland's rapid expansion by building on its existing advantages, positioning itself for closer economic integration with the Mainland, and contributing its part to the nation's development. We have every confidence in Hong Kong's ability to move in this direction.

The Cheung Kong Group is firmly rooted in Hong Kong and with operations spanning 56 countries worldwide, and will continue to capture new opportunities arising from the Mainland's extraordinary growth. In an ever-changing and increasingly competitive environment, we need to constantly innovate, assess risks, draw on our experience and creativity, and raise our efficiency in order to meet new challenges and seize new opportunities. We have complete confidence in the Group's ability to shape the future as we have all the right ingredients in place to drive long-term sustainable growth, and to create ever increasing value for shareholders.

### Acknowledgement

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

**Li Ka-shing**  
Chairman

**Li Tzar Kuoi, Victor**  
Managing Director

Hong Kong, 22nd March, 2007

# Management Discussion and Analysis

## BUSINESS REVIEW

### Major Business Activities

#### 1. Developments Completed during 2006:

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
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	Tseung Kwan O Town Lot No. 73, Area 73B Tseung Kwan O	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%
Caribbean Coast Crystal Cove	Tung Chung Town Lot No. 5	61,680	Joint Venture
Cape Coral Phase 2 and Commercial	Panyu Dashi, Guangzhou	95,210	50%
The Greenwich Phases IA and IB	Yao Jia Yuan, Beijing	131,000	50%
Regency Park Phases IV and V	Pudong Huamu, Shanghai	35,550	50%
Seasons Villas Phase 6B	Pudong Huamu, Shanghai	810	50%
One Raffles Quay	Marina Boulevard Singapore	148,530	33.33%

## Management Discussion and Analysis (continued)

### 2. Developments in Progress and Scheduled for Completion in 2007:

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
The Apex and Hotel Development	The Remaining Portion of Kwai Chung Town Lot No. 467	74,340	100%
Central Park Towers Phase 1	Tin Shui Wai Town Lot No. 24	98,800	98.47%
Le Point	Tseung Kwan O Town Lot No. 73, Area 73B Tseung Kwan O	130,338	Joint Venture
Sausalito	Sha Tin Town Lot No. 487	70,030	100%
Cape Coral Phase 1	Nanan, Chongqing	39,738	47.5%
Changchun Project Phase 1	Jing Yue Tan, Changchun	57,826	50%
The Greenwich Commercial	Yao Jia Yuan, Beijing	2,377	50%
Chengdu Project Phase 1A	Wenjiang, Chengdu	91,275	50%
The Greenwich Phase 1A	Xian	113,902	50%
Le Parc Phase 1A	Chengdu	70,565	50%
Maison des Artistes Phases 1 to 3C and Commercial	Gubei, Shanghai	112,120	50%
Regency Park Phases IIA and VI	Pudong Huamu, Shanghai	31,481	50%
The Metropolitan Plaza	Guangzhou	87,018	50%
Seasons Villas Phase 4A	Pudong Huamu, Shanghai	1,500	50%
Kerry Everbright City Phases IIA and IIB	Zhabei District, Shanghai	150,200	24.75%

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

#### Hong Kong

- (1) February 2006: A wholly owned subsidiary of the Group executed a development agreement with MTR Corporation Limited (“MTR”) 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.
- (2) April 2006: A wholly owned subsidiary of the Group entered into a development agreement with Kowloon-Canton Railway Corporation for the development at Tai Wai Maintenance Centre of the Ma On Shan Rail. With an area of approximately 70,600 sq. m., the site is planned for a residential development with a total developable gross floor area of approximately 313,960 sq. m. Construction work involving a developable gross floor area of about 200,750 sq. m. is due to commence. The remaining portion comprising a developable gross floor area of about 113,210 sq. m. is under planning.
- (3) June 2006: A wholly owned subsidiary of the Group entered into a sale and purchase agreement with Nan Fung Development Limited (“Nan Fung”) to dispose of the Group’s 15% interest in the development at Area 86, Tseung Kwan O, Site AB of Tseung Kwan O Town Lot No. 70 to Nan Fung for a total consideration of approximately HK\$678 million.
- (4) June 2006: The Group entered into a sale and purchase agreement for the acquisition of 29% of the issued share capital of The Ming An Insurance Company (Hong Kong) Limited for a consideration of approximately HK\$607 million. The Ming An Group was listed on The Stock Exchange of Hong Kong Limited in December 2006 and after completion of the listing, the Group holds approximately 21% interest in the Ming An Group.
- (5) November 2006: The Group successfully bid for Sha Tin Town Lot No. 548, Area 77, Ma On Shan, Sha Tin at a Government auction. With an area of approximately 16,440 sq. m., the site is designated for a residential development estimated to have a developable gross floor area of approximately 82,200 sq. m.
- (6) November 2006: A wholly owned subsidiary of the Group entered into a sale and purchase agreement with MTR for the acquisition of the whole of the commercial development with a developable gross floor area of approximately 16,800 sq. m. and the whole of the commercial car park at Tseung Kwan O Town Lot No. 73 (the “Project TKOTL73”).
- (7) December 2006: A wholly owned subsidiary of the Group entered into a sale and purchase agreement with Nan Fung to dispose of 20% of the Group’s interest in the Project TKOTL73 to Nan Fung.



## Management Discussion and Analysis (*continued*)

- (8) February 2007: A wholly owned subsidiary of the Group acquired 90 Repulse Bay Road, Section A and the Remaining Portion of Rural Building Lot No. 177. With a site area of approximately 3,300 sq. m., the site is designated for a residential development.
- (9) During the year under review, the Group continued to acquire properties and agricultural land with potential for development. Some of the properties and agricultural land are under varying stages of design and planning applications.

### **The Mainland and Overseas**

- (10) 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.
- (11) 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 thereon situated at and known as the Lots Road Power Station, Lots Road, Chelsea, London, England.
- (12) June 2006: A 45/45 joint venture company of the Group and the Hutchison Whampoa Group together with an independent third party entered into an agreement for the confirmation of bid result, redevelopment and payment of the bid price in respect of bidding of a piece of land with an area of approximately 386,207 sq. m. located at Xiao Gang Wan, Qingdao, the Mainland (the “Land”). Pursuant to the above agreement, the joint venture company agreed to acquire an area of approximately 311,780 sq. m., representing approximately 81% of the total area of the Land and the land use right thereof, which is planned for development into residential and commercial properties.
- (13) October 2006: A wholly owned subsidiary of the Group issued S\$400 million Guaranteed Fixed Rates Notes in Singapore comprising S\$200 million Guaranteed Fixed Rate Notes due 2009 and S\$200 million Guaranteed Fixed Rate Notes due 2011.

- (14) October 2006: A joint venture company equally owned by the Group and the Hutchison Whampoa Group entered into agreements with independent third parties to acquire and jointly develop (through a wholly foreign owned enterprise to be established by the joint venture company) a piece of land with an area of approximately 80,000 sq. m. at Lujiazui, Pudong New District, Shanghai, the Mainland for development into properties for commercial and related purposes.
- (15) January 2007: The Group, the Hutchison Whampoa Group and an independent third party were successful in the bid for a piece of land with an area of approximately 177,262 sq. m. at Zhen Ru Fu Zhong Xin (A3-A6), Putuo District, Shanghai, the Mainland. A sino-foreign equity joint venture company will be established by the Group, the Hutchison Whampoa Group and the independent third party with effective equity interests of 49.2%, 50.4% and 0.4% respectively, for acquiring and developing the land into commercial and residential properties.
- (16) February 2007: 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, exercised an option, granted in their favour under a joint tender in July 2005, to purchase the remainder of Land Parcel 662 at Marina Boulevard/Central Boulevard, Singapore ("Phase 2 of Marina Bay Land") with a maximum permissible gross floor area of 194,000 sq. m. Phase 2 of Marina Bay Land is planned for the development of a residential development and an office development.
- (17) During the year under review, the Group's property projects in the Mainland and overseas were on schedule, both in terms of sales and leasing.

## Property Sales

Turnover of property sales for the year, including share of property sales of jointly controlled entities, was HK\$13,796 million (2005 – HK\$12,904 million), an increase of HK\$892 million when compared with last year, and comprised mainly the sale of residential units of The Pacifica in Hong Kong and Cairnhill Crest in Singapore, both completed in previous years, and the sale of residential units of property projects completed during the year, including Metro Town, Seasons Palace and The Legend at Jardine's Lookout in Hong Kong and Cape Coral Phase 2, Regency Park Phases IV and V and The Greenwich Phases IA and IB in the Mainland. Approximately 84% of the residential units of these projects 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\$5,583 million (2005 – HK\$3,306 million), an increase of HK\$2,277 million when compared with last year. The contribution margin for property sales recognised during the year was, in aggregate, better than last year as demand for residential properties in Hong Kong remained strong, particularly in the luxury sector, as interest rates became more stable in the second half year.

Contribution from property sales for 2007 will mainly be derived from the sale of residential units of The Apex, Sausalito, Le Point and Central Park Towers Phase 1 in Hong Kong and several other property projects in the Mainland which are scheduled for completion.

During the year, the presale of residential units of The Apex, Sausalito and Le Point was launched and, as at the year end, over 70% of the residential units of these projects have been presold.

## Property Rental

Turnover of the Group's property rental for the year was HK\$624 million (2005 – HK\$590 million), an increase of HK\$34 million when compared with last year mainly due to increases in rental rates in Hong Kong during the year, the effect of which was partly offset by the disposal of several industrial/office properties in Hong Kong to Prosperity Real Estate Investment Trust at the end of last year. The Group's existing investment properties comprise mainly retail shopping malls and commercial office properties in Hong Kong which accounted for approximately 30% and 42% respectively of the turnover of the Group's property rental for the year.

Contribution from property rental, including share of results of jointly controlled entities, was HK\$936 million (2005 – HK\$901 million), an increase of HK\$35 million when compared with last year. During the year, increased occupancy and rental rates were reported by most of the investment properties in Hong Kong and the Mainland, and their increase in contribution offset the absence of contribution from various investment properties which were divested last year. With the completion of One Raffles Quay during the year, a commercial property in Singapore of which the Group has a 33 $\frac{1}{3}$ % interest, and the acquisition of the commercial portion of Metro Town in Hong Kong before the year end, of which the Group has a 80% interest, the contribution from property rental will be enhanced in the coming year.

At balance sheet date, the Group recorded an increase in the fair value of investment properties of HK\$1,936 million based on a professional valuation, and shared an increase in the fair value of investment properties of HK\$564 million of jointly controlled entities.

## Hotels and Serviced Suites

Turnover of the Group's hotels and serviced suites for the year was HK\$729 million (2005 – HK\$642 million), an increase of HK\$87 million when compared with last year. The increase in turnover was mainly attributable to increased occupancy and room rates as economic conditions in Hong Kong and the Mainland were good and the number of tourist arrivals continued to grow during the year.

Contribution from hotels and serviced suites, including share of results of jointly controlled entities, was HK\$367 million (2005 – HK\$275 million), an increase of HK\$92 million when compared with last year. During the year, satisfactory operating results were reported by the Group's hotels and serviced suites both in Hong Kong and the Mainland, and contribution from jointly controlled entities increased significantly from last year as Harbour Plaza Metropolis and The Kowloon Hotel in Hong Kong and Grand Hyatt Beijing in the Mainland all had good performance.

During the second half year, the Harbourview Horizon All-Suite Hotel and the Rambler Oasis Hotel, of which the Group has a 100% interest and a 30% interest respectively, had their grand opening. Furthermore, the Harbourfront Horizon All-Suite Hotel, of which the Group has a 100% interest, was completed during the year and will commence operation shortly. These hotel and serviced suite properties are located in Hong Kong and stand to benefit from the growing tourist arrivals in Hong Kong.

## Property and Project Management

Turnover of property and project management for the year was HK\$197 million (2005 – HK\$222 million), of which income from property management was HK\$144 million (2005 – HK\$137 million), an increase of HK\$7 million when compared with last year, and income from project related services was HK\$53 million (2005 – HK\$85 million), a decrease of HK\$32 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 management was HK\$83 million (2005 – HK\$80 million), an increase of HK\$3 million when compared with last year. Contribution from project related services was lower following the decrease in project management services rendered by the Group during the year.

The Group is committed to providing high quality services to properties under our management. At the year end, the total floor area under the Group's property management was approximately 81 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, 2006 of HK\$20,030 million (2005 – HK\$14,343 million).

The CK Life Sciences Group, another listed associate, reported profit attributable to shareholders for the year ended 31st December, 2006 of HK\$102,022,000 (2005 – HK\$12,234,000).

## FINANCIAL REVIEW

### Liquidity and Financing

During the year, the Group obtained a loan of HK\$4 billion from a joint development partner to finance the payment of land premium of a joint development project. The Group also issued notes with a ten-year term in Hong Kong under the retail note issuance programme in the amount of HK\$150 million and issued Singapore Dollar Fixed Rates Notes with three-year and five-year terms in Singapore in an aggregate principal amount of S\$400 million. During the year, the Group also redeemed notes upon maturity in the total amount of HK\$909 million. At balance sheet date, outstanding bonds and notes issued by the Group amounted to HK\$10.6 billion.

Together with bank loans of HK\$23.9 billion, the Group's total borrowings at balance sheet date were HK\$38.5 billion, an increase of HK\$15.9 billion from the end of last year. The maturity profile is spread over a period of ten years, with HK\$6.9 billion repayable within one year, HK\$31 billion within two to five years and HK\$0.6 billion beyond five years.

At balance sheet date, the Group's gearing ratio was approximately 17.3%, calculated on the basis of the Group's net borrowings (after deducting cash and bank balances of HK\$3.8 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 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\$) and S\$ 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 balance sheet date, certain subsidiaries of the Group in the Mainland pledged assets of joint ventures with aggregate carrying value of HK\$1,138 million (2005 – HK\$1,120 million) to secure bank loan facilities utilised by the joint ventures with other partners.

## Contingent Liabilities

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

- (1) share of contingent liability of jointly controlled entity in respect of guaranteed return payments payable to the other party of a co-operative joint venture in the next 43 years amounted to HK\$4,488 million;
- (2) guarantees provided for the minimum share of revenue/profit receivable by other partners of joint development projects amounted to HK\$1,422 million (2005 – HK\$672 million); and
- (3) guarantees provided for bank loans utilised by jointly controlled entities amounted to HK\$3,701 million (2005 – HK\$4,731 million).

## Employees

At 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\$1,111 million. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. The Group does not have any share option scheme for employees.

## Directors' Biographical Information



LI Ka-shing

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 78, 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 is a current member of the International Business Advisory Council of the United Kingdom. Mr. Li has received Honorary Doctorates from Peking University, The University of Hong Kong, The Hong Kong University of Science and Technology, The Chinese University of Hong Kong, City University of Hong Kong, The Open University of Hong Kong, University of Calgary in Canada and 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 42, 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, and nephew of Mr. Kam Hing Lam, Deputy Managing Director of the Company.

**KAM Hing Lam**, aged 60, 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. Mr. Kam is a member of the Beijing Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. Mr. Kam is the brother-in-law of Mr. Li Ka-shing, Chairman of the Company and a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance, 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 54, 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 56, has been an Executive Director since 1993. Mr. Chung is a Registered Architect. He is a member of the 11th Guangzhou Committee of the Chinese People's Political Consultative Conference.

**PAU Yee Wan, Ezra**, aged 51, 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 Securities and Futures Ordinance.

**WOO Chia Ching, Grace**, aged 50, 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 56, 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 a director of 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 75, 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 55, 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 55, 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 Securities and Futures Ordinance. 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 69, 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 Securities and Futures Ordinance. He holds a Master of Laws degree from the University of London.

**George Colin MAGNUS**, OBE, aged 71, 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 80, 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 83, 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**

**CHEONG Ying Chew,  
Henry**

**KWAN Chiu Yin,  
Robert**

**Simon MURRAY**, CBE, aged 67, 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 (International) Limited (GEMS Ltd.), a private equity fund management company. 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 57, 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 59, 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. She has been appointed as a member of the Audit Committee of the Company on 1st January, 2007. Ms. Hung is also 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 54, 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.

**CHEONG Ying Chew, Henry**, aged 59, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since September 2004. He has been appointed as the Chairman of the Audit Committee of the Company on 1st January, 2007. 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, SPG Land (Holdings) Limited and TOM Group Limited, all being listed companies in Hong Kong, and Jade Asia Pacific Fund Inc., a company listed in Ireland.

**KWAN Chiu Yin, Robert**, JP, aged 70, had been an Independent Non-executive Director and the Chairman of the Audit Committee of the Company since September 2004 until he resigned from these offices in January 2007. Mr. Kwan was re-appointed as an Independent Non-executive Director of the Company in March 2007. He 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 was an Independent Non-executive Director of CK Life Sciences Int'l., (Holdings) Inc., Pak Fah Yeow International Limited, Melco International Development Limited and Shun Tak Holdings Limited, all being listed companies.

# Senior Management's Biographical Information

## Accounts Department

**Man Ka Keung, Simon**, aged 49, Director, Corporate Strategy Unit & Chief Manager, joined the Cheung Kong Group in December 1987. He has over 26 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 43, Senior Manager, joined the Cheung Kong Group in October 1987. He has over 24 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 51, Chief Manager, joined the Cheung Kong Group in May 1990. He has over 29 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.

**Ho Kin Chung, Richard**, aged 51, Contracts Manager, joined the Cheung Kong Group in March 2000. He has over 28 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 43, Contracts Manager, joined the Cheung Kong Group in May 1997. He has over 19 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 47, Contracts Manager, joined the Cheung Kong Group in June 1987. He has over 25 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 44, Manager, joined the Cheung Kong Group in February 1990. She has over 22 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 47, 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 22 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, a member of the Hong Kong Institute of Architects and a member of the Chinese People's Political Consultative Conference (Dong Cheng District, Beijing).

**Wang Qi, James**, aged 43, Manager, Business Development, joined the Cheung Kong Group in January 1994. He has over 21 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 54, Business Development Manager, China Hotels, joined the Cheung Kong Group in July 1994. He has over 28 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 44, Business Development Manager, China Hotels, joined the Cheung Kong Group in January 1994. He has over 23 years of experience in accounting, hotel and property management. He holds a Master's degree in Business Administration.

**Lee Chi Kin, Casey**, aged 44, Business Development Manager, China Hotels, joined the Cheung Kong Group in August 1998. He has over 22 years of experience in accounting, hotel management and property development. He holds a Bachelor of Social Sciences degree with Honours. He is a member of The Chinese Institute of Certified Public Accountants, 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 member of the Chinese People's Political Consultative Conference (Shenyang).



**Au Hoe Kye, Quincy**, aged 51, Finance Manager, Shanghai Project, joined the Cheung Kong Group in September 1994. He has over 19 years of experience in accounting. He is an associate member of The Institute of Chartered Accountants in England and Wales, a fellow member of The Association of Chartered Certified Accountants and a fellow of the Hong Kong Institute of Certified Public Accountants.

**Cheung Sau Ying, Dorothy**, aged 45, Finance Manager, China Hotels, joined the Cheung Kong Group in August 2000. She has over 24 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 38, Finance Manager, ChangLe Project, joined the Cheung Kong Group in October 2005. She has over 14 years of experience in accounting and auditing. She holds a Master of Science degree in Financial Management. She is a fellow member of The Association of Chartered Certified Accountants.

**Chan Pak Wing, Thomas**, aged 50, Manager, China Housing Development, joined the Cheung Kong Group in August 1993. He has over 25 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 53, Project Manager, China Hotels, joined the Cheung Kong Group in May 1997. He has over 30 years of experience in project management and holds a Higher Certificate in Building Technology.

**Lam Ka Keung**, aged 49, Project Manager, Guangzhou Project, joined the Cheung Kong Group in June 1994. He has over 29 years of experience in project management. He holds a Higher Certificate in Construction Technology.

**Leung Shau Yung, Fabian**, aged 44, Project Manager, joined the Cheung Kong Group in May 1997. He has over 18 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 51, Project Manager, China Hotels, joined the Cheung Kong Group in June 1998. He has over 32 years of experience in hotel construction, E & M engineering and property management.

**Cheung Wing Cheong, Alan**, aged 57, E & M Manager, Shanghai Project, joined the Cheung Kong Group in December 2006. He has over 32 years of experience in electrical & mechanical engineering. He holds a Master of Science degree in Engineering Management. He is a member of The Chartered Institution of Building Services Engineers (UK) and a member of The Hong Kong Institution of Engineers.

### Company Secretarial Department

**Yeung, Eirene**, aged 46, Director, Corporate Strategy Unit and Company Secretary, joined the Cheung Kong Group in August 1994. Ms. Yeung has over 22 years of legal and compliance experience. 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. Ms. Yeung is a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She is a Part-time Member of the Central Policy Unit of the HKSAR Government (for 2005, 2006 and 2007), a member of the Companies Ordinance Rewrite Advisory Group 3, and has been appointed a member of the Dual Filing Advisory Group of the Securities and Futures Commission.

**Law Kai Chung, Edmund**, aged 39, Senior Manager, joined the Cheung Kong Group in October 2000. He has over 13 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.

**Tse Kwok Yee, Erica**, aged 32, Manager, joined the Cheung Kong Group in September 2002. She has over 9 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.

**Chan Ho Choi, Bons**, aged 42, Manager, joined the Cheung Kong Group in March 1997. He has over 16 years of experience in company secretarial field. He holds a Master of Business degree. He is an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of The Hong Kong Institute of Chartered Secretaries.

## Senior Management's Biographical Information *(continued)*

### Construction Audit & Quality Assurance Department

**Tsui Ying Kit, Simon**, aged 47, Manager, joined the Cheung Kong Group in March 1976. He has over 26 years of experience in electrical and mechanical engineering and building quality management. He holds a Master of Science degree in Facility Management, and is a Certified Facility Manager and a member of International Facility Management Association.

### Corporate Affairs Department

**Tong Barnes Wai Che, Wendy**, aged 46, 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 22 years of experience in public relations, marketing communications and corporate affairs. She holds a Bachelor's degree in Business Administration.

**Cheong Yuen Mei, Winnie**, aged 38, Senior Corporate Affairs Manager, joined the Cheung Kong Group in March 1999. She has over 16 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 43, Senior Marketing Communications Manager, joined the Cheung Kong Group in August 2005. She has over 17 years of experience in advertising and marketing communications. She holds a Diploma in Journalism.

**Lai Man Yee, Emily**, aged 39, Marketing Communications Manager, joined the Cheung Kong Group in April 1995. She has over 15 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 39, Director, Corporate Strategy Unit & Chief Manager, 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, mReferral Corporation (HK) Limited and Silk Telecom Pty Limited. He is also a Non-Executive Director of ARA Asset Management (Prosperity) Limited and Ming An (Holdings) Company Limited. He has over 17 years of experience in banking, investment and portfolio management, real estate development and marketing, and managing technology related ventures. He holds a Bachelor of Commerce degree in Finance

and a Master of Arts degree in Global Business Management. He is a committee member of the Finance and Hospitality Services Committee of Caritas Hong Kong and a member of the Chancellor's Circle of the University of British Columbia, Canada.

**Lee Kwong Wang, Francis**, aged 36, Deputy Chief Manager, joined the Cheung Kong Group in July 2001. He is a Director of PowerCom Network Hong Kong Limited, Videofone Company Limited, Videofone International Limited and Beijing Net-Infinity Technology Development Company Limited. He has over 14 years of experience in banking, investment and managing technology related ventures. He holds a Bachelor of Science 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.

**Chan Cheuk Man, Curley**, aged 35, Senior Manager, joined the Cheung Kong Group in July 2000. He has over 12 years of experience in finance, investment and business development. He holds a Bachelor of Arts degree with Honours in Accountancy and a Master of Science degree in Accounting and Finance. He is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

### Design & Promotion Department

**Leung Yuen Kwan, Josephine**, aged 38, Senior Manager, joined the Cheung Kong Group in July 1995. She has over 13 years of experience in design, promotion, market research and property sales. She holds a Bachelor of Commerce degree in Marketing and Finance.

**Chan Yee, Ringo**, aged 39, Design Manager, joined the Cheung Kong Group in November 2006. He has over 13 years of experience in design and promotion. He holds a Bachelor of Arts degree in Graphic Design.

### Development Department

**Shen Wai Yee, Grace**, aged 55, Chief Manager, Construction Management Division, joined the Cheung Kong Group in September 1989. She has over 25 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.

**Chan Hon Shing**, aged 45, Project Manager, joined the Cheung Kong Group in December 1995. He has over 20 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 39, Project Manager, joined the Cheung Kong Group in May 1997. He has over 13 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 53, Project Manager/Manager of Interior Architecture, joined the Cheung Kong Group in November 1998. He has over 27 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 fellow member of the Hong Kong Institute of Architects and possesses the qualification of PRC Class 1 Registered Architect.

**Lam Yuk, Bruce**, aged 38, Project Manager, joined the Cheung Kong Group in June 1998. He has over 13 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, a member of the Hong Kong Institute of Architects and possesses the qualification of PRC Class 1 Registered Architect.

**Leung Chun Fung, Victor**, aged 48, Project Manager, joined the Cheung Kong Group in May 1995. He has over 23 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 43, Project Manager, joined the Cheung Kong Group in January 1999. He has over 17 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 47, Project Manager, joined the Cheung Kong Group in April 1989. He has over 23 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 43, Project Manager, Structural, joined the Cheung Kong Group in September 1999. He has over 19 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 47, Project Manager, joined the Cheung Kong Group in November 1986. He has over 21 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.

**Yiu Chi Wai, Albert**, aged 35, Project Manager, joined the Cheung Kong Group in June 2001. He has over 10 years of experience in project 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.

**Mak Kwok Keung, Charles**, aged 45, Senior Construction Manager, joined the Cheung Kong Group in January 1994. He has over 24 years of experience in construction management. He holds a Postgraduate Diploma in Construction Management.



## Senior Management's Biographical Information (continued)

**Wong Yin Li, Raymond**, aged 50, Senior Construction Manager, joined the Cheung Kong Group in November 1989. He has over 21 years of experience in construction management. He holds a Higher Diploma in Building Technology and Management.

**Chan Ho Kei, Kevin**, aged 34, Construction Manager, joined the Cheung Kong Group in June 2003. He has over 8 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.

### E & M Department

**Lo Kin Hing, Isaac**, aged 45, Senior Manager, joined the Cheung Kong Group in April 2003. He has over 20 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 Engineering and Technology and a fellow of The Hong Kong Institution of Engineers.

### Finance Department

**Andrew J. Hunter**, aged 48, Chief Financial Officer, joined the Cheung Kong Group in 1988. He is an Executive Director and Chief Operating Officer of Cheung Kong Infrastructure Holdings Limited and an Executive Director of Hong Kong Electric Holdings Limited. He has over 23 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 51, Chief Manager, joined the Cheung Kong Group in September 2001. She has over 27 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 50, Senior Manager, Administration, joined the Cheung Kong Group in December 1977. She has over 29 years of experience in office administration management. She is a member of the Hong Kong Institute of Human Resource Management.

**Ng Po Lung**, aged 45, Manager, Administration, joined the Cheung Kong Group in November 1993. He has over 22 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.

**Tsang Chi Lun, Alan**, aged 38, Manager, Human Resources, joined the Cheung Kong Group in April 2002. He has over 14 years of experience in human resources management. He holds a Bachelor of Arts degree with Honours in Hospitality Management and a Master's degree in Business Administration. He is a member of the Hong Kong Institute of Human Resource Management.

### Information Technology Department

**Lum Man Fai, Brian**, aged 39, Senior Manager, joined the Cheung Kong Group in August 2000. He has over 15 years of experience in information technology and telecommunication. He holds a Bachelor of Science degree with Honours in Electronics and a Master's degree in Business Administration.

**Yung Wing Hung, Nelson**, aged 36, System Manager, joined the Cheung Kong Group in November 1994. He has over 12 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.

### Internal Audit Department

**Lee King Yuen, Albert**, aged 51, Senior Manager, joined the Cheung Kong Group in November 1987. He has over 29 years of experience in auditing. He holds a Bachelor of Science degree in Business Administration. He is a fellow member of The Association of Chartered Certified Accountants and a fellow of the Hong Kong Institute of Certified Public Accountants.

### Leasing Department

**Wong See Hang, Resina**, aged 43, Deputy Chief Manager, Leasing, joined the Cheung Kong Group in June 1990. She has over 21 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 46, Senior Leasing Manager, joined the Cheung Kong Group in October 2003. She has over 25 years of experience in property leasing. She holds a Diploma in Business.

**Wong Ling Fei, Mable**, aged 44, Senior Leasing Manager, joined the Cheung Kong Group in September 2002. She has over 18 years of experience in property leasing.

**Lee Ming Ting, Michele**, aged 39, Leasing Manager, joined the Cheung Kong Group in December 2006. She has over 15 years of experience in property sales and leasing. She holds a Bachelor of Laws degree and a Master of Laws degree.

**Tsui Fan, Frank**, aged 35, Manager, E-Park, joined the Cheung Kong Group in July 1998. He has over 12 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 54, Chief Manager, joined the Cheung Kong Group in July 1985. He has over 23 years of experience in legal field. He holds a Diploma in Economics.

**Wong Fung King, Amy**, aged 47, Senior Legal Manager, joined the Cheung Kong Group in June 1998. She has over 22 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 43, Manager, joined the Cheung Kong Group in April 2000. He has over 17 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 40, Assistant Chief Manager, joined the Cheung Kong Group in February 1997. She has over 17 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 44, Senior Manager, joined the Cheung Kong Group in January 1994. He has over 17 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 member of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

**Ho Kwong Ngai, Eric**, aged 43, Senior Manager, joined the Cheung Kong Group in July 2005. 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 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 48, Deputy Chief Manager, Sales, joined the Cheung Kong Group in June 1981. He has over 28 years of experience in property sales.

**Kwok Tze Wai, William**, aged 41, Deputy Chief Manager, Sales, joined the Cheung Kong Group in May 1989. He has over 18 years of experience in property sales. He holds a Bachelor of Science degree in Business Administration Marketing.

**Wong See Chung, Francis**, aged 45, Deputy Chief Manager, Sales, joined the Cheung Kong Group in January 1994. He has over 11 years of experience in property sales. He holds a Master's degree in Business Administration.

**Yuen Tim Hung, Kenneth**, aged 49, Senior Sales Manager, joined the Cheung Kong Group in March 1984. He has over 25 years of experience in advertising, marketing and property sales. He holds a Diploma in Communications.

**Cho Kau Ming, Iris**, aged 38, Sales Manager, joined the Cheung Kong Group in May 1995. She has over 12 years of experience in property sales. She holds a Bachelor of Science degree in Business Administration.

**Ng Chui Ha, Fiona**, aged 43, Manager, Sales Administration, joined the Cheung Kong Group in December 1990. She has over 20 years of experience in sales administration. She holds a Bachelor of Arts degree in History.

#### Sales Department – Building Management

**Ho Kwong Fai, Ellickey**, aged 44, 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 21 years of experience in building management and holds a Professional Diploma in Real Estate Administration.

**Wong Wo Muk, Philip**, aged 47, Manager, Building Management, joined the Cheung Kong Group in May 1987 and is a Director of Goodwell-Fortune Property Services Limited. He has over 24 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).

# Risk Factors

The Group's businesses, financial condition, results of operations or growth prospects may be affected by risks and uncertainties pertaining to the Group's businesses. The factors set out below are those that the Group believes could result in the Group's businesses, financial condition, results of operations or growth prospects differing materially from expected or historical results. There may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

## Property Developments

There exist general risks inherent in property development and in the ownership of properties, including, among other things, risks that financing for development may not be available on favourable terms, that construction may not be completed on schedule or within budget, that long-term financing may not be available on completion of construction, that developed properties may not be sold or leased on profitable terms, that there will be intense competition from other developers or property owners which may lead to vacancies or an inability to sell or rent properties on favourable terms, that purchasers or tenants may default, that properties hold for rental purpose will need to be renovated, repaired and re-let on a periodic basis, that it may not be possible to renew leases or re-let spaces as existing leases expire, and that the property market conditions are subject to changes in environmental laws and regulations and zoning laws and other governmental rules and fiscal policies. Property values and rental values are also affected by factors such as political developments, governmental regulations and changes in planning or tax laws, levels of interest rates and consumer prices and the overall supply of properties.

Investment in property is generally illiquid, which may limit the ability of the Group in timely realising property assets into cash.

In addition, suitable land of significant size are not easy to obtain due to limited undeveloped land area in Hong Kong. In the Mainland, the supply of substantially all land is controlled by the relevant authorities and a land premium has to be paid to the relevant authorities for acquiring the land use rights. Acquisition of land in other overseas markets may be subject to various other regulatory requirements or restrictions. Future growth prospects of property developers (including the Group) may therefore be affected by the availability and price levels of prime sites in Hong Kong, the Mainland and other overseas markets.

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

## Industry Trends and Interest Rates

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

In particular, income from finance and treasury operations is dependent upon the interest rate and currency environment and market conditions, and therefore there can be no assurance that changes in these conditions will not adversely affect the Group's financial condition or results of operations.

## Highly Competitive Markets

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

## Currency Fluctuations

The results of the Group is recorded in Hong Kong dollars but its various subsidiaries and associates may receive revenue and incur expenses in other currencies. Any currency fluctuations on translation of the accounts of these subsidiaries and associates and also on the repatriation of earnings, equity investments and loans may therefore impact on the Group's performance. Although currency exposures had been managed by the Group, a depreciation or fluctuation of the currencies in which the Group conducts operations relative to the Hong Kong dollar could adversely affect the Group's financial condition or results of operations.

## Strategic Partners

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

## **Impact of Local, National and International Regulations**

The local business risks in different countries and cities in which the Group operates could have a material impact on the financial condition, results of operations and growth prospects of the businesses in the relevant market. The Group has investments in different countries and cities around the world and the Group is, and may increasingly become, exposed to different and changing political, social, legal and regulatory requirements at the local, national or international level. Also, new policies or measures by governments, whether fiscal, regulatory or other competitive changes, may pose a risk to the overall investment return of the Group's businesses and may delay or prevent the commercial operation of a business with resulting loss of revenues and profit.

## **Impact of New Accounting Standards**

The Hong Kong Institute of Certified Public Accountants ("HKICPA") had issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRS") which were generally effective on or after 1st January, 2005. HKICPA may in the future issue new and revised standards and interpretations. In addition, interpretations on the application of the HKFRS will continue to develop. These factors may require the Group to adopt new accounting policies. The adoption of new accounting policies or new HKFRS might or could have a significant impact on the Group's financial position or results of operations.

## **Outbreak of Highly Contagious Disease**

In 2003, there was an outbreak of Severe Acute Respiratory Syndrome ("SARS") in Hong Kong, the Mainland and other places. The SARS outbreak had a significant adverse impact on the economies of the affected areas. There can be no assurance that there will not be another significant global outbreak of a severe communicable disease such as avian influenza. If such an outbreak were to occur, it may have a material adverse impact on the operations of the Group and its results of operations may suffer.

## **Connected Transactions**

Hutchison Whampoa Limited ("Hutchison") is also listed on The Stock Exchange of Hong Kong Limited. Although the Group believes that its relationship with Hutchison provides it with significant business advantages, the relationship results in various connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and accordingly any transactions entered into between the Group and Hutchison, its subsidiaries or associates are connected transactions, which, unless one of the exemptions is available, will be subject to compliance with the applicable requirements of the Listing Rules, including the issuance of press announcements, the obtaining of independent shareholders' approval at general meetings and disclosure in annual reports and accounts. Independent shareholders' approval requirements may also lead to unpredictable outcomes causing disruptions to as well as increase the risks of the Group's business activities. Independent shareholders may also take actions that are in conflict with the interests of the Group.

## **The Group's financial condition or results of operations are affected by those of the Hutchison Whampoa Group**

The Group owns approximately 49.9% of the Hutchison Whampoa Group which operates in over 50 countries around the world and hence its financial condition and results of operations may be affected by the local market conditions and the economy of the places where it has business operations as well as any litigation against them. The Group's financial condition and results of operations are materially affected by the financial condition and results of operations of the Hutchison Whampoa Group. In addition, the core businesses of the Hutchison Whampoa Group are different from those of the Group, and as a result, the Group is indirectly exposed to the risks facing the Hutchison Whampoa Group.

## **Past Performance and Forward Looking Statements**

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

# Report of the Directors

The Directors have pleasure in presenting to shareholders their report together with the audited financial statements for the year ended 31st December, 2006 on pages 108 to 147.

## 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, 2006 are set out in the consolidated profit and loss account on page 108.

The Directors recommend the payment of a final dividend of HK\$1.74 per share which, together with the interim dividend of HK\$0.46 per share paid on 13th October, 2006, makes a total dividend of HK\$2.20 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 (22) to the financial statements and in the consolidated statement of changes in equity on page 111 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 100 to 107.



## Directors

The Directors of the Company are listed on page 156. The Directors' biographical information is set out on pages 24 to 27.

On 1st January, 2007, Mr. Kwan Chiu Yin, Robert resigned as an Independent Non-executive Director of the Company. On 22nd March, 2007, Mr. Kwan Chiu Yin, Robert was re-appointed as an Independent Non-executive Director of the Company.

Mr. Kwan Chiu Yin, Robert will hold office until the forthcoming annual general meeting and, being eligible, offer himself for re-election in accordance with the Company's Articles of Association.

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. Ip Tak Chuen, Edmond, Ms. Woo Chia Ching, Grace, Mr. Chiu Kwok Hung, Justin, Mr. Chow Kun Chee, Roland, Mr. Yeh Yuan Chang, Anthony, Mr. Chow Nin Mow, Albert and Dr. Wong Yick-ming, Rosanna 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, 2006, 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 of 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	–	–	45,597,000 (Note 1)	857,794,744 (Note 2)	903,391,744	39.00%
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	74,000	–	–	–	74,000	0.003%
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	–	–	48,577,000 (Note 1)	2,141,698,773 (Note 3)	2,190,275,773	51.37%
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	Beneficial owner	142,000	–	–	–	142,000	0.003%
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 10)	1,912,109,945	84.82%
Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	1,912,109,945 (Note 10)	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	Founder of discretionary trusts	-	-	-	4,258,634,570 (Note 11)	4,258,634,570	44.30%
Li Tzar Kuoi, Victor	Beneficial owner & beneficiary of trusts	2,250,000	-	-	4,258,634,570 (Note 11)	4,260,884,570	44.33%
Kam Hing Lam	Interest of child or spouse	-	6,225,000	-	-	6,225,000	0.06%
Ip Tak Chuen, Edmond	Beneficial owner	2,250,000	-	-	-	2,250,000	0.02%
Chung Sun Keung, Davy	Beneficial owner	375,000	-	-	-	375,000	0.004%
Pau Yee Wan, Ezra	Beneficial owner	900,000	-	-	-	900,000	0.009%
Woo Chia Ching, Grace	Beneficial owner	1,125,000	-	-	-	1,125,000	0.01%
Leung Siu Hon	Beneficial owner, interest of child or spouse & interest of controlled corporation	1,688,130	2,000	2,970 (Note 8)	-	1,693,100	0.017%
Fok Kin-ning, Canning	Interest of controlled corporation	-	-	1,500,000 (Note 7)	-	1,500,000	0.015%
Frank John Sixt	Beneficial owner	900,000	-	-	-	900,000	0.009%
Chow Kun Chee, Roland	Beneficial owner	903,936	-	-	-	903,936	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	753,360	600	-	11,040 (Note 5)	765,000	0.008%
Kwok Tun-li, Stanley	Interest of child or spouse	-	200,000	-	-	200,000	0.002%
Hung Siu-lin, Katherine	Beneficial owner	9,000	-	-	-	9,000	≈0%
Kwan Chiu Yin, Robert	Interest of controlled corporation	-	-	750,001 (Note 9)	-	750,001	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 15)	100,000,000	100%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	100,000,000 (Note 15)	100,000,000	100%
Jabrin Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	9,000 (Note 15)	9,000	90%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	9,000 (Note 15)	9,000	90%
Kobert Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	4,900 (Note 15)	4,900	100%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	4,900 (Note 15)	4,900	100%
Tsing-Yi Realty, Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	3,150,000 (Note 15)	3,150,000	100%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	3,150,000 (Note 15)	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 16)	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%
The Ming An (Holdings) Company Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	609,290,000 (Note 17)	609,290,000	21.74%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	609,290,000 (Note 17)	609,290,000	21.74%

## 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 12)	18,613,202
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	18,613,202 (Note 12)	18,613,202
Cheung Kong Infrastructure Holdings Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	31,644,803 (Note 13)	31,644,803
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	31,644,803 (Note 13)	31,644,803
Hutchison Telecommunications (Australia) Limited	Fok Kin-ning, Canning	Beneficial owner & interest of controlled corporation	134,000 (Note 14)	-	1,340,001 (Notes 7 & 14)	-	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 12)	18,613,202
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	18,613,202 (Note 12)	18,613,202
Cheung Kong Infrastructure Holdings Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	31,644,801 (Note 13(b))	31,644,801
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	31,644,801 (Note 13(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
	Fok Kin-ning, Canning	Interest of controlled corporation	-	-	US\$2,500,000 6.5% Notes due 2013 (Note 7)	-	US\$2,500,000 6.5% Notes due 2013
Hutchison Whampoa International (03/33) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	-	-	US\$8,000,000 6.25% Notes due 2014 (Note 4)	-	US\$8,000,000 6.25% Notes due 2014
		Interest of controlled corporation	-	-	US\$15,000,000 7.45% Notes due 2033 (Note 4)	-	US\$15,000,000 7.45% Notes due 2033



## Report of the Directors (continued)

Name of Company	Name of Director	Capacity	Amount of Debentures				Total
			Personal Interest	Family Interest	Corporate Interest	Other Interest	
Hutchison Whampoa International (03/33) Limited	Fok Kin-ning, Canning	Interest of controlled corporation	–	–	US\$2,500,000 5.45% Notes due 2010 (Note 7)	–	US\$2,500,000 5.45% Notes due 2010
		Interest of controlled corporation	–	–	US\$2,500,000 6.25% Notes due 2014 (Note 7)	–	US\$2,500,000 6.25% Notes due 2014
		Interest of controlled corporation	–	–	US\$2,000,000 7.45% Notes due 2033 (Note 7)	–	US\$2,000,000 7.45% Notes due 2033
Hutchison Whampoa Finance (05) Limited	Fok Kin-ning, Canning	Interest of controlled corporation	–	–	Euro 4,600,000 4.125% Notes due 2015 (Note 7)	–	Euro 4,600,000 4.125% Notes due 2015

### 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.

## Report of the Directors (*continued*)

- (8) Such interests are held by a company which is wholly owned by Mr. Leung Siu Hon and his wife.
- (9) Such interests are held by a company wholly owned by Mr. Kwan Chiu Yin, Robert.
- (10) 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.

- (11) The two references to 4,258,634,570 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.

- (12) 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.

- (13) 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.

- (14) 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.

- (15) 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.
- (16) 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.
- (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 Directors of the Company, Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to such shares under the SFO.

As at 31st December, 2006, 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, 2006, 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, 2006, 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 were as follows:

### 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%

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, 2006, 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 Hutchison Whampoa Limited (“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\$50,154,882 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, 2006.

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 2006 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.

Pursuant to Rule 14A.38 of the Listing Rules, the Company has engaged the auditors of the Company to perform certain factual finding procedures in respect of the Continuing Connected Transaction of the Group in accordance with the Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed-Upon Procedures Regarding Financial Information” issued by the Hong Kong Institute of Certified Public Accountants. The auditors have reported their factual findings on these procedures to the Board of Directors and confirmed that for the year 2006 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 terms of the agreement governing the transaction; and (iii) has not exceeded the cap amount for the financial year ended 31st December, 2006 as set out in the Announcement.

## Connected Transactions

1. On 1st June, 2006, the Group had entered into (i) a subscription agreement with CKI/HEI Electricity Holdings (Malaysian) Limited (“CHEM”) to subscribe for 50 new shares in the capital of CHEM for an aggregate consideration of US\$50 (the “Subscription”) and (ii) a loan agreement with CHEM to grant a facility of up to A\$12.5 million to CHEM (the “Facility”). As HWL is a substantial shareholder of certain subsidiaries of the Company and CHEM is an associate of HWL, CHEM is therefore a connected person of the Company within the meaning of the Listing Rules. The Subscription and the granting of the Facility constituted connected transactions for the Company under the Listing Rules.
2. On 8th June, 2006, the Group had entered into a sale and purchase agreement (the “S&P Agreement”) with Nan Fung Development Limited (“Nan Fung”) to dispose of 15% interest of the Group in the development located at Site AB of Tseung Kwan O Town Lot No. 70, Tseung Kwan O, Sai Kung, Hong Kong to Nan Fung for a total consideration of approximately HK\$678 million. Nan Fung is a connected person of the Company within the meaning of the Listing Rules by virtue of being a substantial shareholder of certain subsidiaries of the Company. The entering into of the S&P Agreement constituted a connected transaction for the Company under the Listing Rules.
3. 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
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.



Date	Joint Venture Company	Details of JV Arrangements
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.
14th October, 2006	Extreme Selection Investments Limited (“ESIL”)	Establishment of ESIL for the purpose of forming a project company for owning and developing a piece of land situated at Lujiazui, Pudong New District, Shanghai, the Mainland (“Pudong Land X3-2”). To fund the payment of acquisition costs of the land use rights and the construction and other project costs for the development of Pudong Land X3-2, the proposed total investment and the registered capital of the project company would be about RMB1,740 million and RMB870 million respectively. Any contribution to the registered capital of, and any shareholders’ loans to, the project company would be made by the Group and the HWL Group in proportion to their respective effective equity interests in ESIL.

4. 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
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.
26th April, 2006	Hutchison Whampoa Properties (Shanghai) Gubei Limited (“HWP(SG)”)	50% of the obligations under the development of a piece of land located at Gubei New District, Shanghai, the Mainland by HWP(SG) into residential property, including the financial assistance provided or to be provided by the Group and the HWL Group by way of contribution to increase the registered capital of, and any shareholders’ loans to, HWP(SG) in proportion to their respective indirect equity interests in HWP(SG). The total investment and registered capital of HWP(SG) were increased from US\$68.7 million and US\$22.9 million respectively to US\$99.45 million and US\$33.15 million respectively on 22nd July, 2005, and would be increased to US\$138.7 million and US\$48.55 million respectively.

## Report of the Directors (continued)

Date	Joint Venture Company	Guarantees or Financial Assistance provided by the Group
29th June, 2006	Hutchison Whampoa Properties (Qingdao) Limited (“HWP(QD)”)	45% of the obligations under the acquisition and redevelopment of certain portions of a piece of land located at Xiao Gang Wan, Qingdao, the Mainland by HWP(QD) into residential and commercial properties, including the financial assistance provided or to be provided by the Group and the HWL Group by way of contribution to increase the registered capital of, and any shareholders’ loans to, HWP(QD) in proportion to their respective effective equity interests in HWP(QD). The total investment and registered capital of HWP(QD) were proposed to be increased from US\$17.5 million and US\$7 million respectively to US\$335.8 million and US\$118 million respectively in stages.
9th January, 2007	Shanghai Changrun Jianghe Property Development Co., Ltd. (“Shanghai JVCo”)	49.2% of the obligations under the acquisition and development of a piece of land located at Putuo District, Shanghai, the Mainland by Shanghai JVCo into commercial and residential properties, including the financial assistance provided or to be provided by the Group and the HWL Group by way of contribution to the registered capital of, and any shareholders’ loans to, Shanghai JVCo in proportion to their respective effective equity interests in Shanghai JVCo. The total investment, including the registered capital, of Shanghai JVCo was proposed to be RMB3,600 million.
16th February, 2007	Choicewide Group Limited (“Choicewide”)	In relation and pursuant to the exercise of an option to acquire the remainder of Land Parcel 662 at Marina Boulevard/Central Boulevard, Singapore (the “Land”) as referred to in the connected transaction disclosure made in respect of Choicewide in the Company’s Annual Report 2005, 50% of the obligations of Choicewide pursuant to the exercise of the option at a total consideration of S\$907.7 million. The option consideration has been included in the total consideration disclosed in the joint announcement of the Group and the HWL Group dated 15th July, 2005. The acquisition was made through a joint venture company in Singapore in which each of the Group, the HWL Group and two other consortium 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.

## Major Customers and Suppliers

During the year, 88% of the Group's purchases were attributable to the Group's five largest suppliers with the largest supplier accounting for 77% 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.

## 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)
Kam Hing Lam	CK Life Sciences Int'l., (Holdings) Inc.	Chairman	(4) & (5)
	Hutchison Whampoa Limited	Executive Director	(1), (2), (3), (4) & (5)
	Cheung Kong Infrastructure Holdings Limited	Group Managing Director	(4) & (5)
Kam Hing Lam	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)
	Shougang Concord International Enterprises Company Limited	Non-executive Director	(1) & (4)
	The Ming An (Holdings) Company Limited	Non-executive Director	(1) & (4)
	Chiu Kwok Hung, Justin	ARA Asset Management (Singapore) Limited	Chairman
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)

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 variety of charitable activities of the community. Donations of approximately HK\$4,400,000 were made by the Group to various charitable organisations including The Community Chest. The Group also sponsored and supported a number of charitable events such as the "Green Power Hike", "Walk for Nature@Mai Po" and "MTR Hong Kong Race Walking 2006". In addition, about 30 members of the Cheung Kong Group were named "Caring Companies" in recognition of their good corporate citizenship.

## Rule 13.22 of the Listing Rules

As at 31st December, 2006, 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, 2006	HK\$ Million	The Group's attributable interest HK\$ Million
Fixed assets	9,162	3,750
Investment properties	22,965	8,959
Other non-current assets	885	389
Current assets		
Stock of properties	30,485	12,263
Bank balances and deposits	6,058	2,626
Other current assets	9,059	4,381
Current liabilities		
Bank and other loans	(2,252)	(1,025)
Other current liabilities	(6,883)	(2,985)
Non-current liabilities		
Bank and other loans	(9,346)	(4,236)
Other non-current liabilities	(4,845)	(2,100)
Minority interests	(1,904)	(940)
<b>Total shareholders' loan and equity</b>	<b>53,384</b>	<b>21,082</b>

## 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, 22nd March, 2007

# Corporate Governance Report

The Board of Directors (“Board”) and the management of the Company are committed to the maintenance 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 of 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, 2006.

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

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices																																
<b>A.</b>	<b>DIRECTORS</b>																																		
<b>A.1</b>	<b>The Board</b>																																		
	<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"> <li>The Board meets regularly and held meetings in March, May, August and November 2006.</li> <li>Details of Directors’ attendance records in 2006: <table border="1"> <thead> <tr> <th>Members of the Board</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Executive Directors</b></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>4/4</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"><b>Non-executive Directors</b></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> </li> </ul>	Members of the Board	Attendance	<b>Executive Directors</b>		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	4/4	PAU Yee Wan, Ezra	4/4	WOO Chia Ching, Grace	4/4	CHIU Kwok Hung, Justin	4/4	<b>Non-executive Directors</b>		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
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## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices	
A.1.1 (cont'd)			<b>Members of the Board</b>	
			<b>Independent Non-executive Directors</b>	
			KWOK Tun-li, Stanley	4/4
			YEH Yuan Chang, Anthony	4/4
			Simon MURRAY	4/4
			CHOW Nin Mow, Albert	4/4
			HUNG Siu-lin, Katherine	4/4
			WONG Yick-ming, Rosanna	4/4
			KWAN Chiu Yin, Robert #	3/4
			CHEONG Ying Chew, Henry	4/4
			# Resigned from the Board effective 1st January, 2007 for personal reason and re-appointed to the Board effective 22nd March, 2007.	
			<ul style="list-style-type: none"> <li>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.</li> </ul>	
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"> <li>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.</li> </ul>	
A.1.3	– At least 14 days notice for regular board meetings	√	<ul style="list-style-type: none"> <li>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.</li> </ul>	
	– Reasonable notice for other board meetings	√	<ul style="list-style-type: none"> <li>At least 14 days formal notice would be given before each regular meeting.</li> </ul>	
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"> <li>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.</li> <li>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.</li> </ul>	

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

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.1.7	<ul style="list-style-type: none"> <li>– 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</li> <li>– 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.</li> </ul>	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
A.1.8	<ul style="list-style-type: none"> <li>– 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.</li> <li>– Independent non-executive directors who, and whose associates, have no material interest in the transaction should be present at such board meeting.</li> </ul>	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Director must declare his/her interest in the matters to be passed in the resolution, if applicable.</li> <li>• 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.</li> </ul>

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.2	<p><b>Chairman and Chief Executive Officer</b></p> <p><i>Corporate Governance Principle</i>  <i>There should be a clear division of responsibilities between Chairman and the Managing Director of the Company to ensure a balance of power and authority.</i></p>		
A.2.1	<ul style="list-style-type: none"> <li>– Separate roles of chairman and chief executive officer not to be performed by the same individual</li> <li>– Division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.</li> </ul>	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> <li>• The positions of the Chairman of the Board and the Managing Director are currently held by separate individuals.</li> <li>• 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.</li> <li>• 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.</li> </ul>
A.2.2	<p>The chairman should ensure that all directors are properly briefed on issues arising at board meetings.</p>	<p>√</p>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices																																				
A.2.2 (cont'd)			<ul style="list-style-type: none"> <li>In addition to regular Board meetings, the Chairman had meetings with the Non-executive Directors (including the Independent Non-executive Directors) without the presence of Executive Directors in May and November 2006. Details of the attendance records of the meetings are as follows: <table border="1" data-bbox="767 720 1394 1410"> <thead> <tr> <th colspan="2" style="text-align: right;">Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Chairman</b></td> </tr> <tr> <td>LI Ka-shing</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td colspan="2"><b>Non-executive Directors</b></td> </tr> <tr> <td>LEUNG Siu Hon</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>FOK Kin-ning, Canning</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>Frank John SIXT</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>CHOW Kun Chee, Roland</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>George Colin MAGNUS</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td colspan="2"><b>Independent Non-executive Directors</b></td> </tr> <tr> <td>KWOK Tun-li, Stanley</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>YEH Yuan Chang, Anthony</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>Simon MURRAY</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>CHOW Nin Mow, Albert</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>HUNG Siu-lin, Katherine</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>WONG Yick-ming, Rosanna</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>KWAN Chiu Yin, Robert #</td> <td style="text-align: right;">1/2</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td style="text-align: right;">2/2</td> </tr> </tbody> </table> </li> </ul> <p>Note: The Chairman and the Non-executive Directors (including the Independent Non-executive 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.</p> <p># Resigned from the Board effective 1st January, 2007 for personal reason and re-appointed to the Board effective 22nd March, 2007.</p>	Attendance		<b>Chairman</b>		LI Ka-shing	2/2	<b>Non-executive Directors</b>		LEUNG Siu Hon	2/2	FOK Kin-ning, Canning	2/2	Frank John SIXT	2/2	CHOW Kun Chee, Roland	2/2	George Colin MAGNUS	2/2	<b>Independent Non-executive Directors</b>		KWOK Tun-li, Stanley	2/2	YEH Yuan Chang, Anthony	2/2	Simon MURRAY	2/2	CHOW Nin Mow, Albert	2/2	HUNG Siu-lin, Katherine	2/2	WONG Yick-ming, Rosanna	2/2	KWAN Chiu Yin, Robert #	1/2	CHEONG Ying Chew, Henry	2/2
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Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
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"> <li>The Board papers including supporting analysis and related background information are normally sent to the Directors at least three days before Board meetings.</li> <li>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.</li> </ul>
<p><b>A.3 Board composition</b></p> <p><i>Corporate Governance Principle</i>  <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	Independent non-executive directors should be expressly identified as such in all corporate communications that disclose the names of directors of the company.	√	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Details of the composition of the Board are set out on page 156.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.3.1 (cont'd)			<ul style="list-style-type: none"> <li>The Directors' biographical information and the relationships among the Directors are set out on pages 24 to 27.</li> <li>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.</li> </ul>
<b>A.4</b>	<b>Appointments, re-election and removal</b>		
	<p><i>Corporate Governance Principle</i>  <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>		
A.4.1	Non-executive directors should be appointed for a specific term, subject to re-election.	√	<ul style="list-style-type: none"> <li>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.</li> </ul>
A.4.2	<ul style="list-style-type: none"> <li>All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment.</li> <li>Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.</li> </ul>	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> <li>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.</li> </ul> <p>On the basis that the proposed amendment to the Company's Articles of Association is approved at the forthcoming 2007 annual general meeting, Directors appointed to fill a casual vacancy will be subject to election by shareholders at the first general meeting after their appointment.</p>



Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.4.2 (cont'd)			<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.5	<p><b>Responsibilities of directors</b></p> <p><i>Corporate Governance Principle</i>  <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></p>		
A.5.1	<ul style="list-style-type: none"> <li>– 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.</li> <li>– 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</li> </ul>	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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 provided to each newly appointed Director. A revised information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors was forwarded to each Director during the year for his/her information and ready reference.</li> <li>• Memos are issued from time to time to the Directors on updating of legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.</li> <li>• During the year, seminars were organised at which distinguished professionals were invited to present to the Directors on subjects such as duties and responsibilities of directors and its trends, corporate governance practices and its development and the way forward, etc. The attendance rate was about 80%.</li> </ul>

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"> <li>– independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct at board meetings</li> <li>– take the lead on potential conflicts of interests</li> <li>– serve on the audit, remuneration, nomination and other governance committees, if invited</li> <li>– scrutinise the company's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance</li> </ul>	<p>√</p> <p>√</p> <p>√</p> <p>√</p>	<ul style="list-style-type: none"> <li>• The Non-executive Directors exercise their independent judgement and advise on the future business direction and strategic plans of the Company.</li> <li>• Non-executive Directors review the financial information and operational performance of the Company on a regular basis.</li> <li>• Independent Non-executive Directors are invited to serve on the Audit and Remuneration Committees of the Company.</li> </ul>
A.5.3	<p>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.</p>	<p>√</p>	<ul style="list-style-type: none"> <li>• There is satisfactory attendance at Board meetings during the year. Please refer to A.1.1 for details of attendance records.</li> <li>• 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.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.5.4	<ul style="list-style-type: none"> <li>– Directors must comply with the Model Code.</li> <li>– Board should establish written guidelines on no less exacting terms than the Model Code for relevant employees.</li> </ul>	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> <li>• The Company has adopted the model code for securities transactions by directors of listed issuers (“Model Code”) set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors’ securities transactions, effective 31st March, 2004.</li> <li>• 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, 2006.</li> <li>• 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.</li> </ul>
A.6	<p><b>Supply of and access to information</b></p> <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"> <li>– Send agenda and full board papers to all directors at least 3 days before regular board or board committee meeting</li> <li>– So far as practicable for other board or board committee meetings</li> </ul>	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.6.2	<ul style="list-style-type: none"> <li>– 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.</li> <li>– The board and each director should have separate and independent access to the company’s senior management for making further enquiries where necessary.</li> </ul>	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> <li>• The Company Secretary and the Qualified Accountant attend all regular Board meetings to advise on corporate governance, statutory compliance, and accounting and financial matters.</li> <li>• 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.</li> </ul>
A.6.3	<ul style="list-style-type: none"> <li>– All directors are entitled to have access to board papers and related materials.</li> <li>– Steps must be taken to respond as promptly and fully as possible to queries raised by directors.</li> </ul>	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> <li>• Please see A.6.2 above.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices								
<b>B.</b>	<b>REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT</b>										
<b>B.1</b>	<b>The level and make-up of remuneration and disclosure</b>										
	<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"> <li>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.</li> <li>The Company established its Remuneration Committee on 1st January, 2005.</li> <li>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.</li> <li>Since the publication of the Company's 2005 annual report, meetings of the Remuneration Committee were held in November 2006 and January 2007. Details of the attendance records of the members of the Remuneration Committee are as follows:</li> </ul> <table border="1"> <thead> <tr> <th>Members of the Remuneration Committee</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td>LI Ka-shing <i>(Chairman of the Remuneration Committee)</i></td> <td>2/2</td> </tr> <tr> <td>KWOK Tun-li, Stanley</td> <td>2/2</td> </tr> <tr> <td>WONG Yick-ming, Rosanna</td> <td>2/2</td> </tr> </tbody> </table> <p>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>	Members of the Remuneration Committee	Attendance	LI Ka-shing <i>(Chairman of the Remuneration Committee)</i>	2/2	KWOK Tun-li, Stanley	2/2	WONG Yick-ming, Rosanna	2/2
Members of the Remuneration Committee	Attendance										
LI Ka-shing <i>(Chairman of the Remuneration Committee)</i>	2/2										
KWOK Tun-li, Stanley	2/2										
WONG Yick-ming, Rosanna	2/2										

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
B.1.1 (cont'd)			<ul style="list-style-type: none"> <li>• The following is a summary of the work for the Remuneration Committee during the said meetings:               <ol style="list-style-type: none"> <li>1. Review of the remuneration policy for 2006/2007;</li> <li>2. Review of the remuneration of Non-executive Directors; and</li> <li>3. Review of the annual performance bonus policy.</li> </ol> </li> </ul>
B.1.2	<p>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.</p>	√	<ul style="list-style-type: none"> <li>• 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, including, without limitation, succession plan and key personnel movements as well as policies for recruiting and retaining qualified personnel.</li> <li>• 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.</li> <li>• To enable them to better advise on the Group's future remuneration policy and related strategies, the Remuneration Committee has been advised of the Group's existing remuneration policy and succession plan, such as guidelines on designing employees' remuneration packages and related market trends and information.</li> </ul>



## 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"> <li>– determine specific remuneration packages of all executive directors and senior management</li> <li>– review and approve performance-based remuneration and the compensation payable on loss or termination of office or appointment</li> <li>– ensure that no director or any of his associates is involved in deciding his own remuneration</li> </ul>	√	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
B.1.4	<p>The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.</p>	√	<ul style="list-style-type: none"> <li>• The terms of reference of the Remuneration Committee are posted on the Company's website.</li> <li>• 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.</li> </ul>
B.1.5	<p>The remuneration committee should be provided with sufficient resources to discharge its duties.</p>	√	<ul style="list-style-type: none"> <li>• The Human Resources Department provides administrative support and implements the approved remuneration packages and other human resources related decisions approved by the Remuneration Committee.</li> </ul>

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
<b>C.</b>	<b>ACCOUNTABILITY AND AUDIT</b>		
<b>C.1</b>	<b>Financial reporting</b>		
<b><i>Corporate Governance Principle</i></b>			
<i>The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.</i>			
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"> <li>• Directors are provided with a review of the Group's major business activities and detailed financial information on a quarterly basis.</li> </ul>
C.1.2	<ul style="list-style-type: none"> <li>– The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts.</li> <li>– There should be a statement by the auditors about their reporting responsibilities in the auditors' report on the financial statements.</li> </ul>	√  √	<ul style="list-style-type: none"> <li>• The Directors annually acknowledge in writing their responsibility for preparing the financial statements of the Group.</li> <li>• 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.</li> <li>• 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.</li> </ul>

## Corporate Governance Report *(continued)*

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.1.2 (cont'd)	<ul style="list-style-type: none"> <li>– 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.</li> </ul>	√	<ul style="list-style-type: none"> <li>• The Directors also ensure the publication of the financial statements of the Group is in a timely manner.</li> <li>• The statement by the auditors of the Company regarding their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 148 and 149.</li> </ul>
	<ul style="list-style-type: none"> <li>– 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.</li> </ul>	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"> <li>The Board aims to present a clear, balanced and understandable assessment of the Group's performance and position in all shareholder communications.</li> <li>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.</li> </ul>
C.2	<p><b>Internal controls</b></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"> <li>– 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</li> <li>– The review should cover all material controls, including financial, operational and compliance controls and risk management functions.</li> </ul>	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> <li>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.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.2.1 (cont'd)			<p><i>Internal Control Environment</i></p> <ul style="list-style-type: none"> <li>• An organisational structure with operating policies and procedures, lines of responsibility and delegated authority has been established.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• The Internal Control Self Assessment process is established that requires the senior management in each material business unit to annually assess the effectiveness of controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.</li> <li>• 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.</li> </ul>

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.2.1 (cont'd)			<p>The Internal Audit Department carries out annual risk assessment on each audit area and derives a yearly audit plan according to their risk ratings. The audit plan is reviewed and endorsed by the audit committee of the Company (“Audit Committee”). In addition to its agreed schedule of work, the Internal Audit Department conducts other review and investigative work as may be required. The results of internal audit reviews and agreed action plans in response to the Internal Audit Department’s recommendations are reported to the Executive Directors and Audit Committee periodically. The Internal Audit Department also follows up the corrective actions to ensure that satisfactory controls are maintained.</p> <ul style="list-style-type: none"> <li>The Directors, through the 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.</li> </ul>
<p><b>C.3      Audit Committee</b></p> <p><i>Corporate Governance Principle</i>  <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	– Full minutes of audit committee meetings should be kept by a duly appointed secretary of the meeting.	√	<ul style="list-style-type: none"> <li>Minutes drafted by the Company Secretary are circulated to members of the Audit Committee within a reasonable time after each meeting.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices								
C.3.1 (cont'd)	– 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	√	<ul style="list-style-type: none"> <li>Audit Committee meetings were held in March and August 2006. Details of the attendance records of members of the Audit Committee are as follows: <table border="1"> <thead> <tr> <th>Members of the Audit Committee</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td>KWAN Chiu Yin, Robert <i>(Chairman of the Audit Committee)</i></td> <td>2/2</td> </tr> <tr> <td>KWOK Tun-li, Stanley</td> <td>2/2</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td>2/2</td> </tr> </tbody> </table> </li> </ul> <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> <ul style="list-style-type: none"> <li>The following is a summary of the work of the Audit Committee during 2006: <ol style="list-style-type: none"> <li>Review of the financial reports for 2005 annual results and 2006 interim results;</li> <li>Review of the findings and recommendations of the Internal Audit Department on the work of various departments and related companies;</li> <li>Review of the effectiveness of the internal control system;</li> <li>Review of the external auditors' audit findings;</li> <li>Review of the auditors' remuneration;</li> <li>Review of risks of different business units and analysis thereof provided by the relevant business units; and</li> <li>Review of the control mechanisms for such risks and advising on action plans for improvement of the situations.</li> </ol> </li> </ul>	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										



Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.3.1 (cont'd)			<ul style="list-style-type: none"> <li>• 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 20th March, 2007 that the system of internal controls was adequate and effective.</li> <li>• On 20th March, 2007, the Audit Committee met to review the Group's 2006 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 auditors, 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 2006 Annual Report complied 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, 2006.</li> <li>• The Audit Committee also recommended to the Board the re-appointment of Messrs. Deloitte Touche Tohmatsu ("Deloitte") as the Company's external auditors for 2007 and that the related resolution shall be put forth for shareholders' consideration and approval at the 2007 annual general meeting.</li> <li>• The Group's Annual Report for the year ended 31st December, 2006 has been reviewed by the Audit Committee.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
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 or to have any financial interest in, the firm, whichever is the later.</p>	√	<ul style="list-style-type: none"> <li>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.</li> <li>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 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. Mr. Kwan ceased to be the Chairman of the Audit Committee of the Company on 1st January, 2007.</li> </ul>
C.3.3	<p>Terms of reference of the audit committee include:</p> <ul style="list-style-type: none"> <li>– recommendation to the board on the appointment and removal of external auditors and approval of their terms of engagement</li> <li>– review and monitor external auditors' independence and effectiveness of audit process</li> <li>– review of financial information of the company</li> <li>– oversight of the company's financial reporting system and internal control procedures</li> </ul>	√	<ul style="list-style-type: none"> <li>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.</li> </ul>

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"> <li>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).</li> <li>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.</li> <li>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.</li> <li>In 2006, the Audit Committee comprising 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, held two meetings during the year. Following the retirement of Mr. Kwan Chiu Yin, Robert from the Audit Committee effective 1st January, 2007, the existing Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Cheong Ying Chew, Henry (Chairman of the Audit Committee), Mr. Kwok Tun-li, Stanley and Ms. Hung Siu-lin, Katherine.</li> </ul>

## 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"> <li>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 2007.</li> <li>For the year ended 31st December, 2006, the external auditors of the Company received approximately HK\$5 million for audit services and HK\$1 million for tax and other services.</li> </ul>
C.3.6	The audit committee should be provided with sufficient resources to discharge its duties.	√	<ul style="list-style-type: none"> <li>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.</li> </ul>

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
<b>D.</b>	<b>DELEGATION BY THE BOARD</b>		
<b>D.1</b>	<b>Management functions</b>		
	<p><i>Corporate Governance Principle</i>  <i>The Company should have a formal schedule of matters specifically reserved to the Board and those delegated to management.</i></p>		
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"> <li>Executive Directors are in charge of different businesses and functional divisions in accordance with their respective areas of expertise.</li> <li>Please refer to the Management Structure Chart set out on page 91.</li> <li>For matters or transactions of a material nature, the same will be referred to the Board for approval.</li> <li>For matters or transactions of a magnitude requiring disclosure under the Listing Rules or other applicable rules or regulations, appropriate disclosure will be made and where necessary, circular will be prepared and shareholders' approval will be obtained in accordance with the requirements of the applicable rules and regulations.</li> </ul>
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"> <li>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.</li> <li>Under the leadership of the Managing Director, management is responsible for the day-to-day operations of the Group.</li> </ul>

## Corporate Governance Report *(continued)*

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
<b>D.2</b>	<b>Board Committees</b>		
	<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>		
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"> <li>Two Board Committees, namely, Audit Committee and Remuneration Committee have been established with specific terms of reference as mentioned in C.3.3 and B.1.3 above.</li> </ul>
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"> <li>Board Committees report to the Board of their decisions and recommendations at the Board meetings.</li> </ul>
<b>E.</b>	<b>COMMUNICATION WITH SHAREHOLDERS</b>		
<b>E.1</b>	<b>Effective communication</b>		
	<p><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></p>		

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
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"> <li>Separate resolutions are proposed at the general meeting on each substantially separate issue, including the election of individual directors.</li> </ul>
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"> <li>In 2006, 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.</li> <li>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, (vi) the Company's Registrars deal with shareholders for all share registration and related matters, and (vii) Corporate Affairs Department of the Company handles enquiries from shareholders, and investors generally.</li> </ul>



## Corporate Governance Report (continued)

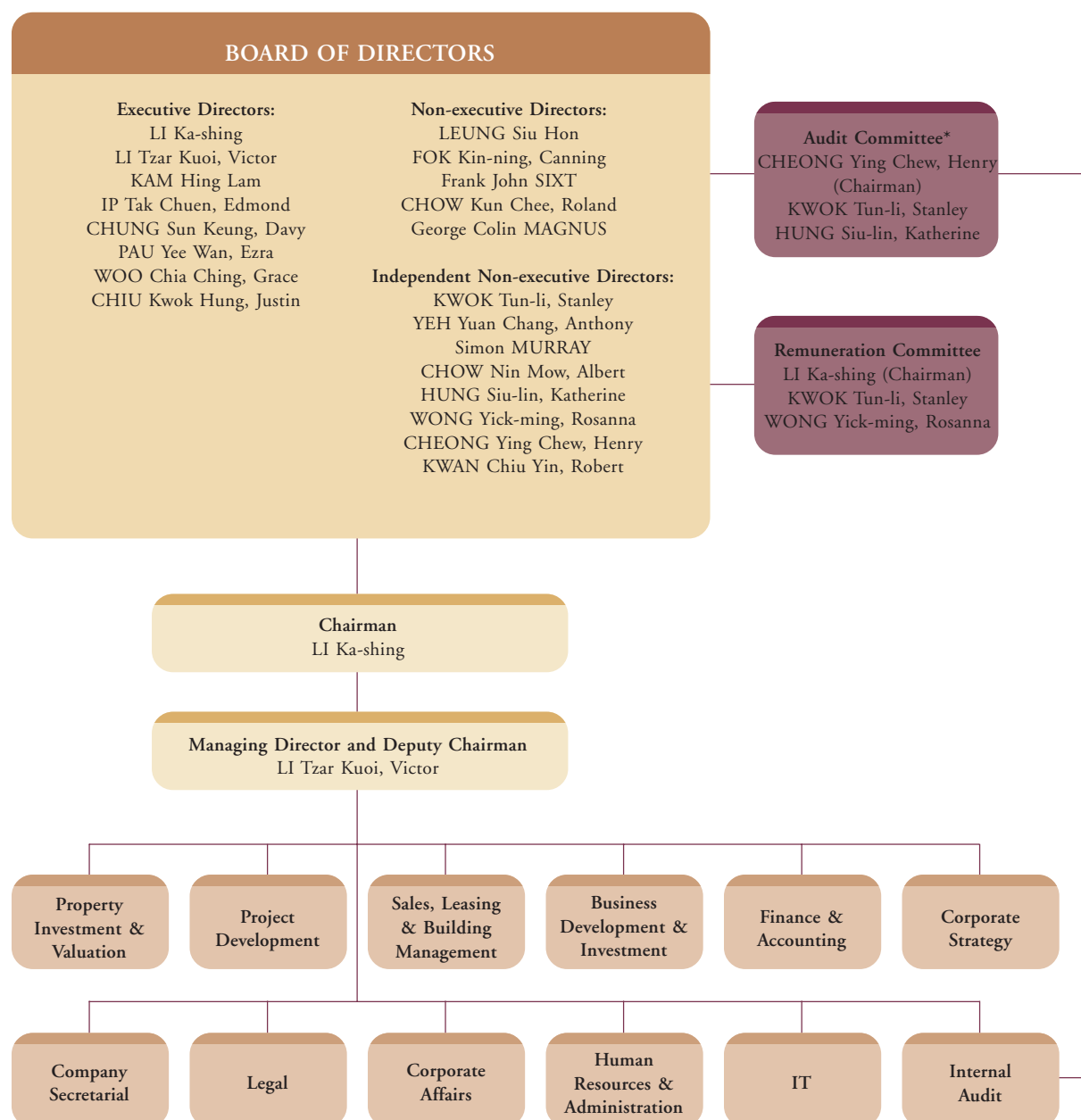
Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
E.2	<b>Voting by Poll</b>		
	<i>Corporate Governance Principle</i>		
	<i>The Company should regularly inform shareholders of the procedure for voting by poll and ensure compliance with the requirements about voting by poll contained in Listing Rules and the constitutional documents of the Company.</i>		
E.2.1	<ul style="list-style-type: none"> <li>– The chairman of a meeting should ensure disclosure in the circulars of the procedures for and the rights of shareholders to demand a poll.</li> </ul>	√	<ul style="list-style-type: none"> <li>• In 2006, the right to demand a poll was set out in the circular containing the notice of annual general meeting.</li> <li>• In 2006, the Chairman of the annual general 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.</li> </ul>
	<ul style="list-style-type: none"> <li>– 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.</li> </ul>	√	

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
E.2.1 (cont'd)	<p>– 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.</p>	√	
E.2.2	<p>– 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.</p> <p>– The company should ensure that votes cast are properly counted and recorded.</p>	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>

## 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"> <li>– the procedures for demanding a poll by shareholders before putting a resolution to the vote on a show of hands; and</li> <li>– the detailed procedures for conducting a poll and then answer any questions from shareholders whenever voting by way of a poll is required.</li> </ul>	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> <li>• At the 2006 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.</li> <li>• At the 2006 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.</li> </ul>

## Management Structure Chart



\* Following the cessation of Mr. Kwan Chiu Yin, Robert as Chairman of the Audit Committee with effect from 1st January, 2007, the existing Audit Committee comprises Mr. Cheong Ying Chew, Henry (Chairman of the Audit Committee), Mr. Kwok Tun-li, Stanley and Ms. Hung Siu-lin, Katherine, all being Independent Non-executive Directors of the Company.

## Highlights of Development Projects

# Harbourfront Horizon All-Suite Hotel

## Hung Hom

Site Area	: 20,364 sq. m.
Floor Area	: 107,400 sq. m.
Land Use	: Non-industrial
Number of Guest Rooms	: 1,662 Guest Rooms
Completion	: January 2006

*This premier hotel adjacent to the Tsim Sha Tsui commercial hub and capturing the panoramic Victoria Harbour views at Hung Hom Bay offers an ideal choice for business and leisure.*



# The Legend

at Jardine's Lookout

*As a byword for prestige and exclusivity, this luxury residence exudes grace and style that set it apart.*

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





# Caribbean Coast – Crystal Cove

Tung Chung

Site Area : 67,900 sq. m. (whole lot TCTL5)  
Floor Area : 61,682 sq. m.  
Land Use : Residential  
Number of Units : 824 Residential Units  
Completion : September 2006

*This resort-style residential development strategically located in Tung Chung has easy access to other parts of Hong Kong, and offers a dynamic urban lifestyle in natural lush surroundings.*





# The Apex

Kwai Chung

*Featuring Club 24 Ours, a 24-hour clubhouse divided into three different zones: sea, land and sky, this contemporary serviced apartment complex redefines leisure living.*

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



# Le Point

## Tiu Keng Leng

Site Area	: 32,334 sq. m. (Total site area of Metro Town, Tiu Keng Leng)
Floor Area	: 130,338 sq. m.
Land Use	: Residential
Number of Units	: 2,096 Residential Units
Completion	: Second half of 2007

*A stylish and sophisticated residential development combining modern comforts and the convenience of a prime urban location above the MTR interchange station.*



# Sausalito

Ma On Shan

*Blessed with inspiring ocean and mountain views, this deluxe residential property epitomises exclusivity and the elegance of life.*

Site Area	: 14,006 sq. m.
Floor Area	: 70,030 sq. m.
Land Use	: Residential
Number of Units	: 1,030 Residential Units
Completion	: August 2007





# Former Marine Police Headquarters KIL 11161

Tsim Sha Tsui

Site Area	: 12,289 sq. m.
Floor Area	
– Existing Building	: 5,610 sq. m.
– New Development	: 7,213 sq. m.
Land Use	: Commercial
Number of Guest Rooms	: Less than 30 Guest Rooms
Completion	: October 2008

*This historical building to be transformed into a heritage development with elegant food and beverage outlets and retail facilities is set to be an exciting new tourist attraction in Hong Kong.*



# Area 86, Tseung Kwan O Town Lot No. 70

*This substantial prime waterfront site is earmarked for a large-scale residential and commercial complex that incorporates many unique elements for a metropolitan lifestyle.*

	Site F (Package 1)	Site AB (Package 2)
Site Area	: 14,267 sq. m.	31,490 sq. m.
Floor Area	: 142,196 sq. m.	309,696 sq. m.
Land Use	: Non-industrial (excluding hotel, petrol filling station and godown)	Non-industrial (excluding hotel, petrol filling station and godown)
Number of Units	: 2,096 Residential Units	4,272 Residential Units
Completion	: 2008	2009 and 2010



# Schedule of Major Properties

Dated the 31st day of December, 2006

## A. PROPERTIES FOR/UNDER DEVELOPMENT

Location	Lot Number	Group's Interest	Approx. Site Area (sq. m.)
<b>Hong Kong</b>			
The Apex and hotel development, Kwai Chung	K.C.T.L. 467 R.P.	100.0%	7,825
Central Park Towers, Tin Shui Wai	T.S.W.T.L. 24	98.5%	32,870
Sausalito, Ma On Shan	S.T.T.L. 487	100.0%	14,006
CASA 880, Quarry Bay	Q.B.I.L. 4 various sec. of s.B	100.0%	1,230
A site at Kam Tin Road, Kam Tin	Lot 2081 in D.D. 109	100.0%	48,634
A site at Tsim Sha Tsui	K.I.L. 11161	100.0%	12,289
A site at Hung Shui Kiu	Lot 2064 in D.D. 121	50.0%	16,292
A site at Kowloon City	K.I.L. 4013 R.P.	100.0%	3,153
A site at Ho Man Tin	K.I.L. 11124	90.0%	17,756
A site at Mid-level	I.L. 711 s.A	100.0%	592
A site at Ma On Shan	S.T.T.L. 548	100.0%	16,440
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%	168,921
Various sites at Yuen Long	Various lots	100.0%	186,796
Various sites at Tai Po	Various lots	100.0%	20,921
<b>The Mainland</b>			
Regency Park, Pudong, Shanghai	–	50.0%	179,562
The Greenwich, Beijing	–	50.0%	173,372
Jingyuetan, Changchun	–	50.0%	920,671
Wenjiang, Chengdu	–	50.0%	373,326
The Riverside and Metropolitan Plaza, Guangzhou	–	50.0%	71,281
Le Parc, Chengdu	–	50.0%	681,816
Cape Coral, Chongqing	–	47.5%	128,212
Maison des Artistes, Shanghai	–	50.0%	50,728

Approx. Floor Area Attributable to the Group (sq. m.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
53,150	Serviced apartment/Commercial	Interior finishing	April, 2007
21,190	Hotel	Interior finishing	September, 2007
97,345	Residential	Interior finishing	June, 2007
68,338	Residential/Commercial	Foundation work completed	December, 2009
70,030	Residential	Superstructure in progress	August, 2007
9,840	Residential	Superstructure in progress	May, 2008
19,453	Residential	Superstructure in progress	June, 2008
12,823	Commercial/Hotel	Site formation	October, 2008
24,938	Residential	Planning	December, 2008
21,420	Hotel	Foundation work	March, 2009
143,824	Residential/Commercial	Superstructure in progress	March, 2009
2,961	Residential	Demolition work	July, 2009
82,200	Residential	Planning	December, 2009
4,026	Residential	Planning	–
–	Industrial	Planning	–
–	Industrial	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
12,865	Residential	Interior finishing	January, 2007
2,875	Commercial	Foundation work	June, 2007
25,236	Residential/Commercial	Foundation work	June, 2008
1,188	Commercial	Interior finishing	May, 2007
119,220	Residential	Planning	September, 2008
28,912	Residential	Planning	September, 2007
173,489	Residential/Commercial	Planning	September, 2011
45,636	Residential	Foundation work	September, 2007
23,857	Residential	Foundation work	January, 2008
176,468	Residential/Commercial	Planning	June, 2009
43,508	Commercial	Superstructure in progress	September, 2007
127,856	Residential	Superstructure in progress	June, 2008
35,282	Residential	Foundation work	November, 2007
59,473	Residential	Foundation work	February, 2008
903,284	Residential/Commercial	Planning	–
18,875	Commercial	Superstructure in progress	December, 2007
36,413	Residential	Superstructure in progress	June, 2008
124,961	Residential/Commercial	Foundation work	September, 2009
56,059	Residential/Commercial	Superstructure in progress	December, 2007
21,936	Residential	Foundation work	January, 2008



Schedule of Major Properties (continued)

A. PROPERTIES FOR/UNDER DEVELOPMENT (continued)

Location	Lot Number	Group's Interest	Approx. Site Area (sq. m.)
<b>The Mainland (continued)</b>			
The Greenwich, Xian	–	50.0%	515,552
Kerry Everbright City, Shanghai	–	24.8%	50,656
Regency Park, Guanlan, Shenzhen	–	50.0%	375,845
Horizon Cove, Zhuhai	–	50.0%	100,568
Qiao Island, Zhuhai	–	50.0%	199,996
Douxi, Chongqing	–	50.0%	440,486
Laguna Verona, Dongguan	–	49.8%	2,565,206
Le Sommet, Shenzhen	–	50.0%	223,692
Chang Le/Po Garden, Beijing	–	100.0%	741,822
International Toys & Gifts Center, Guangzhou	–	30.0%	321,261
Maqiao, Shanghai	–	42.5%	260,556
Xin Zha Road, Shanghai	–	30.0%	14,528
Cape Coral, Panyu, Guangzhou	–	50.0%	277,546
Zhongxin Town, Luogang, Guangzhou	–	40.0%	225,548
Laopu Pian, Jiangnan, Wuhan	–	50.0%	34,788
MTR Yingkoudao, Tianjin	–	40.0%	19,617
Shisanling, Beijing	–	50.0%	254,738
Zengcheng, Guangzhou	–	50.0%	2,112,632
Hualou Jie, Jiangnan, Wuhan	–	50.0%	105,639
Huaqiangbei, Futian, Shenzhen	–	50.0%	17,105
Century Avenue, Pudong, Shanghai	–	25.0%	50,849
Nangan, Changchun	–	50.0%	167,483
Changsha Wangcheng, Hunan	–	50.0%	556,420
Xiao Gang Wan, Qingdao	–	45.0%	311,774
<b>Overseas</b>			
Marina Bay, Singapore	–	16.7%	53,331
Lots Road & Chelsea Harbour Phase 2, London, United Kingdom	–	47.5%	35,693

Approx. Floor Area Attributable to the Group (sq. m.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
56,950	Residential	Superstructure in progress	December, 2007
67,546	Residential	Superstructure in progress	March, 2008
396,594	Residential/Commercial	Planning	December, 2011
37,189	Residential/Commercial	Superstructure in progress	December, 2007
25,369	Residential/Commercial	Planning	December, 2010
28,139	Residential	Planning	February, 2008
20,410	Residential	Planning	December, 2008
29,927	Residential	Planning	December, 2009
50,284	Residential	Superstructure in progress	February, 2008
32,679	Residential	Planning	March, 2008
42,429	Residential	Planning	September, 2008
43,644	Residential	Planning	September, 2009
9,865	Residential/Commercial	Planning	May, 2008
195,250	Residential	Planning	June, 2010
73,383	Residential/Commercial	Foundation work	June, 2008
42,959	Residential	Foundation work	December, 2008
563,246	Residential/Commercial	Planning	–
44,243	Residential/Commercial	Planning	August, 2008
101,618	Residential/Commercial	Planning	September, 2009
97,321	Residential/Commercial	Superstructure in progress	December, 2008
102,493	Residential	Site formation	December, 2009
245,280	Residential/Commercial	Site formation	December, 2011
51,402	Commercial	Planning	December, 2008
19,109	Residential	Planning	January, 2009
17,433	Commercial	Planning	January, 2009
70,895	Residential	Planning	March, 2009
67,209	Residential	Planning	December, 2009
40,252	Residential/Commercial	Planning	April, 2009
52,492	Residential/Commercial	Planning	October, 2010
80,435	Residential/Commercial	Planning	June, 2009
94,096	Residential/Commercial	Planning	June, 2009
39,749	Residential	Planning	September, 2009
87,934	Residential/Commercial	Planning	March, 2010
243,956	Residential/Commercial	Planning	–
182,401	Residential/Commercial	Planning	June, 2010
74,802	Residential/Commercial	Foundation work	September, 2010
66,654	Commercial	Planning	September, 2010
109,328	Residential/Commercial	Planning	September, 2010
324,356	Residential/Commercial	Planning	March, 2012
410,941	Residential/Commercial/Hotel	Planning	–
40,667	Residential/Commercial	Foundation work	June, 2010
37,285	Residential/Commercial	Planning	June, 2012

Schedule of Major Properties (continued)

**B. PROPERTIES IN WHICH THE GROUP HAS A DEVELOPMENT INTEREST**

Location	Lot Number	Approx. Site Area (sq. m.)
<b>Hong Kong</b>		
Le Point, 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 (Package 1)	T.K.O.T.L. 70	14,267
Oil Street, North Point	I.L. 7106 s.A & Extension	6,816
Tai Wai Maintenance Centre	S.T.T.L. 529	70,597
Area 86, Tseung Kwan O (Package 2)	T.K.O.T.L. 70	31,490

**C. PROPERTIES FOR INVESTMENT/OWN USE**

Location	Lot Number	Group's Interest
<b>Hong Kong</b>		
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%
Metro Town, Tiu Keng Leng	T.K.O.T.L. 73	80.0%
Kingswood Ginza, Tin Shui Wai	T.S.W.T.L. 4	98.5%
Rambler Plaza, Tsing Yi	T.Y.T.L. 140	30.0%
Rambler Garden Hotel, Tsing Yi	T.Y.T.L. 140	30.0%
Rambler Oasis Hotel, Tsing Yi	T.Y.T.L. 140	30.0%
Harbour Plaza Resort City, Tin Shui Wai	T.S.W.T.L. 4	98.5%
Harbourview Horizon All-Suite Hotel, Hung Hom Bay	K.I.L. 11103	100.0%
Harbourfront Horizon All-Suite Hotel, Hung Hom Bay	K.I.L. 11110	100.0%
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%
Conic Investment Building, Hung Hom	–	100.0%
8 Tung Yuen Street, Yau Tong	Y.T.M.L. 69	100.0%

Approx. Floor Area of the Development (sq. m.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
130,338	Residential	Superstructure in progress	September, 2007
61,680	Residential	Completed	Completed
10,494	Residential	Foundation work	June, 2008
136,740	Residential/Commercial	Superstructure in progress	December, 2008
43,162	Hotel/Non-industrial	Superstructure in progress	December, 2008
100,372	Residential	Planning	April, 2009
100,372	Residential	Planning	January, 2010
113,211	Residential	Planning	October, 2010
124,800	Residential	Foundation work	December, 2009
184,896	Residential	Foundation work	December, 2010

Approx. Site Area (sq. m.)	Approx. Floor Area Attributable to the Group (sq. m.)	Existing Use	Lease Term
–	113,169	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
–	13,440	Commercial	Medium Term Lease
–	49,211	Commercial	Medium Term Lease
950	1,777	Commercial	Medium Term Lease
3,147	5,884	Hotel	Medium Term Lease
3,135	5,862	Hotel	Medium Term Lease
–	60,591	Hotel	Medium Term Lease
9,940	119,280	Hotel	Medium Term Lease
20,364	107,444	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
–	30,409	Industrial	Medium Term Lease
2,108	7,170	Godown	Medium Term Lease

## Schedule of Major Properties *(continued)*

### C. PROPERTIES FOR INVESTMENT/OWN USE *(continued)*

Location	Lot Number	Group's Interest
<b>The Mainland</b>		
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%
<b>Overseas</b>		
One Raffles Quay, Singapore	—	33.3%

#### 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
14,449	81,180	Hotel	Medium Term Lease
4,615	39,174	Hotel	Medium Term Lease
–	25,872	Hotel	Medium Term Lease
–	70,212	Commercial	Medium Term Lease
–	67,090	Commercial/Hotel/Serviced apartment	Medium Term Lease
–	191,232	Commercial/Hotel/Serviced apartment	Medium Term Lease
–	30,640	Commercial	Medium Term Lease
–	22,015	Commercial/Residential	Medium Term Lease
–	53,466	Residential	Long Lease
15,600	49,511	Commercial	Long Lease

# Consolidated Profit and Loss Account

For the year ended 31st December, 2006

	Note	2006 \$ Million	2005 \$ Million
Group turnover		10,951	6,171
Share of property sales of jointly controlled entities		4,395	8,187
<b>Turnover</b>	(3)	<b>15,346</b>	<b>14,358</b>
Group turnover		10,951	6,171
Investment and other income		1,306	942
Operating costs			
Property and related costs		(4,908)	(3,640)
Salaries and related expenses		(696)	(649)
Interest and other finance costs		(589)	(347)
Other expenses		(392)	(325)
		(6,585)	(4,961)
Share of net profit of jointly controlled entities		1,673	3,288
Increase in fair value of investment properties		1,936	1,776
<b>Operating profit</b>		<b>9,281</b>	<b>7,216</b>
Share of net profit of associates		10,211	7,248
<b>Profit before taxation</b>	(4)	<b>19,492</b>	<b>14,464</b>
Taxation	(5)	(1,213)	(259)
<b>Profit for the year</b>		<b>18,279</b>	<b>14,205</b>
Profit attributable to minority interests		(204)	(210)
<b>Profit attributable to shareholders</b>	(6)	<b>18,075</b>	<b>13,995</b>
<b>Dividends</b>			
Interim dividend paid at \$0.46 (2005 – \$0.42) per share		1,065	973
Final dividend proposed at \$1.74 (2005 – \$1.58) per share		4,031	3,659
		5,096	4,632
<b>Earnings per share</b>	(7)	<b>\$7.80</b>	<b>\$6.04</b>



# Consolidated Balance Sheet

As at 31st December, 2006

	Note	2006 \$ Million	2005 \$ Million
<b>Non-current assets</b>			
Fixed assets	(8)	10,222	9,612
Investment properties	(9)	14,508	11,710
Associates	(11)	134,358	126,281
Jointly controlled entities	(12)	24,130	22,849
Investments available for sale	(13)	8,674	7,169
Long term loans		251	403
		<b>192,143</b>	<b>178,024</b>
<b>Current assets</b>			
Stock of properties	(14)	45,857	27,106
Debtors, deposits and prepayments	(15)	6,634	1,338
Investments held for trading	(16)	1,223	1,014
Derivative financial instruments		162	435
Bank balances and deposits		3,782	8,310
		<b>57,658</b>	<b>38,203</b>
<b>Current liabilities</b>			
Bank and other loans	(17)	6,872	3,904
Creditors and accruals	(18)	2,998	2,416
Derivative financial instruments		456	193
Provision for taxation		1,265	564
		<b>46,067</b>	<b>31,126</b>
<b>Net current assets</b>			
		<b>238,210</b>	<b>209,150</b>
<b>Total assets less current liabilities</b>			
<b>Non-current liabilities</b>			
Bank and other loans	(17)	27,609	18,683
Loan from joint development partner	(19)	4,000	–
Deferred tax liabilities	(20)	920	544
		<b>32,529</b>	<b>19,227</b>
<b>Net assets</b>			
		<b>205,681</b>	<b>189,923</b>
<b>Representing:</b>			
Share capital	(21)	1,158	1,158
Share premium		9,331	9,331
Reserves		189,933	174,673
<b>Shareholders' funds</b>		<b>200,422</b>	<b>185,162</b>
Minority interests		5,259	4,761
<b>Total equity</b>		<b>205,681</b>	<b>189,923</b>

Li Ka-shing  
Director

Ip Tak Chuen, Edmond  
Director

# Balance Sheet

As at 31st December, 2006

	Note	2006 \$ Million	2005 \$ Million
<b>Non-current assets</b>			
Fixed assets	(8)	14	18
Subsidiaries	(10)	29,551	28,877
Associates	(11)	55	50
Jointly controlled entities	(12)	74	62
Long term loans		4	4
		<b>29,698</b>	<b>29,011</b>
<b>Current assets</b>			
Stock of properties	(14)	3	3
Debtors, deposits and prepayments	(15)	389	204
Bank balances and deposits		512	483
		<b>904</b>	<b>690</b>
<b>Current liabilities</b>			
Creditors and accruals	(18)	132	119
Provision for taxation		17	19
<b>Net current assets</b>		<b>755</b>	<b>552</b>
<b>Net assets</b>		<b>30,453</b>	<b>29,563</b>
<b>Representing:</b>			
Share capital	(21)	1,158	1,158
Share premium		9,331	9,331
Reserves	(22)	19,964	19,074
<b>Total equity</b>		<b>30,453</b>	<b>29,563</b>

Li Ka-shing  
Director

Ip Tak Chuen, Edmond  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31st December, 2006

	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	10,489	345	–	296	164,118	5,145	180,393
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)
Total recognised income and expense	–	–	174	7	13,995	212	14,388
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
Profit for the year	–	–	–	–	18,075	204	18,279
Change in fair value of investments available for sale	–	–	1,103	–	–	–	1,103
Exchange translation differences	–	–	–	85	–	5	90
Share of reserves of jointly controlled entities/unlisted associates	–	–	–	721	–	–	721
Total recognised income and expense	–	–	1,103	806	18,075	209	20,193
Change in minority interests	–	–	–	–	–	321	321
Dividend paid to minorities	–	–	–	–	–	(32)	(32)
Dividend paid to shareholders	–	–	–	–	(4,724)	–	(4,724)
<b>Balance at 31st December, 2006</b>	<b>10,489</b>	<b>345</b>	<b>1,277</b>	<b>1,109</b>	<b>187,202</b>	<b>5,259</b>	<b>205,681</b>

# Consolidated Cash Flow Statement

For the year ended 31st December, 2006

	Note	2006 \$ Million	2005 \$ Million
<b>Operating activities</b>			
Cash generated from/(used in) operations	(a)	(16,930)	1,467
Investment in/advance to jointly controlled entities		(1,485)	(3,459)
Dividend/repayment from jointly controlled entities		3,214	4,498
Dividend from associates		3,694	4,192
Dividend from investments in securities		146	90
Interest received		505	424
Dividend paid to shareholders		(4,724)	(4,262)
Dividend paid to minorities		(32)	(130)
Profits tax paid		(136)	(125)
<b>Net cash from/(used in) operating activities</b>		<b>(15,748)</b>	<b>2,695</b>
<b>Investing activities</b>			
Investment in/advance to associates		(1,552)	(8)
Repayment from associates		31	24
Investment in/advance to jointly controlled entities		(546)	(2,360)
Repayment from jointly controlled entities		–	1,975
Disposal of jointly controlled entities		–	1,253
Purchase of investments available for sale		(2,630)	(940)
Disposal/redemption of investments available for sale		2,521	2,223
Addition of investment properties		(862)	(968)
Disposal of investment properties		–	1,989
Addition of fixed assets		(574)	(2,065)
<b>Net cash from/(used in) investing activities</b>		<b>(3,612)</b>	<b>1,123</b>
<b>Financing activities</b>			
Borrowing of bank and other loans		16,689	6,846
Repayment of bank and other loans		(4,843)	(5,299)
Loan from joint development partner		4,000	–
Increase/(decrease) in funding from minorities		321	(466)
Interest and other finance costs paid		(1,335)	(622)
<b>Net cash from financing activities</b>		<b>14,832</b>	<b>459</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(4,528)</b>	<b>4,277</b>
<b>Cash and cash equivalents at 1st January</b>		<b>8,310</b>	<b>4,033</b>
<b>Cash and cash equivalents at 31st December</b>	(b)	<b>3,782</b>	<b>8,310</b>

Notes:

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

	2006 \$ Million	2005 \$ Million
Profit before taxation	19,492	14,464
Interest income	(486)	(429)
Interest expenses	589	347
Dividend income from investments in securities	(146)	(90)
Share of net profit of jointly controlled entities	(1,673)	(3,288)
Share of net profit of associates	(10,211)	(7,248)
Increase in fair value of investment properties	(1,936)	(1,776)
Profit on disposal of jointly controlled entities	–	(162)
Profit on disposal of investment properties	–	(288)
(Gain)/loss on investments available for sale	(280)	127
Depreciation	172	166
Decrease in long term loans	109	846
(Increase)/decrease in investments held for trading	(223)	437
Increase in stock of properties	(17,755)	(3,204)
Increase/(decrease) in customers' deposits received	(425)	2,157
(Increase)/decrease in debtors, deposits and prepayments	(5,316)	218
(Increase)/decrease in derivative financial instruments	536	(242)
Increase/(decrease) in creditors and accruals	638	(554)
Exchange difference and other items	(15)	(14)
	(16,930)	1,467

(b) Cash and cash equivalents

	2006 \$ Million	2005 \$ Million
Bank balances and deposits	3,782	8,310

## 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 156 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. For those which are effective for accounting periods beginning on 1st January, 2006, the adoption has no significant impact on the Group’s results and financial position; and for those which are not yet effective, the Group is in the process of assessing their impact on the Group’s results and financial position.

### (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.

## 2. Principal Accounting Policies *(continued)*

### (d) Jointly controlled entities *(continued)*

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.

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.

### (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 33<sup>1</sup>/<sub>3</sub>% based on their respective estimated useful lives.



## 2. Principal Accounting Policies *(continued)*

### (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.

### (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.

## 2. Principal Accounting Policies *(continued)*

### (m) Revenue recognition *(continued)*

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.

### (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:

	2006 \$ Million	2005 \$ Million
Property sales	9,401	4,717
Property rental	624	590
Hotels and serviced suites	729	642
Property and project management	197	222
Group turnover	10,951	6,171
Share of property sales of jointly controlled entities	4,395	8,187
Turnover	15,346	14,358

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 16% and 14% 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	
	2006 \$ Million	2005 \$ Million	2006 \$ Million	2005 \$ Million	2006 \$ Million	2005 \$ Million
Property sales	4,513	1,269	1,070	2,037	5,583	3,306
Property rental	533	470	403	431	936	901
Hotels and serviced suites	150	129	217	146	367	275
Property and project management	84	98	–	–	84	98
	5,280	1,966	1,690	2,614	6,970	4,580
Investment and finance					1,077	779
Interest and other finance costs					(589)	(347)
Increase in fair value of investment properties						
Subsidiaries					1,936	1,776
Jointly controlled entities					564	1,165
Others					201	102
Taxation (excluding share of taxation of major listed associates)					(1,932)	(1,021)
Profit attributable to minority interests					(204)	(210)
					8,023	6,824
Share of net profit of major listed associates						
Hutchison Whampoa Limited					10,007	7,166
CK Life Sciences Int'l., (Holdings) Inc.					45	5
Profit attributable to shareholders					18,075	13,995

## 4. Profit before Taxation

	2006 \$ Million	2005 \$ Million
Profit before taxation is arrived at after charging:		
Interest and other finance costs		
Bank loans and other loans repayable within 5 years	1,364	729
Other loans not repayable within 5 years	28	9
	1,392	738
Less: Amount capitalised (see note (a))	(803)	(391)
	589	347
Directors' emoluments (see note (b))		
Salaries, allowances and benefits in kind	93	93
Pension scheme contribution	9	9
Discretionary bonus	42	44
	144	146
Less: Amount paid back	(9)	(12)
	135	134
Auditors' remuneration	5	5
Costs of properties sold	3,752	3,205
Depreciation	172	166
Impairment losses – investments available for sale	211	154
Operating lease charges – properties	64	30
and after crediting:		
Net rental income	573	521
Interest income from banks	247	117
Interest income from jointly controlled entities/associates	156	146
Income from listed investments in securities		
Dividend income from equity securities	145	89
Interest income from debt securities	6	39
Income from unlisted investments in securities		
Dividend income from equity securities	1	1
Interest income from debt securities	54	97
Profit on disposal of investments available for sale	491	27
Gain/(loss) on investments held for trading	225	(96)
Profit on disposal of investment properties	–	288
Profit on disposal of jointly controlled entities	–	162

Notes:

- (a) Interest was capitalised to property development projects at the average annual rate of approximately 4.5% (2005 – 2.5%) during the year.

#### 4. Profit before Taxation (continued)

Notes: (continued)

- (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:

	Salaries, Allowances and Benefits		Pension Scheme Contribution	Inducement or Discretionary Compensation Bonus Fee		2006 Total	2005 Total
	Director Fees \$ Million	in Kind \$ Million	\$ Million	\$ Million	\$ Million	\$ Million	\$ Million
Li Ka-shing <sup>(1)</sup>	0.01	–	–	–	–	0.01	0.01
Li Tzar Kuoi, Victor <sup>(2)</sup>	0.10	31.52	3.15	7.40	–	42.17	39.45
Kam Hing Lam <sup>(3)</sup>	0.10	15.39	1.54	0.43	–	17.46	17.46
Ip Tak Chuen, Edmond <sup>(4)</sup>	0.10	12.02	1.20	4.15	–	17.47	15.40
Chung Sun Keung, Davy	0.10	7.47	0.74	8.00	–	16.31	12.47
Pau Yee Wan, Ezra	0.10	8.47	0.85	6.00	–	15.42	14.17
Woo Chia Ching, Grace	0.10	8.47	0.85	8.00	–	17.42	16.17
Chiu Kwok Hung, Justin	0.10	7.59	0.75	8.00	–	16.44	14.62
Leung Siu Hon	0.10	–	–	–	–	0.10	0.10
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	0.10
George Colin Magnus	0.10	–	–	–	–	0.10	14.91
Kwok Tun-li, Stanley	0.25	–	–	–	–	0.25	0.25
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	0.15
Kwan Chiu Yin, Robert	0.20	–	–	–	–	0.20	0.20
Cheong Ying Chew, Henry	0.20	–	–	–	–	0.20	0.20
<b>Total</b>	<b>2.41</b>	<b>90.93</b>	<b>9.08</b>	<b>41.98</b>	<b>–</b>	<b>144.40</b>	<b>146.26</b>

- (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) 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. Taxation

	2006 \$ Million	2005 \$ Million
Hong Kong profits tax	833	137
Overseas tax	4	(1)
Deferred tax	376	123
	1,213	259

Hong Kong profits tax has been provided for at the rate of 17.5% (2005 – 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:

	2006 \$ Million	2005 \$ Million
Adjusted operating profit at Hong Kong tax rate of 17.5% (2005 – 17.5%)	1,748	1,395
Effect of different tax rates at overseas locations	310	238
Increase in fair value of investment properties	(17)	(248)
Profit on disposal of properties held for rental	(12)	(186)
Profit on disposal of subsidiaries and jointly controlled entities	–	(28)
Net effect of tax losses and deductible temporary differences utilised/not recognised	37	(77)
Net effect of non-assessable/deductible items	(153)	(77)
Others	9	(4)
	1,922	1,013
Less: Share of taxation of jointly controlled entities	(709)	(754)
	1,213	259

## 6. Profit Attributable to Shareholders

Profit attributable to shareholders dealt with in the profit and loss account of the Company is \$5,614 million (2005 – \$4,841 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 (2005 – 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
<b>Cost</b>					
At 1st January, 2005	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
Translation difference	–	–	48	9	57
Additions/transfers	36	510	8	187	741
Disposals	–	–	–	(25)	(25)
At 31st December, 2006	460	9,571	1,345	1,042	12,418
<b>Accumulated depreciation/provisions</b>					
At 1st January, 2005	–	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
Translation difference	–	–	7	6	13
Depreciation	–	77	30	65	172
Written back on disposals	–	–	–	(22)	(22)
At 31st December, 2006	–	1,382	182	632	2,196
<b>Net book value</b>					
At 31st December, 2006	460	8,189	1,163	410	10,222
At 31st December, 2005	424	7,756	1,144	288	9,612

At the balance sheet date:

- certain properties in Hong Kong with aggregate carrying value of \$8,473 million (2005 – \$8,013 million) and certain properties outside Hong Kong with aggregate carrying value of \$1,163 million (2005 – \$1,144 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 \$1,138 million (2005 – \$1,120 million) were pledged to secure bank loan facilities of these subsidiaries.

## 8. Fixed Assets (continued)

Company	Other assets	
	2006 \$ Million	2005 \$ Million
Cost		
At 1st January	187	181
Additions	7	11
Disposals	–	(5)
At 31st December	194	187
Accumulated depreciation		
At 1st January	169	165
Depreciation	11	9
Written back on disposals	–	(5)
At 31st December	180	169
Net book value at 31st December	14	18

## 9. Investment Properties

	2006 \$ Million	2005 \$ Million
Investment properties in Hong Kong		
At 1st January	11,710	10,545
Additions	862	1,090
Disposals	–	(1,701)
Increase in fair value	1,936	1,776
At 31st December	14,508	11,710

At the balance sheet date:

- investment properties have been revalued by DTZ Debenham Tie Leung Limited, independent professional valuers, on an open market value basis;
- investment properties with aggregate carrying value of \$13,971 million (2005 – \$11,207 million) and \$537 million (2005 – \$503 million) were held under medium term leases and long leases respectively; and
- gross rental income and direct operating expenses of investment properties during the year amounted to \$497 million (2005 – \$456 million) and \$6 million (2005 – \$26 million) respectively.

## 10. Subsidiaries

	2006 \$ Million	2005 \$ Million
Unlisted investments in subsidiaries	2,071	2,071
Amounts due from subsidiaries	33,914	32,161
Amounts due to subsidiaries	(6,434)	(5,355)
	29,551	28,877

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

## 11. Associates

	Group		Company	
	2006 \$ Million	2005 \$ Million	2006 \$ Million	2005 \$ Million
Listed investments in associates	28,676	27,160	–	–
Unlisted investments in associates	169	169	51	51
Share of results and reserves	105,134	98,623	–	–
	133,979	125,952	51	51
Amounts due from associates	393	352	5	–
Amounts due to associates	(14)	(23)	(1)	(1)
	134,358	126,281	55	50
Market value of investments in associates – listed in Hong Kong	172,988	159,994	–	–

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

## 12. Jointly Controlled Entities

	Group		Company	
	2006 \$ Million	2005 \$ Million	2006 \$ Million	2005 \$ Million
Unlisted investments in jointly controlled entities	4,542	1,137	–	–
Share of results and reserves	3,708	3,943	–	–
	8,250	5,080	–	–
Amounts due from jointly controlled entities	15,970	18,695	74	62
Amounts due to jointly controlled entities	(90)	(926)	–	–
	24,130	22,849	74	62

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:

	2006 \$ Million	2005 \$ Million
Non-current assets	13,170	12,258
Current assets	20,676	19,563
Current liabilities	(3,858)	(3,577)
Non-current liabilities	(6,306)	(6,072)
Income	6,733	10,995
Expenses	(4,296)	(6,858)

### 13. Investments Available for Sale

	2006 \$ Million	2005 \$ Million
Listed investments		
Equity securities – listed in Hong Kong	6,911	3,613
Equity securities – listed overseas	1,278	2,336
	8,189	5,949
Unlisted investments		
Equity securities	56	263
Debt securities	429	957
	485	1,220
	8,674	7,169

### 14. Stock of Properties

	Group		Company	
	2006 \$ Million	2005 \$ Million	2006 \$ Million	2005 \$ Million
Properties for/under development	22,743	19,893	–	–
Joint development projects	21,349	6,032	–	–
Properties for sale	3,498	3,339	3	3
	47,590	29,264	3	3
Less: Customers' deposits received	1,733	2,158	–	–
	45,857	27,106	3	3

## 15. Debtors, Deposits and Prepayments

	Group		Company	
	2006 \$ Million	2005 \$ Million	2006 \$ Million	2005 \$ Million
Trade debtors	6,029	892	–	–
Deposits, prepayments and other debtors	605	446	389	204
	6,634	1,338	389	204

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:

	2006 \$ Million	2005 \$ Million
Current to one month	6,000	841
Two to three months	19	29
Over three months	10	22
	6,029	892

## 16. Investments Held for Trading

	2006 \$ Million	2005 \$ Million
Listed investments		
Equity securities – listed in Hong Kong	193	144
Equity securities – listed overseas	73	60
Debt securities – listed overseas	137	137
	403	341
Unlisted investments		
Equity securities	439	406
Debt securities	381	267
	820	673
	1,223	1,014

## 17. Bank and Other Loans

	2006 \$ Million	2005 \$ Million
Bank loans repayable		
within 1 year	4,587	2,995
after 1 year but not exceeding 2 years	3,878	2,176
after 2 years but not exceeding 5 years	15,434	8,076
after 5 years	–	36
	23,899	13,283
Other loans repayable		
within 1 year	2,285	909
after 1 year but not exceeding 2 years	2,400	2,285
after 2 years but not exceeding 5 years	5,247	5,610
after 5 years	650	500
	10,582	9,304
Less: Amounts classified under current liabilities	34,481	22,587
Amounts classified under non-current liabilities	6,872	3,904
	27,609	18,683

At the balance sheet date:

- (a) bank loans amounting to \$299 million (2005 – \$382 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:

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:

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)
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)



**17. Bank and Other Loans (continued)**

- (ii) issued by Cheung Kong Bond Finance Limited in Hong Kong: (continued)
- |      |             |                                      |
|------|-------------|--------------------------------------|
| HK\$ | 500,000,000 | 4.4% due April 2015 (issued in 2005) |
| HK\$ | 150,000,000 | 5.1% due April 2016 (issued in 2006) |
- (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) |
| SGD  | 200,000,000 | 3.655% due October 2009 (issued in 2006)        |
| SGD  | 200,000,000 | 3.76% due October 2011 (issued in 2006)         |
- (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 inter-bank offered rate of the relevant currency plus a margin less than 1% per annum.

**18. Creditors and Accruals**

	Group		Company	
	2006 \$ Million	2005 \$ Million	2006 \$ Million	2005 \$ Million
Trade creditors	263	160	–	–
Accruals and other creditors	2,735	2,256	132	119
	2,998	2,416	132	119

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

	2006 \$ Million	2005 \$ Million
Current to one month	214	140
Two to three months	30	12
Over three months	19	8
	263	160

**19. Loan from Joint Development Partner**

Pursuant to the terms of a joint development project, the Group obtained a loan of \$4,000 million from the joint development partner to finance the payment of land premium of the joint development project. The loan is repayable, by two equal instalments, upon completion of phase 1 (or on 31st December, 2009, whichever is earlier) and phase 2 (or on 31st December, 2011, whichever is earlier) of the joint development project.

## 20. Deferred Tax Liabilities

At the balance sheet date:

- (a) deferred tax liabilities amounting to \$432 million (2005 – \$378 million) and \$488 million (2005 – \$166 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 \$3,022 million (2005 – \$2,640 million), of which \$108 million (2005 – \$176 million) expire within 5 years, were not recognised.

## 21. Share Capital

	2006 No. of shares	2005 No. of shares	2006 \$ Million	2005 \$ 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

## 22. Reserves

	Capital reserve \$ Million	Retained profits \$ Million	2006 Total \$ Million	2005 Total \$ Million
At 1st January	199	18,875	19,074	18,495
Profit for the year	–	5,614	5,614	4,841
Dividend paid	–	(4,724)	(4,724)	(4,262)
At 31st December	199	19,765	19,964	19,074

The Company's reserves available for distribution to shareholders, including the proposed final dividend, amounted to \$19,765 million (2005 – \$18,875 million). Proposed final dividend for 2005 was approved by shareholders on 18th May, 2006 and paid on 23rd May, 2006.

## 23. 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	
	2006 \$ Million	2005 \$ Million
Future minimum lease income receivable		
not later than 1 year	496	470
later than 1 year and not later than 5 years	385	481
later than 5 years	–	1
	881	952

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	
	2006 \$ Million	2005 \$ Million	2006 \$ Million	2005 \$ Million
Future minimum lease charges payable				
not later than 1 year	53	55	40	40
later than 1 year and not later than 5 years	39	81	31	71
	92	136	71	111

## 24. 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, 2006				
Property development	54,231	10,517	64,748	(5,918)
Property investment	15,004	9,771	24,775	(173)
Hotels and serviced suites	9,953	3,703	13,656	(424)
Property and project management	149	–	149	(46)
Total segment assets/(liabilities)			103,328	(6,561)
Investments in listed associates			133,494	–
Cash and investments in securities			11,400	–
Bank and other loans			–	(34,481)
Other assets/(liabilities)			1,579	(3,078)
Total assets/(liabilities)			249,801	(44,120)
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)

## 24. 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	
	2006 \$ Million	2005 \$ Million	2006 \$ Million	2005 \$ Million
Hong Kong	78,879	52,100	1,310	3,301
The Mainland	17,612	15,550	13	12
Asia	5,892	5,385	–	–
Europe	942	775	–	–
North America	3	4	–	–
	103,328	73,814	1,323	3,313

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

	Depreciation		Capital Expenditure	
	2006 \$ Million	2005 \$ Million	2006 \$ Million	2005 \$ Million
Property investment	–	–	902	1,013
Hotels and serviced suites	139	137	401	2,281
Property and project management	16	13	20	19
	155	150	1,323	3,313

## 25. 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 – \$549 million (2005 – \$317 million)
    - jointly controlled entities – \$83 million (2005 – Nil)
  - (ii) authorised but not contracted for
    - fixed assets – \$10 million (2005 – \$4 million)
    - jointly controlled entities – \$2,457 million (2005 – Nil)
- (b) the Group's share of capital commitments of the jointly controlled entities were as follows:
  - (i) contracted but not provided for – \$700 million (2005 – \$713 million)
  - (ii) authorised but not contracted for – \$2,938 million (2005 – \$1,565 million)
- (c) the Group's share of contingent liability of jointly controlled entity in respect of guaranteed return payments payable to the other party of a co-operative joint venture in the next 43 years amounted to \$4,488 million;

## 25. Commitments and Contingent Liabilities *(continued)*

- (d) the minimum share of revenue/profit guaranteed by the Company to be received by other partners of joint development projects amounted to \$1,422 million (2005 – \$672 million); and
- (e) the Company provided guarantees for loan financing as follows:
  - (i) bank and other loans utilised by subsidiaries – \$34,182 million (2005 – \$22,205 million)
  - (ii) loan from joint development partner to a subsidiary – \$4,000 million (2005 – Nil)
  - (iii) bank loans utilised by jointly controlled entities – \$1,130 million (2005 – \$1,109 million)and certain subsidiaries provided guarantees for bank loans utilised by jointly controlled entities amounted to \$2,571 million (2005 – \$3,622 million).

## 26. 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 \$64 million (2005 – \$59 million) and forfeited contributions in the amount of \$5 million (2005 – \$5 million) were used to reduce current year's contributions.

## 27. 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 (25).

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

## 28. 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\$) and SGD 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.



## 28. 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.

## 29. Approval of Financial Statements

The financial statements reported in Hong Kong dollars and set out on pages 108 to 147 were approved by the board of directors on 22nd March, 2007.

# 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	Hotels & serviced suites
Best Sense Investments Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Biro Investment Limited	HK\$ 10,000		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 City Investments 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
iMarkets Limited	HK\$ 30,000,000		54.83	Provider of electronic trading platform
Issamed Investments Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Japura Development Pte Ltd (Singapore)	SGD 1,000,000		76	Property development
Jetmark Limited	HK\$ 2		100	Property development
Joynote Ltd (Singapore)	SGD 2		100	Finance
Match Power Investment Limited	HK\$ 2		100	Property development
Maxchief Limited	HK\$ 2		100	Property development
Mega Gain Resources Limited	HK\$ 1		80	Property investment

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 City Investments Limited	HK\$ 1		100	Property development
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
Rich Asia Investments Limited	HK\$ 1,000,000		85	Property development
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
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)		44.3	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 Ming An (Holdings) Company Limited (Cayman Islands)		21.7	General insurance

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
Afford Limited	50	Property development
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 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)	47.5	Property development
Circadian Limited (The United Kingdom)	47.5	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 Castle Management Limited (British Virgin Islands)	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
Konus Investment Limited	42.5	Property development & investment
Mapleleaf Developments Limited (British Virgin Islands)	25	Property development
Marketon Investment Limited	50	Property development & investment
Matrica Limited	30	Property development & investment
Mighty General Limited	50	Property development
Montoya (HK) 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

## Principal Jointly Controlled Entities (continued)

Name	Effective percentage of Ownership Interest held by the Company Indirectly	Principal Activities
Shanklin Developments Limited (British Virgin Islands)	50	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
Zealand Limited (British Virgin Islands)	50	Property development

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

Name	Area of Operation
Afford Limited	The Mainland
Bayswater Developments Limited	The Mainland
Beright Investments Limited	The Mainland
Chesgold Limited	The Mainland
Cheung Wo 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
Golden Castle Management 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
Shanklin Developments Limited	The Mainland
Sky Island Limited	The Mainland
Zealand Limited	The Mainland

## Appendix IV

Extracts of the 2006 published financial statements of Hutchison Whampoa Limited, a listed associate, are set out below.

### Consolidated Profit and Loss Account

For the year ended 31st December, 2006

	2006 \$ Million	2005 \$ Million
Company and subsidiary companies		
Revenue	183,812	182,584
Cost of inventories sold	(67,114)	(62,804)
Staff costs	(25,729)	(25,730)
Telecommunications expensed prepaid customer acquisition costs	(5,494)	(11,954)
Depreciation and amortisation	(33,091)	(35,727)
Other operating expenses	(50,860)	(60,233)
Change in fair value of investment properties	2,843	3,685
Profit on disposal of investments and others	23,290	25,117
	27,657	14,938
Share of profits less losses after tax of:		
Associated companies	11,472	8,067
Jointly controlled entities	3,075	3,927
	14,547	11,994
Interest and other finance costs	(16,601)	(15,405)
<b>Profit before tax</b>	<b>25,603</b>	<b>11,527</b>
Current tax charge	(1,560)	(2,511)
Deferred tax (charge) credit	(1,417)	4,538
<b>Profit after tax</b>	<b>22,626</b>	<b>13,554</b>
Allocated as: Loss (profit) attributable to minority interests	(2,596)	789
<b>Profit attributable to shareholders of the Company</b>	<b>20,030</b>	<b>14,343</b>



**Consolidated Balance Sheet**

At 31st December, 2006

	2006 \$ Million	As restated 2005 \$ Million
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	140,181	124,243
Investment properties	41,657	38,557
Leasehold land	35,293	32,374
Telecommunications licences	89,077	84,624
Telecommunications postpaid customer acquisition costs	10,532	6,172
Goodwill	21,840	17,959
Brand names and other rights	7,582	3,579
Associated companies	74,954	65,334
Interests in joint ventures	38,507	37,284
Deferred tax assets	17,159	15,635
Other non-current assets	3,762	4,426
Liquid funds and other listed investments	66,251	60,669
	<b>546,795</b>	<b>490,856</b>
<b>Current assets</b>		
Cash and cash equivalents	64,151	49,717
Trade and other receivables	44,188	36,154
Inventories	22,382	20,337
	<b>130,721</b>	<b>106,208</b>
<b>Current liabilities</b>		
Trade and other payables	66,487	56,017
Bank and other debts	22,070	26,028
Current tax liabilities	1,629	2,080
	<b>90,186</b>	<b>84,125</b>
<b>Net current assets</b>	<b>40,535</b>	<b>22,083</b>
<b>Total assets less current liabilities</b>	<b>587,330</b>	<b>512,939</b>
<b>Non-current liabilities</b>		
Bank and other debts	260,970	233,454
Interest bearing loans from minority shareholders	12,030	5,429
Deferred tax liabilities	15,019	13,750
Pension obligations	2,378	2,323
Other non-current liabilities	6,368	4,354
	<b>296,765</b>	<b>259,310</b>
<b>Net assets</b>	<b>290,565</b>	<b>253,629</b>
<b>CAPITAL AND RESERVES</b>		
Share capital	1,066	1,066
Reserves	272,728	242,488
<b>Total shareholders' funds</b>	<b>273,794</b>	<b>243,554</b>
Minority interests	16,771	10,075
<b>Total equity</b>	<b>290,565</b>	<b>253,629</b>

## Appendix V

Extracts of the 2006 published financial statements of CK Life Sciences Int'l., (Holdings) Inc., a listed associate, are set out below.

### Consolidated Income Statement

For the year ended 31st December, 2006

	2006 \$'000	2005 \$'000
Turnover	2,197,118	694,379
Cost of sales	(1,369,928)	(386,536)
Other income	827,190	307,843
Staff costs	43,382	80,412
Depreciation	(283,269)	(142,711)
Amortization of intangible assets	(31,888)	(28,836)
Fair value change of investments at fair value through profit and loss/derivative financial instruments	(22,282)	(4,758)
Other operating expenses	(10,007)	(28,165)
Finance costs	(389,745)	(151,482)
Finance costs	(37,866)	(19,494)
Share of results of associates	2,930	3,337
Profit before taxation	98,445	16,146
Taxation	(1,653)	(5,368)
Profit for the year	96,792	10,778
Attributable to:		
Equity holders of the Company	102,022	12,234
Minority interests	(5,230)	(1,456)
	96,792	10,778

**Consolidated Balance Sheet**

As at 31st December, 2006

	2006 \$'000	2005 \$'000
<b>Non-current assets</b>		
Property, plant and equipment	358,180	359,953
Prepaid lease for land	12,700	27,827
Intangible assets	3,077,477	738,738
Interests in associates	72,909	30,922
Debt investment	–	174,179
Available-for-sale investments	155,727	210,879
Investments at fair value through profit and loss	920,265	1,280,331
Deferred taxation	19,178	7,216
	<b>4,616,436</b>	<b>2,830,045</b>
<b>Current assets</b>		
Debt investment	–	36,986
Investments at fair value through profit and loss	12,709	48,346
Derivative financial instruments	19,544	22,361
Inventories	320,489	127,914
Receivables and prepayments	502,852	202,990
Taxation	–	808
Deposit with financial institution	47,931	39,000
Bank balances and deposits	411,693	372,433
	<b>1,315,218</b>	<b>850,838</b>
<b>Current liabilities</b>		
Payables and accruals	(438,286)	(216,958)
Derivative financial instruments	(63,630)	(54,736)
Bank loans	–	(93,080)
Finance lease obligations	(2,222)	(559)
Taxation	(16,057)	–
	<b>(520,195)</b>	<b>(365,333)</b>
<b>Net current assets</b>	<b>795,023</b>	<b>485,505</b>
<b>Total assets less current liabilities</b>	<b>5,411,459</b>	<b>3,315,550</b>
<b>Non-current liabilities</b>		
Bank loans	(322,877)	(461,200)
Finance lease obligations	(1,505)	(1,741)
Loan from a minority shareholder	(23,828)	(34,252)
Deferred taxation	(101,225)	(34,270)
	<b>(449,435)</b>	<b>(531,463)</b>
<b>Total net assets</b>	<b>4,962,024</b>	<b>2,784,087</b>

### Consolidated Balance Sheet (continued)

As at 31st December, 2006

	2006 \$'000	2005 \$'000
<b>Capital and reserves</b>		
Share capital	961,107	640,738
Share premium and reserves	3,985,346	2,095,522
<b>Equity attributable to equity holders of the Company</b>	<b>4,946,453</b>	<b>2,736,260</b>
Minority interests	15,571	47,827
<b>Total equity</b>	<b>4,962,024</b>	<b>2,784,087</b>

## **Deloitte.** **德勤**

### **TO THE MEMBERS OF CHEUNG KONG (HOLDINGS) LIMITED**

*(incorporated in Hong Kong with limited liability)*

We have audited the consolidated financial statements of Cheung Kong (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 108 to 147, which comprise the consolidated and the Company balance sheets as at 31st December, 2006, and the consolidated profit and loss account, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Directors' responsibility for the consolidated financial statements**

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December, 2006 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

**DELOITTE TOUCHE TOHMATSU**

*Certified Public Accountants*

Hong Kong

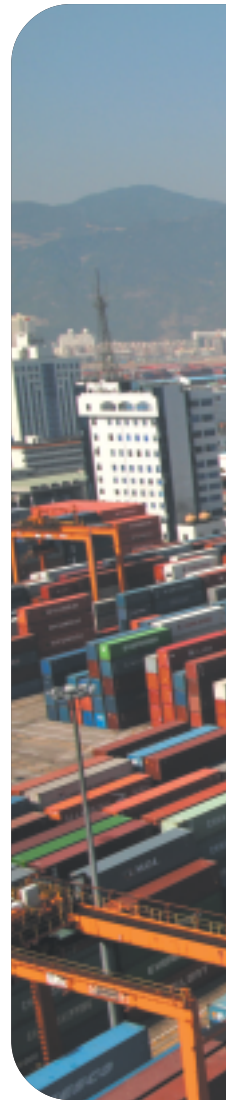
22nd March, 2007

## Listed Affiliated Companies

# Hutchison Whampoa Limited

### Business Growth on All Fronts

*Both the Hutchison Whampoa Group's established businesses and the 3 Group recorded growth and improved results in 2006. Building on its diversified portfolio of operations worldwide, and its sound financial position, all of the businesses of the Hutchison Whampoa Group are expected to continue to perform well in 2007.*



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



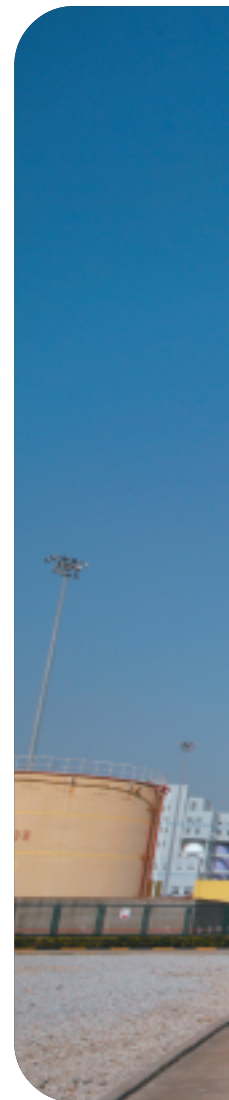




# Cheung Kong Infrastructure Holdings Limited

## Another Decade of Achievement Ahead

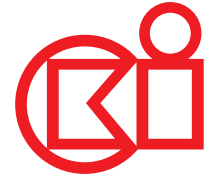
*Over the last ten years, CKI has grown significantly and evolved into a global infrastructure player with diverse investments across Hong Kong, the Mainland, Australia, the United Kingdom, Canada and the Philippines. With its strong market position and substantial financial resources, CKI is well placed to generate continued growth and returns in its second decade of operations and beyond.*



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







# Hongkong Electric Holdings Limited



## Invest in Key Growth Opportunities

*Hongkong Electric maintained an exceptional standard of supply reliability of over 99.999% in Hong Kong, while its international operations also reported a good performance in 2006. In the years to come, Hongkong Electric will continue to invest in key growth opportunities in international markets in order to achieve continuous growth and improved returns for shareholders.*



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







# Corporate Information and Key Dates

## 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>
CHEONG Ying Chew, Henry	<i>Independent Non-executive Director</i>
KWAN Chiu Yin, Robert	<i>Independent Non-executive Director</i>

\* Also alternate director to Simon MURRAY

## Audit Committee

CHEONG Ying Chew, Henry (*Chairman*)  
KWOK Tun-li, Stanley  
HUNG Siu-lin, Katherine

## 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

## Authorised Representatives

IP Tak Chuen, Edmond  
Eirene YEUNG

## Principal Bankers

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

## Auditors

Deloitte Touche Tohmatsu

## Legal Advisers

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

## Stock Codes

The Stock Exchange of Hong Kong Limited: 0001  
Bloomberg: 1 HK  
Reuters: 1.HK

## Website

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

## Key Dates

Annual Results Announcement	22nd March, 2007
Closure of Register of Members	10th to 17th May, 2007 (both days inclusive)
Record Date for Final Dividend	17th May, 2007
Payment of Final Dividend	22nd May, 2007





