



Set for a  
**Bright Future**



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

STOCK CODE: 0001

Interim Report 2006

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# Chairman's Statement

## Set for a Bright Future

### PROFIT FOR THE FIRST HALF YEAR

The Group's unaudited profit attributable to shareholders for the six months ended 30th June, 2006 amounted to HK\$12,215 million. Earnings per share were HK\$5.27.

### INTERIM DIVIDEND

The Directors have declared an interim dividend for 2006 of HK\$0.46 per share (HK\$0.42 per share in 2005) to shareholders whose names appear on the Register of Members of the Company on Thursday, 12th October, 2006. The dividend will be paid on Friday, 13th October, 2006.

### PROSPECTS

#### Growing from Strength to Strength

*The Hong Kong economy has performed well in the first half of 2006 despite increasing global market pressure from inflation and interest rate rises.*

*The Group's businesses continue to grow steadily from strength to strength by making the investments required to take advantage of expansion opportunities.*

During the period under review, an overall solid performance was reported for the Group's quality businesses. The Group's profit before share of results of the Hutchison Whampoa Group for the first half of 2006 was lower as compared with the same period in 2005, largely attributable to the timing of completion of property development projects and more modest upward revaluations of investment properties than for the same period last year. The outlook for the Group's property business remains favourable. Given that the development cycle of property projects often spans a period of three to five years, occasional fluctuations of interim revenue are expected.

### **Property Business**

The overall performance of the Hong Kong economy for the first half of the year was encouraging despite increasing concerns over high oil prices, interest rate increases and financial market volatility. Real GDP growth was stronger than expected, primarily underpinned by solid performance in both domestic demand and external trade. Other positive economic indicators, including moderate CPI growth and a declining unemployment rate, also pointed to the broad-based growth of the overall economy.

Property transactions were slow in the first half of 2006. However, the market has remained stable, and sentiment has improved recently, reflecting continuing solid demand from end users. The level of interest rates is likely to remain steady in the near future given the U.S. decision to hold interest rates unchanged in August, and we expect no significant adverse impact on the local property market as any further possible increases are likely to be modest. Prospects for the market are positive given continuing economic growth, rising income, and new flat supply remaining normal.

The Group's core property business has continued to perform well during the period. Various initiatives in the areas of land acquisition, project planning, construction, and marketing were either launched, progressing or completed on schedule. The Group has continued to expand its high-quality landbank in Hong Kong, the Mainland and overseas in a very cost-effective manner, and currently has a sizeable landbank in place to support development over the next five to six years. The Group's existing property portfolio features an optimal mix of quality properties, characterised by the advantages of being strategically located. The projects in progress and being planned will undoubtedly strengthen further our strong property portfolio.

With regard to the Group's investment property portfolio, we continue to look for investment opportunities for high-quality commercial and hotel properties, and continue to explore alternative structures which would enhance returns for shareholders.

## Chairman's Statement *(continued)*

In the Mainland, the pace of development of the property market is expected to moderate following the macro economic measures introduced to regulate property activities, but no adverse impact on the overall market demand is anticipated in the medium to long run. The Group remains committed to its long term development strategy in the Mainland, and will continue to expand its land portfolio as opportunities arise and commence various development plans as scheduled. Our overseas ventures in Singapore and the United Kingdom are progressing well, and we will continue to enhance our business growth and market position by seeking out new investment opportunities in these markets.

### Listed Affiliated Companies

The core businesses of the Hutchison Whampoa Group overall reported improved and healthy growth in the first half of 2006. The recurring earnings of the Group's established businesses continue to grow steadily, and the Group capitalised on the recent substantial increase in the market valuation of its ports and related services division by completing a strategic placement of a 20% interest in this business in April, giving rise to a substantial profit on disposal. The losses incurred by the 3 Group continued to narrow during the period on continued growth in customers, sales and operating profitability. It is expected that the 3 Group will continue to report improved financial performance in the second half, although breakeven at the EBITDA after customer acquisition costs level is not now anticipated for 2006. This target is now expected to be met during the first half of 2007. Whilst acknowledging that the first half benefited from the exceptional gain on the sale of an interest in the ports business, the Hutchison Whampoa Group is expected to continue to perform well in the second half of the year given the continued strength of established businesses, the improving results from the 3 Group, and the conservative financial profile of the Group.

Cheung Kong Infrastructure Holdings Limited ("CKI") achieved an overall good performance across various industries and markets during the period under review. The divestment of part of its stake in three Australian power distribution assets to Spark Infrastructure Group, which was listed in Australia at the end of 2005, strengthened its financial platform. With its strong cash position, CKI will continue to pursue a prudent strategy of acquisition by exploring opportunities to expand its portfolio around the globe.

Hongkong Electric Holdings Limited ("Hongkong Electric") reported a steady performance in the first half of 2006. Its international investments have performed well, bearing in mind the lower attributable interest in the Australian electricity businesses. Hongkong Electric will continue to expand and strengthen its earnings base by pursuing quality investments outside Hong Kong.

During the first half of 2006, CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences") achieved very strong sales growth across its businesses, and great strides were made in its overall profitability. The acquisition of an 80% interest in Vitaquest International Holdings LLC, the largest custom contract nutraceutical manufacturer in the United States, offers extensive synergies with CK Life Sciences' core businesses, and has provided a partial revenue contribution during the period. Continued progress has been made in R&D with a number of research studies and clinical trials underway. CK Life Sciences is well positioned to pursue new growth opportunities given its strong R&D platform and sound financial position.

### Sustainable Growth

*Despite the moderate GDP growth in the second quarter of 2006, Hong Kong's economic prospects remain positive. The economic outlook in the Mainland continues to be favourable, and continuing strong growth is anticipated in the long run. This positive environment will provide Hong Kong a stronger platform to advance further, and to drive new exciting growth in the years ahead. The Cheung Kong Group is well positioned to take full advantage of the business opportunities which will arise under these favourable economic conditions, and has a strategic framework in place to prudently pursue these new growth opportunities. The Cheung Kong Group has strong confidence in the short, medium and long term prospects for its future development.*

Despite rising risks to the global economy associated with the volatility in energy and commodity prices, the macro economic outlook for Hong Kong remains positive, supported by the strength of exports and local consumption. As the level of interest rates is likely to remain steady in the near future given the U.S. decision to hold interest rates unchanged in August, we look forward to stronger growth prospects for the local economy.

## Chairman's Statement *(continued)*

Robust economic growth has continued in the Mainland during the first half of 2006. We expect the economy will continue to power ahead in the second half year given moderate inflation and the evident strong momentum for future growth. A new series of monetary-based tightening measures primarily aimed at regulating the growth of money supply and fixed asset investment were initiated. We expect these measures will help ensure the sustainability and stability of the long term economic growth, and enable the Mainland to steer its economic growth on a steady, healthy track.

The Mainland's healthy and sustainable economic growth will establish a stronger platform for Hong Kong's future development. As an international financial, trade and shipping centre, Hong Kong should draw on its expertise and advantages to capitalise on the diverse opportunities presented by the Mainland's Eleventh Five-Year Plan, QDII and CEPA, and to enhance further its regional and international competitiveness.

The Cheung Kong Group continues to be well prepared to take advantage of the exciting opportunities ahead. Leveraging our combined strengths of strong global presence, sound financials and effective management, we are well poised to capture every opportunity for quality asset expansion and business growth, generating increased returns for shareholders. Looking ahead, we will move towards a new horizon of exciting growth, as all of our quality businesses in 54 nations worldwide continue to grow and thrive on an even stronger foundation. The Cheung Kong Group has strong confidence in the short, medium and long term prospects for its future development.

### **Acknowledgement**

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

**Li Ka-shing**  
Chairman

Hong Kong, 24th August, 2006



# Management Discussion and Analysis

## BUSINESS REVIEW

### Major Business Activities

#### 1. Developments Completed and Scheduled for Completion in 2006:

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
Central Park Towers Phase 1	Tin Shui Wai Town Lot No. 24	98,800	98.47%
Harbourfront Horizon All-Suite Hotel	Kowloon Inland Lot No. 11110	107,400	100%
The Legend at Jardine's Lookout	The Remaining Portion of Inland Lot No. 8972	47,300	100%
Metro Town Phase 1	Tseung Kwan O Town Lot No. 73, Area 73B 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 Towers 15 and 16	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	128,390	50%
Regency Park Phases IV and V	Pudong Huamu, Shanghai	35,050	50%
Huangsha Underground Railway Station Development Commercial	Guangzhou	87,010	50%
Seasons Villas Phases 4A and 6B	Pudong Huamu, Shanghai	2,310	50%
One Raffles Quay	Marina Boulevard Singapore	148,530	33.33%

2. 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 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.
- (5) During the period under review, the Group continued to acquire properties and agricultural land with potential for development. Some of the properties and agricultural land are under varying stages of design and planning applications.

### *The Mainland and Overseas*

- (1) 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.
- (2) February 2006: An indirect 50/50 joint venture company of the Group and the Hutchison Whampoa Group acquired 50% of the issued share capital of, and the benefits of the debts owed by, Circadian (CH) Limited (“CCH”) and Circadian Limited (“CHL”) respectively. CCH is the owner and developer of a piece of freehold property on the north side of Chelsea Harbour Drive, Chelsea Harbour Estate, Fulham, London, England and CHL is the owner and developer of the land together with all buildings from time to time thereon situated at and known as the Lots Road Power Station, Lots Road, Chelsea, London, England.
- (3) 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.
- (4) During the period under review, the Group’s property projects in the Mainland and overseas are on schedule, both in terms of sales and leasing.

## Property Sales

Turnover of property sales for the first half year, including share of property sales of jointly controlled entities, was HK\$5,180 million (2005 – HK\$5,674 million), a decrease of HK\$494 million when compared with the same period 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 period, including Metro Town Phase 1 and Seasons Palace in Hong Kong and Cape Coral Phase 2 in the Mainland. Approximately 95% of the residential units completed during the period were sold as of the period end date.

Contribution from property sales, including share of results of jointly controlled entities, was HK\$1,796 million (2005 – HK\$2,320 million), a decrease of HK\$524 million when compared with the same period last year. Contribution margin for overall property sales recognised during the period was maintained at a level above 30%. During the first half year, sales of properties slowed down in Hong Kong amid interest rate uncertainties, but as the level of interest rates is likely to remain steady, the property market in Hong Kong will become more active in the second half year.

Contribution from property sales for the second half year will mainly be derived from the sale of residential units of The Legend at Jardine's Lookout and Central Park Towers Phase 1 in Hong Kong and several other property projects in the Mainland which are scheduled for completion. Up to the period end date, approximately 70% of the residential units of The Legend at Jardine's Lookout have been presold.

## Property Rental

Turnover of the Group's property rental for the first half year was HK\$298 million (2005 – HK\$282 million), an increase of HK\$16 million when compared with the same period last year mainly due to increases in rental rates in Hong Kong during the period, 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 31% and 41% respectively of the turnover of the Group's property rental for the period.

Contribution from property rental, including share of results of jointly controlled entities, was HK\$453 million (2005 – HK\$458 million), a decrease of HK\$5 million when compared with the same period last year mainly due to a decrease in contribution from jointly controlled entities as a result of divestment of several investment properties in Hong Kong and the Mainland during last year. With the completion of One Raffles Quay during the period, a commercial property in Singapore of which the Group has a 33⅓% interest, rental contribution from jointly controlled entities will be enhanced in the second half year.

At the interim balance sheet date, the Group recorded an increase in fair value of investment properties of HK\$642 million based on professional valuation, and shared an increase in fair value of investment properties of HK\$284 million of jointly controlled entities.

## Hotels and Serviced Suites

Turnover of the Group's hotels and serviced suites for the first half year was HK\$340 million (2005 – HK\$303 million), an increase of HK\$37 million when compared with the same period last year. The increase in turnover was mainly attributable to increased hotel and serviced suite 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 period.

Contribution from hotels and serviced suites, including share of results of jointly controlled entities, was HK\$162 million (2005 – HK\$127 million), an increase of HK\$35 million when compared with the same period last year. During the period, the operating results of hotels and serviced suites in Hong Kong and the Mainland were satisfactory, and overall occupancy and room rates were better than last year. Both The Kowloon Hotel and Rambler Garden Hotel in Hong Kong, of which the Group has a 50% interest and 30% interest respectively, have increased their contribution to group profit since their acquisition/completion last year.

The Group's Harbourview Horizon All-Suite Hotel and Harbourfront Horizon All-Suite Hotel in Hong Kong have been completed recently. Both hotels will soon commence operation and make contribution to group profit.

## Property and Project Management

Turnover of property and project management for the first half year was HK\$81 million (2005 – HK\$116 million), a decrease of HK\$35 million when compared with the same period last year mainly due to a decrease in project management services rendered by the Group upon completion of various joint venture projects.

Contribution from property and project management was HK\$40 million (2005 – HK\$47 million), a decrease of HK\$7 million when compared with the same period last year and in line with the decrease in project management services rendered by the Group during the period. While the contribution from property management is not significant, the Group is committed to providing top quality services to properties under our management. At the period end date, 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 unaudited profit attributable to shareholders for the six months ended 30th June, 2006 of HK\$18,800 million (2005 (restated) – HK\$9,421 million).

The CK Life Sciences Group, another listed associate, reported unaudited profit attributable to shareholders of HK\$14,785,000 (2005 – HK\$3,296,000) in the first six months of 2006.

## FINANCIAL REVIEW

### Liquidity and Financing

During the period, 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 redeemed notes upon maturity in the amount of HK\$300 million. At interim balance sheet date, the total outstanding bonds and notes issued by the Group amounted to HK\$9.1 billion.

Together with bank loans of HK\$20.3 billion, the Group's total borrowings at interim balance sheet date were HK\$33.4 billion, an increase of HK\$10.8 billion from the end of last year. The maturity profile is spread over a period of ten years, with HK\$6.2 billion repayable within one year, HK\$24.6 billion within two to five years and HK\$2.6 billion beyond five years.

At interim balance sheet date, the Group's gearing ratio was approximately 14.4%, calculated on the basis of the Group's net borrowings (after deducting cash and bank balances of HK\$5.5 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 interim balance sheet date, approximately 91.7% of the Group's borrowings were in HK\$ (or swapped into HK\$) with the balance in US\$ (or swapped into US\$) mainly for the purpose of financing projects outside Hong Kong. While the Group derives its revenue mainly in HK\$, cash balances and marketable securities are maintained mainly in HK\$ or US\$, and the Group ensures that its exposure to fluctuations in foreign exchange rates is minimised.

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

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

## Charges on Assets

At interim balance sheet date, certain subsidiaries of the Group in the Mainland pledged assets of joint ventures with aggregate carrying value of HK\$1,124 million (31st December, 2005 – HK\$1,120 million) to secure bank loan facilities utilised by the joint ventures with other partners.

## Contingent Liabilities

At interim 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\$4,481 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 (31st December, 2005 – HK\$672 million); and
- (3) guarantees provided for bank loans utilised by jointly controlled entities amounted to HK\$3,941 million (31st December, 2005 – HK\$4,731 million).

## Employees

At interim balance sheet date, the Group employed approximately 7,000 employees for its principal businesses. The related employees' costs for the period (excluding directors' emoluments) amounted to approximately HK\$545 million. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system. The Group does not have any share option scheme for employees.

# Disclosure of Interests

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

As at 30th June, 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 to the Rules Governing the Listing of Securities on the Stock Exchange (“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%



## 1. Long Positions in Shares (continued)

### (a) The Company (continued)

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
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%

## Disclosure of Interests (continued)

### 1. Long Positions in Shares (continued)

#### (b) Associated Corporations (continued)

##### Hutchison Whampoa Limited (continued)

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Kam Hing Lam	Beneficial owner	60,000	–	–	–	60,000	0.001%
Leung Siu Hon	Beneficial owner & interest of child or spouse	11,000	28,600	–	–	39,600	0.0009%
Fok Kin-ning, Canning	Interest of controlled corporation	–	–	4,310,875 (Note 7)	–	4,310,875	0.10%
Frank John Sixt	Beneficial owner	50,000	–	–	–	50,000	0.001%
Chow Kun Chee, Roland	Beneficial owner	49,931	–	–	–	49,931	0.001%
George Colin Magnus	Beneficial owner, interest of child or spouse & founder & beneficiary of a discretionary trust	40,000	9,900	–	950,100 (Note 6)	1,000,000	0.02%
Yeh Yuan Chang, Anthony	Interest of child or spouse	–	124,000	–	–	124,000	0.003%
Simon Murray	Beneficiary of trust	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%

## 1. Long Positions in Shares (continued)

### (b) Associated Corporations (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	Interest of controlled corporations & founder of discretionary trusts	-	-	2,825,759,715 (Note 1)	4,238,634,570 (Note 11)	7,064,394,285	73.50%
Li Tzar Kuoi, Victor	Beneficial owner & beneficiary of trusts	2,250,000	-	-	4,238,634,570 (Note 11)	4,240,884,570	44.12%
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%

## Disclosure of Interests (continued)

### 1. Long Positions in Shares (continued)

#### (b) Associated Corporations (continued)

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

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
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	1,588,130	2,000	2,970 (Note 8)	–	1,593,100	0.016%
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%
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%
Yeh Yuan Chang, Anthony	Beneficial owner	500,000	–	–	–	500,000	0.005%
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%

## 1. Long Positions in Shares (continued)

### (b) Associated Corporations (continued)

#### 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%
Tosbo Limited	Li Ka-shing	Interest of controlled corporations & founder of discretionary trusts	-	-	4 (Note 1)	6 (Note 16)	10	100%

## Disclosure of Interests (continued)

### 1. Long Positions in Shares (continued)

#### (b) Associated Corporations (continued)

##### Other Associated Corporations (continued)

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Approximate % of Shareholding	
			Personal Interest	Family Interest	Corporate Interest	Other Interest		
Hutchison Harbour Ring Limited	Fok Kin-ning, Canning	Interest of controlled corporation	–	–	5,000,000 (Note 7)	–	5,000,000	0.07%
Hutchison Telecom–munications (Australia) Limited	Fok Kin-ning, Canning	Beneficial owner & interest of controlled corporation	4,100,000	–	1,000,000 (Note 7)	–	5,100,000	0.75%
	Frank John Sixt	Beneficial owner	1,000,000	–	–	–	1,000,000	0.15%

### 2. Long Positions in Underlying Shares

Name of Company	Name of Director	Capacity	Number of Underlying Shares				Total
			Personal Interest	Family Interest	Corporate Interest	Other Interest	
Hutchison Whampoa Limited	Li Ka-shing	Founder of discretionary trusts	–	–	–	18,613,202 (Note 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 Telecom–munications (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
Hutchison Whampoa International (03/33) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	-	-	US\$3,000,000 6.25% Notes due 2014 (Note 4)	-	US\$3,000,000 6.25% Notes due 2014
Hutchison Whampoa Finance (05) Limited	Fok Kin-ning, Canning	Interest of controlled corporation	-	-	Euro12,600,000 4.125% Notes due 2015 (Note 7)	-	Euro12,600,000 4.125% Notes due 2015

## Disclosure of Interests (continued)

### Notes:

- (1) Such interests are held by certain companies of which Mr. Li Ka-shing is interested in the entire issued share capital.
- (2) The two references to 857,794,744 shares relate to the same block of shares in the Company. Mr. Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust (“DT1”) and another discretionary trust (“DT2”). Each of Li Ka-Shing Unity Trustee Corporation Limited (“TDT1”, which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited (“TDT2”, which is the trustee of DT2) holds units in The Li Ka-Shing Unity Trust (“UT1”) but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard. Li Ka-Shing Unity Trustee Company Limited (“TUT1”) as trustee of UT1 and companies controlled by TUT1 as trustee of UT1 (“TUT1 related companies”) hold a total of such 857,794,744 shares.

The entire issued share capital of TUT1 and of the trustees of DT1 and DT2 are owned by Li Ka-Shing Unity Holdings Limited (“Unity Holdco”). Each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Unity Holdco or any of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard as a holder of the shares of Unity Holdco as aforesaid.

As Mr. Li Ka-shing may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO and Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT1 and DT2, and by virtue of the above, both Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the shares of the Company held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO as Directors of the Company. Although Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco and is a discretionary beneficiary of each of DT1 and DT2, he is not a Director of the Company and has no duty of disclosure in relation to the shares of the Company held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO.



- (3) The two references to 2,141,698,773 shares in Hutchison Whampoa Limited (“HWL”) relate to the same block of shares comprising:
- (a) 2,130,202,773 shares held by certain subsidiaries of the Company. By virtue of the interests in shares of the Company in relation to which each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor has a duty of disclosure under the SFO in the issued share capital of the Company as described in Note (2) above and as a Director of the Company, they are taken to have a duty of disclosure in relation to the said shares of HWL under the SFO; and
  - (b) 11,496,000 shares held by Li Ka-Shing Castle Trustee Company Limited (“TUT3”) as trustee of The Li Ka-Shing Castle Trust (“UT3”). Mr. Li Ka-shing is the settlor of each of the two discretionary trusts (“DT3” and “DT4”). Each of Li Ka-Shing Castle Trustee Corporation Limited (“TDT3”, which is the trustee of DT3) and Li Ka-Shing Castle Trustcorp Limited (“TDT4”, which is the trustee of DT4) holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT3 and DT4 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard.

The entire issued share capital of TUT3 and the trustees of DT3 and DT4 are owned by Li Ka-Shing Castle Holdings Limited (“Castle Holdco”). Each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Castle Holdco. TUT3 is only interested in the shares of HWL by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of HWL independently without any reference to Castle Holdco or any of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard as a holder of the shares of Castle Holdco as aforesaid.

As Mr. Li Ka-shing may be regarded as a founder of each of DT3 and DT4 for the purpose of the SFO and Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT3 and DT4, and by virtue of the above, both Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the said shares of HWL held by TUT3 as trustee of UT3 under the SFO as Directors of the Company. Although Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Castle Holdco and is a discretionary beneficiary of each of DT3 and DT4, he is not a Director of the Company and has no duty of disclosure in relation to the shares of HWL held by TUT3 as trustee of UT3 under the SFO.

## Disclosure of Interests *(continued)*

- (4) Such interests are held by certain companies of which Mr. Li Tzar Kuoi, Victor is interested in the entire issued share capital.
- (5) Such interests in the shares are held by a company controlled by a trust under which Mr. George Colin Magnus is a discretionary beneficiary.
- (6) Such interests are indirectly held by a trust of which Mr. George Colin Magnus is the settlor and a discretionary beneficiary.
- (7) Such interests are held by a company which is equally owned by Mr. Fok Kin-ning, Canning and his wife.
- (8) Such interests are held by 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 4,238,634,570 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.

As at 30th June, 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.

## Disclosure of Interests (continued)

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 30th June, 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.

## INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 30th June, 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 or had otherwise notified to the Company were as follows:

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

Name of Shareholder	Capacity	Number of Ordinary Shares	Approximate % of Shareholding
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	857,794,744 (Note)	37.04%
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of a trust	857,794,744 (Note)	37.04%
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of a trust	857,794,744 (Note)	37.04%

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

Name of Shareholder	Capacity	Number of Ordinary Shares	Approximate % of Shareholding
Templeton Global Advisors Ltd.	Investment manager	138,777,684	5.99%

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 30th June, 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.

# Corporate Governance

The Board of Directors (“Board”) and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality Board, sound internal control, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices (“Code on CG Practices”) as set out in Appendix 14 to the Listing Rules throughout the six months ended 30th June, 2006.

## **BOARD COMPOSITION AND BOARD PRACTICES**

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

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

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

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

## **MODEL CODE ON SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions, effective 31st March, 2004. Enquiry has been made with all the Directors and the Directors have confirmed compliance with the required standard set out in the Model Code during the six months ended 30th June, 2006.

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

## **INTERNAL CONTROLS**

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

The Board, through the Audit Committee, has conducted a review of the effectiveness of internal control system of the Group for the six months ended 30th June, 2006.

## **AUDIT COMMITTEE**

The Company established the Audit Committee in December 1998 and has formulated its written terms of reference in accordance with the provisions set out in the Code on CG Practices. The existing Audit Committee of the Company comprises three Independent Non-executive Directors, namely, Mr. Kwan Chiu Yin, Robert (Chairman of the Audit Committee), Mr. Kwok Tun-li, Stanley and Mr. Cheong Ying Chew, Henry. The 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.

The Group's interim report for the six months ended 30th June, 2006 has been reviewed by the Audit Committee.

## REMUNERATION COMMITTEE

According to the Code on CG Practices, the Company established its remuneration committee (“Remuneration Committee”) on 1st January, 2005 with a majority of the members thereof being Independent Non-executive Directors. The existing Remuneration Committee comprises the Chairman of the Company, 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.

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.

## INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

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 forms) required under the Listing Rules, 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 of the Group are available on the website of the Company; (iv) the Company’s website offers communication channel between the Company and its shareholders and investors; (v) regular press conferences and briefing meetings with analysts from investment sectors are set up from time to time on updated performance information of the Group; and (vi) the Company’s Registrars serve the shareholders respecting all share registration matters.



## Other Information

### PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 30th June, 2006. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

### RULE 13.22 OF THE LISTING RULES

As at 30th June, 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 30th June, 2006	HK\$ Million	The Group's attributable interest HK\$ Million
Fixed assets	9,095	3,727
Investment properties	21,450	8,345
Other non-current assets	853	372
Current assets		
Stock of properties	27,351	11,097
Bank balances and deposits	5,391	2,449
Other current assets	9,509	4,421
Current liabilities		
Bank and other loans	(1,785)	(790)
Other current liabilities	(6,707)	(3,060)
Non-current liabilities		
Bank and other loans	(8,008)	(3,566)
Other non-current liabilities	(4,229)	(1,808)
Minority interests	(1,581)	(775)
Total shareholders' loan and equity	51,339	20,412

# Interim Financial Statements

## Consolidated Profit and Loss Account

For the six months ended 30th June, 2006

	Note	(Unaudited)	
		2006 HK\$ Million	2005 (Restated) HK\$ Million
Group turnover		3,861	2,787
Share of property sales of jointly controlled entities		2,038	3,588
<b>Turnover</b>	(2)	<b>5,899</b>	<b>6,375</b>
Group turnover		3,861	2,787
Investment and other income		429	664
Operating costs			
Property and related costs		(1,758)	(1,194)
Salaries and related expenses		(339)	(314)
Interest and other finance costs		(169)	(69)
Other expenses		(142)	(125)
		(2,408)	(1,702)
Share of net profit of jointly controlled entities		803	2,098
Increase in fair value of investment properties		642	962
Operating profit		3,327	4,809
Share of net profit of associates		9,458	4,732
<b>Profit before taxation</b>	(3)	<b>12,785</b>	<b>9,541</b>
Taxation	(4)	(380)	(144)
<b>Profit for the period</b>		<b>12,405</b>	<b>9,397</b>
Profit attributable to minority interests		(190)	(229)
<b>Profit attributable to shareholders</b>		<b>12,215</b>	<b>9,168</b>
<b>Dividends</b>			
Interim dividend of HK\$0.46 (2005 – HK\$0.42) per share		1,065	973
<b>Earnings per share</b>	(5)	<b>HK\$5.27</b>	<b>HK\$3.96</b>

## Consolidated Balance Sheet

As at 30th June, 2006

Note	(Unaudited) 30/6/2006 HK\$ Million	(Audited) 31/12/2005 HK\$ Million
<b>Non-current assets</b>		
Fixed assets	9,884	9,612
Investment properties	12,352	11,710
Associates	134,091	126,281
Jointly controlled entities	23,630	22,849
Investments available for sale	8,453	7,169
Long term loans	348	403
	<b>188,758</b>	<b>178,024</b>
<b>Current assets</b>		
Stock of properties	35,508	27,106
Debtors, deposits and prepayments	6,166	1,338
Investments held for trading	1,580	1,014
Derivative financial instruments	147	435
Bank balances and deposits	5,533	8,310
	<b>48,934</b>	<b>38,203</b>
<b>Current liabilities</b>		
Bank and other loans	6,199	3,904
Creditors and accruals	2,649	2,416
Derivative financial instruments	387	193
Provision for taxation	794	564
	<b>38,905</b>	<b>31,126</b>
<b>Net current assets</b>	<b>38,905</b>	<b>31,126</b>
<b>Total assets less current liabilities</b>	<b>227,663</b>	<b>209,150</b>
<b>Non-current liabilities</b>		
Bank and other loans	23,236	18,683
Loan from joint development partner	4,000	–
Deferred tax liabilities	670	544
	<b>27,906</b>	<b>19,227</b>
<b>Net assets</b>	<b>199,757</b>	<b>189,923</b>
<b>Representing:</b>		
Share capital	1,158	1,158
Share premium	9,331	9,331
Reserves	183,788	174,673
Shareholders' funds	194,277	185,162
Minority interests	5,480	4,761
<b>Total equity</b>	<b>199,757</b>	<b>189,923</b>

## Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2006

	Share capital and premium HK\$ Million	Capital reserve HK\$ Million	Investment revaluation reserve HK\$ Million	Exchange reserve HK\$ Million	Retained profits HK\$ Million	Minority interests HK\$ Million	(Unaudited) Total HK\$ Million
Balance at 1st January, 2005	10,489	345	–	296	164,671	5,145	180,946
Adjustment at 1st January, 2005 upon adoption of Hong Kong Accounting Standard 39							
Company and subsidiaries	–	–	–	–	669	–	669
Associates	–	–	–	–	(1,222)	–	(1,222)
Profit for the period	–	–	–	–	9,168	229	9,397
Change in fair value of investments available for sale	–	–	10	–	–	–	10
Exchange translation differences	–	–	–	(2)	–	–	(2)
Share of reserves of jointly controlled entities/unlisted associates	–	–	–	(123)	–	–	(123)
Change in minority interests	–	–	–	–	–	45	45
Dividend paid to minorities	–	–	–	–	–	(128)	(128)
Dividend paid to shareholders	–	–	–	–	(3,289)	–	(3,289)
<b>Balance at 30th June, 2005</b>	<b>10,489</b>	<b>345</b>	<b>10</b>	<b>171</b>	<b>169,997</b>	<b>5,291</b>	<b>186,303</b>
Balance at 1st January, 2006	10,489	345	174	303	173,851	4,761	189,923
Profit for the period	–	–	–	–	12,215	190	12,405
Change in fair value of investments available for sale	–	–	329	–	–	–	329
Exchange translation differences	–	–	–	25	–	1	26
Share of reserves of jointly controlled entities/unlisted associates	–	–	1	204	–	–	205
Change in minority interests	–	–	–	–	–	529	529
Dividend paid to minorities	–	–	–	–	–	(1)	(1)
Dividend paid to shareholders	–	–	–	–	(3,659)	–	(3,659)
<b>Balance at 30th June, 2006</b>	<b>10,489</b>	<b>345</b>	<b>504</b>	<b>532</b>	<b>182,407</b>	<b>5,480</b>	<b>199,757</b>

## Condensed Consolidated Cash Flow Statement

For the six months ended 30th June, 2006

	(Unaudited)	
	2006 HK\$ Million	2005 HK\$ Million
Net cash used in operating activities	(10,911)	(2,908)
Net cash used in investing activities	(2,690)	(1,061)
Net cash from financing activities	10,824	2,180
Net decrease in cash and cash equivalents	(2,777)	(1,789)
Cash and cash equivalents at 1st January	8,310	4,033
<b>Cash and cash equivalents at 30th June</b>	<b>5,533</b>	<b>2,244</b>

## Notes to Interim Financial Statements

### 1. Basis of preparation

The interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. The principal accounting policies used in the preparation of the interim financial statements are consistent with those used in the financial statements for the year ended 31st December, 2005.

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards (“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.

Following the adoption and application of various HKFRSs in the preparation of its financial statements for the year ended 31st December, 2005, Hutchison Whampoa Limited has restated its interim results for the six months ended 30th June, 2005. Accordingly, the Group’s share of net profit of Hutchison Whampoa Limited for the six months ended 30th June, 2005 was decreased by HK\$1,200 million; the Group’s profit attributable to shareholders was decreased by HK\$1,200 million (restated from HK\$10,368 million to HK\$9,168 million) and earnings per share were decreased by HK\$0.52 (restated from HK\$4.48 to HK\$3.96) for the six months ended 30th June, 2005.

Certain comparative figures have been restated to conform with the current period’s presentation.

### 2. Turnover and contribution

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

	Six months ended 30th June	
	2006 HK\$ Million	2005 HK\$ Million
Property sales	3,142	2,086
Property rental	298	282
Hotels and serviced suites	340	303
Property and project management	81	116
Group turnover	3,861	2,787
Share of property sales of jointly controlled entities	2,038	3,588
Turnover	5,899	6,375

## 2. Turnover and contribution (continued)

Turnover of jointly controlled entities (save for proceeds from property sales shared by the Group) and turnover of listed and unlisted associates are not included.

During the period, the Group's overseas operating activities (including property sales of jointly controlled entities) were mainly in Singapore and the Mainland which accounted for approximately 22% and 10% of the turnover respectively.

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

	Company and subsidiaries		Jointly controlled entities		Total	
	Six months ended 30th June		Six months ended 30th June		Six months ended 30th June	
	2006 HK\$ Million	2005 HK\$ Million	2006 HK\$ Million	2005 HK\$ Million	2006 HK\$ Million	2005 HK\$ Million
Property sales	1,396	971	400	1,349	1,796	2,320
Property rental	253	232	200	226	453	458
Hotels and serviced suites	71	58	91	69	162	127
Property and project management	40	47	–	–	40	47
	1,760	1,308	691	1,644	2,451	2,952
Investment and finance					333	582
Interest and other finance costs					(169)	(69)
Increase in fair value of investment properties						
Subsidiaries					642	962
Jointly controlled entities					284	862
Others					80	73
Taxation (including share of taxation of jointly controlled entities and unlisted associates)					(615)	(673)
Profit attributable to minority interests					(190)	(229)
					2,816	4,460
Share of net profit of listed associates						
Hutchison Whampoa Limited					9,392	4,707
CK Life Sciences Int'l, (Holdings) Inc.					7	1
Profit attributable to shareholders					12,215	9,168

### 3. Profit before taxation

	Six months ended 30th June	
	2006 HK\$ Million	2005 HK\$ Million
Profit before taxation is arrived at after charging/(crediting):		
Interest and other finance costs	588	221
Less: Amount capitalised	(419)	(152)
	169	69
Costs of properties sold	1,383	998
Depreciation	82	86
Loss on disposal of investments available for sale	7	3
(Gain)/loss on investments held for trading	(75)	32
Profit on disposal of investment properties	–	(117)
Profit on disposal of jointly controlled entities	–	(164)

### 4. Taxation

	Six months ended 30th June	
	2006 HK\$ Million	2005 HK\$ Million
Hong Kong profits tax	253	98
Overseas tax	1	2
Deferred tax	126	44
	380	144

Hong Kong profits tax has been provided for at the rate of 17.5% (2005 – 17.5%) on the estimated assessable profits for the period. Overseas tax has been provided for at the applicable local rates on the estimated assessable profits of the individual company concerned. Deferred tax has been provided on temporary differences using the current applicable rates.

### 5. 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 period.



## 6. Loan from joint development partner

Pursuant to the terms of a joint development project, the Group obtained a loan of HK\$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.

## 7. Ageing analyses of trade debtors and trade creditors

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:

	30/6/2006 HK\$ Million	31/12/2005 HK\$ Million
Current to one month	5,532	841
Two to three months	17	29
Over three months	106	22
	5,655	892

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

	30/6/2006 HK\$ Million	31/12/2005 HK\$ Million
Current to one month	131	140
Two to three months	14	12
Over three months	11	8
	156	160

## 8. Related party transactions

During the period 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.

At the balance sheet date, advances made to/received from associates amounted to HK\$390 million and HK\$26 million respectively, and advances made to/received from jointly controlled entities amounted to HK\$16,735 million and HK\$968 million respectively. Guarantees provided by the Group for bank loans utilised by jointly controlled entities amounted to HK\$3,941 million.

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

## 9. Review of interim financial statements

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

## Notice of Payment of Interim Dividend, 2006

The Board of Directors of Cheung Kong (Holdings) Limited announces that the Group's unaudited profit attributable to shareholders for the six months ended 30th June, 2006 amounted to HK\$12,215 million which represents earnings of HK\$5.27 per share. The Directors have declared an interim dividend for 2006 of HK\$0.46 per share to shareholders whose names appear on the Register of Members of the Company on Thursday, 12th October, 2006. The dividend will be paid on Friday, 13th October, 2006.

The Register of Members of the Company will be closed from Thursday, 5th October, 2006 to Thursday, 12th October, 2006, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all share certificates with completed transfer forms either overleaf or separately, must be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Wednesday, 4th October, 2006.

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

Hong Kong, 24th August, 2006

# Corporate Information and Key Dates

## BOARD OF DIRECTORS

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

\* Also alternate director to Simon MURRAY

## AUDIT COMMITTEE

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

## REMUNERATION COMMITTEE

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

## COMPANY SECRETARY

Eirene YEUNG

## QUALIFIED ACCOUNTANT

MAN Ka Keung, Simon

## CHIEF FINANCIAL OFFICER

Andrew John HUNTER

## AUTHORISED REPRESENTATIVES

IP Tak Chuen, Edmond  
Eirene YEUNG

## PRINCIPAL BANKERS

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

## AUDITORS

Deloitte Touche Tohmatsu

## 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

Interim Results Announcement	24th August, 2006
Closure of Register of Members	5th to 12th October, 2006 (both days inclusive)

Record Date for Interim Dividend	12th October, 2006
Payment of Interim Dividend	13th October, 2006