

# 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