

Consolidated Profit and Loss Account

For the year ended 31st December, 2006

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

Consolidated Balance Sheet

As at 31st December, 2006

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

Li Ka-shing
Director

Ip Tak Chuen, Edmond
Director

Balance Sheet

As at 31st December, 2006

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

Li Ka-shing
Director

Ip Tak Chuen, Edmond
Director

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2006

	Share capital and premium \$ Million	Capital reserve \$ Million	Investment revaluation reserve \$ Million	Exchange reserve \$ Million	Retained profits \$ Million	Minority interests \$ Million	Total \$ Million
Balance at 1st January, 2005	10,489	345	–	296	164,118	5,145	180,393
Profit for the year	–	–	–	–	13,995	210	14,205
Change in fair value of investments available for sale	–	–	160	–	–	(1)	159
Exchange translation differences	–	–	–	41	–	3	44
Share of reserves of jointly controlled entities/unlisted associates	–	–	14	(34)	–	–	(20)
Total recognised income and expense	–	–	174	7	13,995	212	14,388
Change in minority interests	–	–	–	–	–	(466)	(466)
Dividend paid to minorities	–	–	–	–	–	(130)	(130)
Dividend paid to shareholders	–	–	–	–	(4,262)	–	(4,262)
Balance at 31st December, 2005	10,489	345	174	303	173,851	4,761	189,923
Profit for the year	–	–	–	–	18,075	204	18,279
Change in fair value of investments available for sale	–	–	1,103	–	–	–	1,103
Exchange translation differences	–	–	–	85	–	5	90
Share of reserves of jointly controlled entities/unlisted associates	–	–	–	721	–	–	721
Total recognised income and expense	–	–	1,103	806	18,075	209	20,193
Change in minority interests	–	–	–	–	–	321	321
Dividend paid to minorities	–	–	–	–	–	(32)	(32)
Dividend paid to shareholders	–	–	–	–	(4,724)	–	(4,724)
Balance at 31st December, 2006	10,489	345	1,277	1,109	187,202	5,259	205,681

Consolidated Cash Flow Statement

For the year ended 31st December, 2006

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

Notes:

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

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

(b) Cash and cash equivalents

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

1. General Information

The Company is a limited liability company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of the registered office and other corporate information are set out on page 156 of the annual report.

2. Principal Accounting Policies

(a) Basis of preparation

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

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised HKFRSs. For those which are effective for accounting periods beginning on 1st January, 2006, the adoption has no significant impact on the Group’s results and financial position; and for those which are not yet effective, the Group is in the process of assessing their impact on the Group’s results and financial position.

(b) Consolidation

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

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

(c) Subsidiaries

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

(d) Jointly controlled entities

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

2. Principal Accounting Policies *(continued)*

(d) Jointly controlled entities *(continued)*

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

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

(e) Associates

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

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

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

(f) Investments in securities

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

(g) Fixed assets

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

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

2. Principal Accounting Policies *(continued)*

(h) Investment properties

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

(i) Long term loans

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

(j) Stock of properties

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

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

(k) Derivative financial instruments

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

(l) Bank and other loans

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

(m) Revenue recognition

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

2. Principal Accounting Policies *(continued)*

(m) Revenue recognition *(continued)*

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

(n) Foreign exchange

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

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

(o) Taxation

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

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

(p) Borrowing costs

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

3. Turnover and Contribution

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

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

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

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

During the year, the Group's overseas operating activities (including property sales of jointly controlled entities) were mainly in the Mainland and Singapore which accounted for approximately 16% and 14% of the turnover respectively.

3. Turnover and Contribution (continued)

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

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

4. Profit before Taxation

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

Notes:

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

4. Profit before Taxation (continued)

Notes: (continued)

- (b) Directors' emoluments comprised payments to the Company's directors (including the five highest paid individuals in the Group) in connection with the management of the affairs of the Group. The independent non-executive directors receive an annual director's fee of \$100,000 each; and for those acting as members of the Audit Committee and/or Remuneration Committee, additional annual fee of \$100,000 each is paid for the former and \$50,000 each is paid for the latter. The emoluments of the Company's directors, excluding emoluments received by them from the Group's associates, are as follows:

	Salaries, Allowances and Benefits		Pension Scheme Contribution	Inducement or Discretionary Compensation Bonus Fee		2006 Total	2005 Total
	Director Fees \$ Million	in Kind \$ Million	\$ Million	\$ Million	\$ Million	\$ Million	\$ Million
Li Ka-shing ⁽¹⁾	0.01	–	–	–	–	0.01	0.01
Li Tzar Kuoi, Victor ⁽²⁾	0.10	31.52	3.15	7.40	–	42.17	39.45
Kam Hing Lam ⁽³⁾	0.10	15.39	1.54	0.43	–	17.46	17.46
Ip Tak Chuen, Edmond ⁽⁴⁾	0.10	12.02	1.20	4.15	–	17.47	15.40
Chung Sun Keung, Davy	0.10	7.47	0.74	8.00	–	16.31	12.47
Pau Yee Wan, Ezra	0.10	8.47	0.85	6.00	–	15.42	14.17
Woo Chia Ching, Grace	0.10	8.47	0.85	8.00	–	17.42	16.17
Chiu Kwok Hung, Justin	0.10	7.59	0.75	8.00	–	16.44	14.62
Leung Siu Hon	0.10	–	–	–	–	0.10	0.10
Fok Kin-ning, Canning	0.10	–	–	–	–	0.10	0.10
Frank John Sixt	0.10	–	–	–	–	0.10	0.10
Chow Kun Chee, Roland	0.10	–	–	–	–	0.10	0.10
George Colin Magnus	0.10	–	–	–	–	0.10	14.91
Kwok Tun-li, Stanley	0.25	–	–	–	–	0.25	0.25
Yeh Yuan Chang, Anthony	0.10	–	–	–	–	0.10	0.10
Simon Murray	0.10	–	–	–	–	0.10	0.10
Chow Nin Mow, Albert	0.10	–	–	–	–	0.10	0.10
Hung Siu-lin, Katherine	0.10	–	–	–	–	0.10	0.10
Wong Yick-ming, Rosanna	0.15	–	–	–	–	0.15	0.15
Kwan Chiu Yin, Robert	0.20	–	–	–	–	0.20	0.20
Cheong Ying Chew, Henry	0.20	–	–	–	–	0.20	0.20
Total	2.41	90.93	9.08	41.98	–	144.40	146.26

- (1) Other than a director's fee of \$5,000, no other remuneration was paid to the Chairman, Mr. Li Ka-shing. The amount of director's fee shown above is a result of rounding. The director's fee of \$50,000 received by Mr. Li Ka-shing from Hutchison Whampoa Limited was paid back to the Company.
- (2) Part of the directors' emoluments in the sum of \$3,700,000 received by Mr. Li Tzar Kuoi, Victor from the Hutchison Whampoa Group and the director's fee of \$70,000 received by him from CK Life Sciences Int'l., (Holdings) Inc. were paid back to the Company.
- (3) Part of the directors' emoluments in the sum of \$1,552,000 received by Mr. Kam Hing Lam from the Hutchison Whampoa Group and the directors' emoluments of \$1,470,000 received by him from CK Life Sciences Int'l., (Holdings) Inc. were paid back to the Company.
- (4) Part of the directors' emoluments in the sum of \$1,870,000 received by Mr. Ip Tak Chuen, Edmond from Cheung Kong Infrastructure Holdings Limited and the directors' emoluments of \$670,000 received by him from CK Life Sciences Int'l., (Holdings) Inc. were paid back to the Company.

5. Taxation

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

Hong Kong profits tax has been provided for at the rate of 17.5% (2005 – 17.5%) on the estimated assessable profits for the year and operating profit (after adjusting for share of taxation of jointly controlled entities) is reconciled with taxation as follows:

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

6. Profit Attributable to Shareholders

Profit attributable to shareholders dealt with in the profit and loss account of the Company is \$5,614 million (2005 – \$4,841 million).

7. Earnings Per Share

The calculation of earnings per share is based on profit attributable to shareholders and on 2,316,164,338 shares (2005 – 2,316,164,338 shares) in issue during the year.

8. Fixed Assets

Group	Land and	Hotels and		Other	Total
	buildings in	in	outside		
	Hong Kong	Hong Kong	Hong Kong	assets	
	\$ Million	\$ Million	\$ Million	\$ Million	\$ Million
Cost					
At 1st January, 2005	380	6,910	1,254	714	9,258
Translation difference	–	–	29	5	34
Additions/transfers	44	2,151	6	164	2,365
Disposals	–	–	–	(12)	(12)
At 31st December, 2005	424	9,061	1,289	871	11,645
Translation difference	–	–	48	9	57
Additions/transfers	36	510	8	187	741
Disposals	–	–	–	(25)	(25)
At 31st December, 2006	460	9,571	1,345	1,042	12,418
Accumulated depreciation/provisions					
At 1st January, 2005	–	1,231	115	527	1,873
Translation difference	–	–	2	3	5
Depreciation	–	74	28	64	166
Written back on disposals	–	–	–	(11)	(11)
At 31st December, 2005	–	1,305	145	583	2,033
Translation difference	–	–	7	6	13
Depreciation	–	77	30	65	172
Written back on disposals	–	–	–	(22)	(22)
At 31st December, 2006	–	1,382	182	632	2,196
Net book value					
At 31st December, 2006	460	8,189	1,163	410	10,222
At 31st December, 2005	424	7,756	1,144	288	9,612

At the balance sheet date:

- certain properties in Hong Kong with aggregate carrying value of \$8,473 million (2005 – \$8,013 million) and certain properties outside Hong Kong with aggregate carrying value of \$1,163 million (2005 – \$1,144 million) were held under medium term leases, all other properties were held under long leases; and
- certain hotel properties of non-wholly owned subsidiaries with aggregate carrying value of \$1,138 million (2005 – \$1,120 million) were pledged to secure bank loan facilities of these subsidiaries.

8. Fixed Assets (continued)

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

9. Investment Properties

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

At the balance sheet date:

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

10. Subsidiaries

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

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

11. Associates

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

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

12. Jointly Controlled Entities

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

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

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

13. Investments Available for Sale

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

14. Stock of Properties

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

15. Debtors, Deposits and Prepayments

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

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

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

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

16. Investments Held for Trading

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

17. Bank and Other Loans

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

At the balance sheet date:

- (a) bank loans amounting to \$299 million (2005 – \$382 million) were secured by certain assets of the Group;
- (b) other loans included fixed rate and floating rate bonds and notes issued by wholly owned subsidiaries and guaranteed by the Company as follows:
 - (i) issued by Cheung Kong Finance Cayman Limited and listed on the Luxembourg Stock Exchange:

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

HK\$	638,000,000	9.38% (1st year)/thereafter subject to equity linked terms, due August 2007 (issued in 2005)
HK\$	280,000,000	6% (1st half year)/thereafter subject to equity linked terms, due October 2007 (issued in 2005)
HK\$	500,000,000	10% (1st year)/thereafter subject to equity linked terms, due May 2008 (issued in 2005)
HK\$	1,000,000,000	3.5% due July 2008 (issued in 2005)
HK\$	900,000,000	3% (first 2 years)/4% (thereafter) due October 2008 (issued in 2003)
HK\$	300,000,000	6.68% (1st year)/0.60% (2nd to 4th year)/subject to terms (5th year) due February 2009 (issued in 2004)

17. Bank and Other Loans (continued)

- (ii) issued by Cheung Kong Bond Finance Limited in Hong Kong: (continued)
- | | | |
|------|-------------|--------------------------------------|
| HK\$ | 500,000,000 | 4.4% due April 2015 (issued in 2005) |
| HK\$ | 150,000,000 | 5.1% due April 2016 (issued in 2006) |
- (iii) issued by Joynote Ltd and listed on the Singapore Stock Exchange:
- | | | |
|------|-------------|---|
| HK\$ | 910,000,000 | HIBOR+0.38% due September 2007 (issued in 2002) |
| SGD | 200,000,000 | 3.655% due October 2009 (issued in 2006) |
| SGD | 200,000,000 | 3.76% due October 2011 (issued in 2006) |
- (iv) issued by Cheung Kong Finance Japan Limited in Japan:
- | | | |
|-----|----------------|--|
| JPY | 33,000,000,000 | 0.95% due August 2010 (issued in 2005) |
|-----|----------------|--|
- (c) bank and other loans carried interest, after hedging where appropriate, at effective rates based on inter-bank offered rate of the relevant currency plus a margin less than 1% per annum.

18. Creditors and Accruals

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

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

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

19. Loan from Joint Development Partner

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

20. Deferred Tax Liabilities

At the balance sheet date:

- (a) deferred tax liabilities amounting to \$432 million (2005 – \$378 million) and \$488 million (2005 – \$166 million) were provided on temporary differences arising from accelerated tax depreciation and changes in fair value of investment properties respectively; and
- (b) tax losses and deductible temporary differences amounting to \$3,022 million (2005 – \$2,640 million), of which \$108 million (2005 – \$176 million) expire within 5 years, were not recognised.

21. Share Capital

	2006 No. of shares	2005 No. of shares	2006 \$ Million	2005 \$ Million
Authorised:				
Shares of \$0.5 each	3,800,000,000	3,800,000,000	1,900	1,900
Issued and fully paid:				
Shares of \$0.5 each	2,316,164,338	2,316,164,338	1,158	1,158

22. Reserves

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

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

23. Operating Lease

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

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

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

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

24. Segment Information

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

	Company and subsidiaries \$ Million	Jointly controlled entities \$ Million	Assets \$ Million	Liabilities \$ Million
At 31st December, 2006				
Property development	54,231	10,517	64,748	(5,918)
Property investment	15,004	9,771	24,775	(173)
Hotels and serviced suites	9,953	3,703	13,656	(424)
Property and project management	149	–	149	(46)
Total segment assets/(liabilities)			103,328	(6,561)
Investments in listed associates			133,494	–
Cash and investments in securities			11,400	–
Bank and other loans			–	(34,481)
Other assets/(liabilities)			1,579	(3,078)
Total assets/(liabilities)			249,801	(44,120)
At 31st December, 2005				
Property development	29,558	10,467	40,025	(1,310)
Property investment	12,174	8,394	20,568	(150)
Hotels and serviced suites	9,372	3,704	13,076	(524)
Property and project management	145	–	145	(70)
Total segment assets/(liabilities)			73,814	(2,054)
Investments in listed associates			125,598	–
Cash and investments in securities			14,819	–
Bank and other loans			–	(22,587)
Other assets/(liabilities)			1,996	(1,663)
Total assets/(liabilities)			216,227	(26,304)

24. Segment Information (continued)

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

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

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

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

25. Commitments and Contingent Liabilities

At the balance sheet date:

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

25. Commitments and Contingent Liabilities *(continued)*

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

26. Employees Pension Schemes

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

During the year, the Group's costs incurred on employees pension schemes were \$64 million (2005 – \$59 million) and forfeited contributions in the amount of \$5 million (2005 – \$5 million) were used to reduce current year's contributions.

27. Related Party Transactions

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

Advances made/received by the Group at the balance sheet date were disclosed as amount due from/to associates and jointly controlled entities in notes (11) and (12). Guarantees provided by the Group for bank loans utilised by jointly controlled entities at the balance sheet date were disclosed in note (25).

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

28. Financial Risks and Management

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

(a) Treasury policies

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

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

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

(b) Risk management

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

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

28. Financial Risks and Management *(continued)*

(b) Risk management *(continued)*

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

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

29. Approval of Financial Statements

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

Principal Subsidiaries

Appendix I

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

Name	Issued Ordinary Share Capital Nominal Value	Effective percentage held by the Company		Principal Activities
		Directly	Indirectly	
Bermington Investment Limited	HK\$ 2		100	Hotels & serviced suites
Best Sense Investments Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Biro Investment Limited	HK\$ 10,000		100	Property development
Charming Sky Enterprises Limited	HK\$ 2		100	Property development
Cheung Kong Bond Finance Limited (Cayman Islands)	US\$ 1		100	Finance
Cheung Kong Finance Cayman Limited (Cayman Islands)	US\$ 1,000		100	Finance
Cheung Kong Finance Company Limited	HK\$ 2,500,000	100		Finance
Cheung Kong Finance Japan Limited (Cayman Islands)	US\$ 1		100	Finance
Cheung Kong Holdings (China) Limited	HK\$ 2		100	Investment holding in the Mainland projects
Cheung Kong Investment Company Limited	HK\$ 20	100		Investment holding
Cheung Kong Property Development Limited	HK\$ 2	100		Project management
Citybase Property Management Limited	HK\$ 100,000		100	Property management
City Investments Limited	HK\$ 1		100	Property development
Clever Venture Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Diamond Jubilee Investment Limited	HK\$ 1		100	Property development
East City Investments Limited	HK\$ 1		100	Property development
East Leader Investments Limited	HK\$ 2		100	Property development
Fantastic State Limited	HK\$ 2		100	Property development
Flying Snow Limited	HK\$ 2		100	Property development
Focus Eagle Investments Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Gingerbread Investments Limited (British Virgin Islands)	US\$ 1		100	Property development
Glass Bead Limited (British Virgin Islands)	US\$ 1		100	Property investment
Global Coin Limited	HK\$ 2		100	Property investment
Goodwell Property Management Limited	HK\$ 100,000		100	Property management
iMarkets Limited	HK\$ 30,000,000		54.83	Provider of electronic trading platform
Issamed Investments Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Japura Development Pte Ltd (Singapore)	SGD 1,000,000		76	Property development
Jetmark Limited	HK\$ 2		100	Property development
Joynote Ltd (Singapore)	SGD 2		100	Finance
Match Power Investment Limited	HK\$ 2		100	Property development
Maxchief Limited	HK\$ 2		100	Property development
Mega Gain Resources Limited	HK\$ 1		80	Property investment

Name	Issued Ordinary Share Capital Nominal Value	Effective percentage held by the Company		Principal Activities
		Directly	Indirectly	
Megawin International Limited (British Virgin Islands)	US\$ 1		100	Property development
Metrofond Limited	HK\$ 2		100	Property development
Million Rise Investments Limited	HK\$ 2		100	Property investment
Mutual Luck Investment Limited	HK\$ 30,000		60	Property development
New Accord Limited	HK\$ 1		100	Property development & investment
New City Investments Limited	HK\$ 1		100	Property development
New Profit Resources Limited	HK\$ 2		98.47	Property development
Pako Wise Limited	HK\$ 2	100		Property investment
Pearl Wisdom Limited	HK\$ 2		100	Property development
Perfect Idea Limited	HK\$ 20		100	Property investment
Pofield Investments Limited (British Virgin Islands)	US\$ 1		100	Property investment
Potton Resources Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Prime Pro Group Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Rainbow Elite Investments Limited	HK\$ 1		100	Property development & investment
Randash Investment Limited	HK\$ 110		60.9	Hotels & serviced suites
Rich Asia Investments Limited	HK\$ 1,000,000		85	Property development
Romefield Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Sai Ling Realty Limited	HK\$ 10,000	100		Property development
Sino China Enterprises Limited	HK\$ 2		100	Property development
Super Winner Development Limited	HK\$ 2		100	Property development
The Center (Holdings) Limited (British Virgin Islands)	US\$ 1		100	Property investment
Tin Shui Wai Development Limited	HK\$ 1,000		98.47	Property investment
Total Win Group Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Towerich Limited	HK\$ 2		51	Hotels & serviced suites
Union Art Investment Limited	HK\$ 1		100	Property development & investment
Union Ford Investments Limited	HK\$ 2		80	Property development
Volly Best Investment Limited	HK\$ 1		90	Property development
Winchesto Finance Company Limited	HK\$ 15,000,000	100		Finance
Yick Ho Limited	HK\$ 6,000,000		100	Investment in hotel projects

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

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

Principal Associates

Appendix II

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

Name	Effective percentage of Issued Ordinary Share Capital held by the Company		Principal Activities
	Directly	Indirectly	
AMTD Group Company Limited (British Virgin Islands)		30.4	Financial planning, mortgage servicing & corporate insurance
CEF Holdings Limited	50		Investment holding
CK Life Sciences Int'l., (Holdings) Inc. (Cayman Islands)		44.3	Research & development, manufacturing, commercialisation, marketing & selling of environmental & human health products & investments
Harbour Plaza Hotel Management (International) Limited (British Virgin Islands)		50	Hotel management
Hong Kong Concord Holdings Limited		40	Trading, power plant & securities investment
Hutchison Whampoa Limited		49.9	Ports & related services, property & hotels, retail, energy, infrastructure, telecommunications, finance, investments & others
iBusiness Corporation Limited		49.6	e-commerce & investment
Metro Broadcast Corporation Limited		50	Radio broadcasting
The Ming An (Holdings) Company Limited (Cayman Islands)		21.7	General insurance

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

Name	Area of Operation
Hong Kong Concord Holdings Limited	The Mainland

Principal Jointly Controlled Entities

Appendix III

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

Name	Effective percentage of Ownership Interest held by the Company	
	Indirectly	Principal Activities
Afford Limited	50	Property development
Bayswater Developments Limited (British Virgin Islands)	50	Property development & investment
Beright Investments Limited (British Virgin Islands)	50	Property development
Chesgold Limited	50	Property investment
Cheung Wo Enterprises Limited (British Virgin Islands)	50	Property investment
Choicewide Group Limited (British Virgin Islands)	50	Investment in property project
Circadian (CH) Limited (The United Kingdom)	47.5	Property development
Circadian Limited (The United Kingdom)	47.5	Property development
Clayton Power Enterprises Limited	50	Property development
Cosmos Wide International Limited	50	Property development
Dragon Beauty International Limited	50	Property development
Forton Investment Limited	50	Property development
Gislingham Limited (British Virgin Islands)	50	Property development
Glenfield Investments Pte Ltd (Singapore)	50	Property development
Glory Sense Limited	50	Property development
Golden Castle Management Limited (British Virgin Islands)	50	Property development
Hildon Development Limited	50	Property development
Hong Kong Shanghai Development Co Ltd (Samoa)	25	Property development & investment
Hui Xian Investment Limited	33.4	Investment in property project
Hutchison Whampoa Properties (Chengdu) Limited (The Mainland)	50	Property development
Konus Investment Limited	42.5	Property development & investment
Mapleleaf Developments Limited (British Virgin Islands)	25	Property development
Marketon Investment Limited	50	Property development & investment
Matrica Limited	30	Property development & investment
Mighty General Limited	50	Property development
Montoya (HK) Limited	50	Property development
New China Sheen Limited	50	Property development
New China Target Limited	50	Property development
One Raffles Quay Pte Ltd (Singapore)	33.3	Property development

Principal Jointly Controlled Entities (continued)

Name	Effective percentage of Ownership Interest held by the Company Indirectly	Principal Activities
Shanklin Developments Limited (British Virgin Islands)	50	Property development
Sky Island Limited (British Virgin Islands)	50	Property development
Smart Rainbow Limited (British Virgin Islands)	50	Hotels & serviced suites
Vigour Limited	50	Property development & investment
Zealand Limited (British Virgin Islands)	50	Property development

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

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

Appendix IV

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

Consolidated Profit and Loss Account

For the year ended 31st December, 2006

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

Consolidated Balance Sheet

At 31st December, 2006

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

Appendix V

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

Consolidated Income Statement

For the year ended 31st December, 2006

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

Consolidated Balance Sheet

As at 31st December, 2006

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

Consolidated Balance Sheet (continued)

As at 31st December, 2006

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