

Growth Through Innovation



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

STOCK CODE: 0001

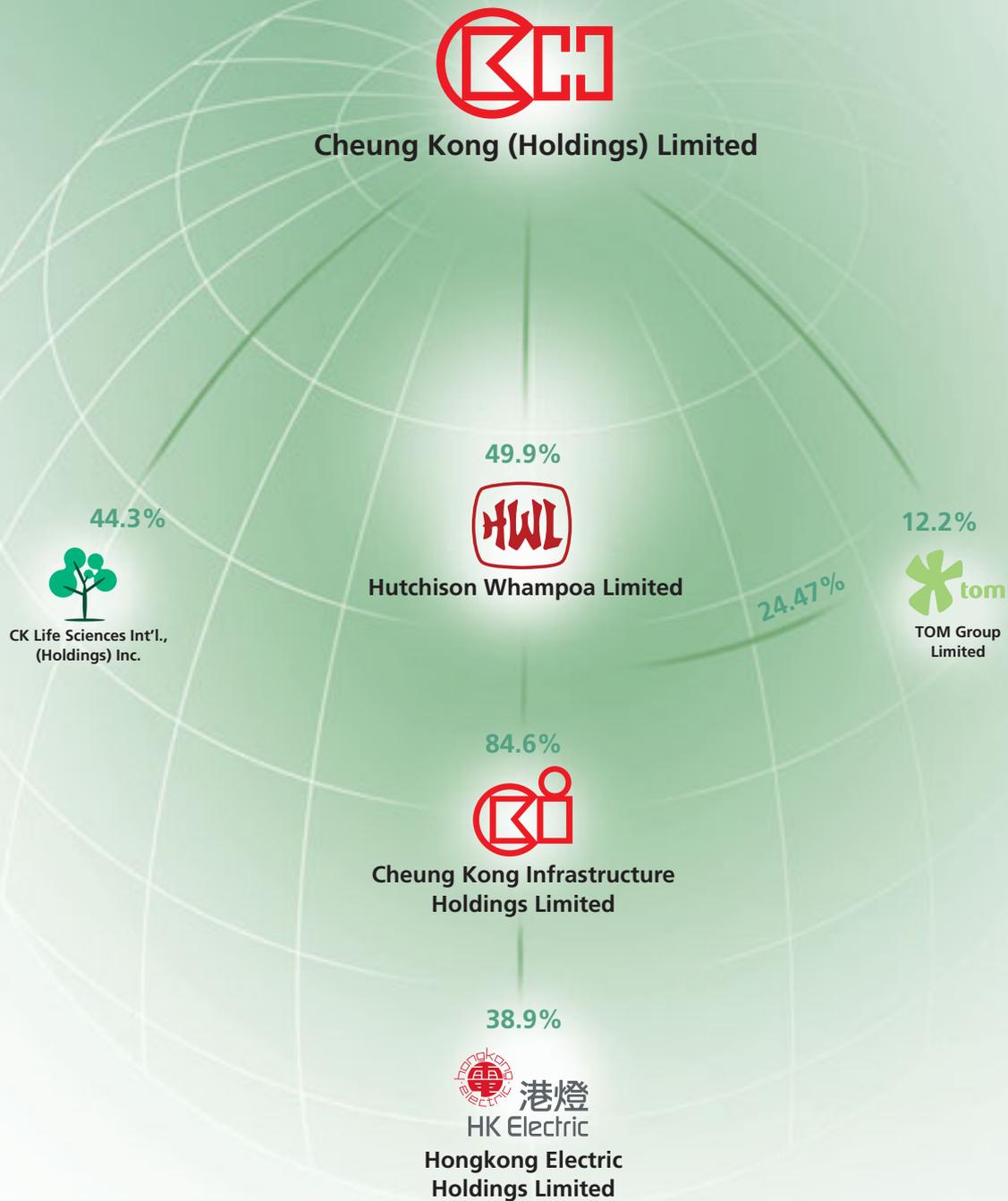
Annual Report 2007

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Group Structure



CHEUNG KONG GROUP
TOTAL MARKET CAPITALISATION

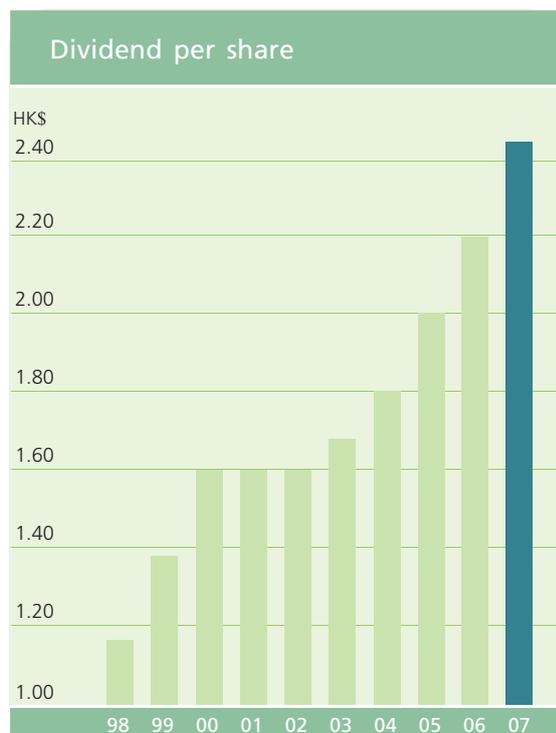
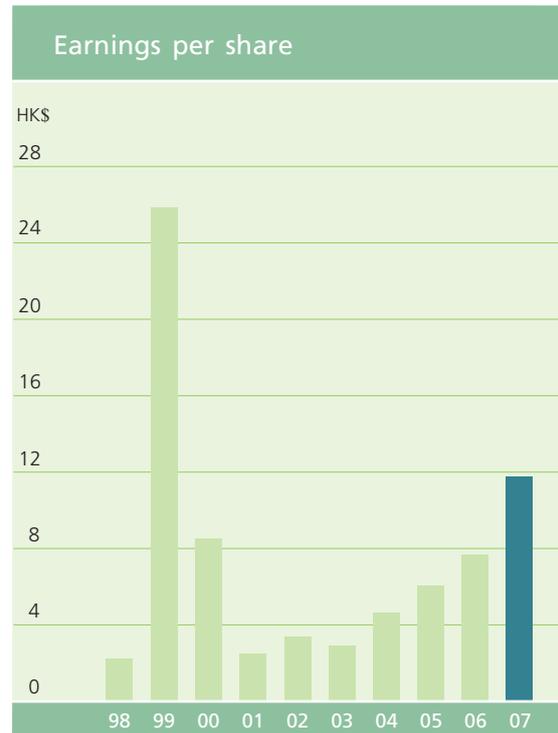
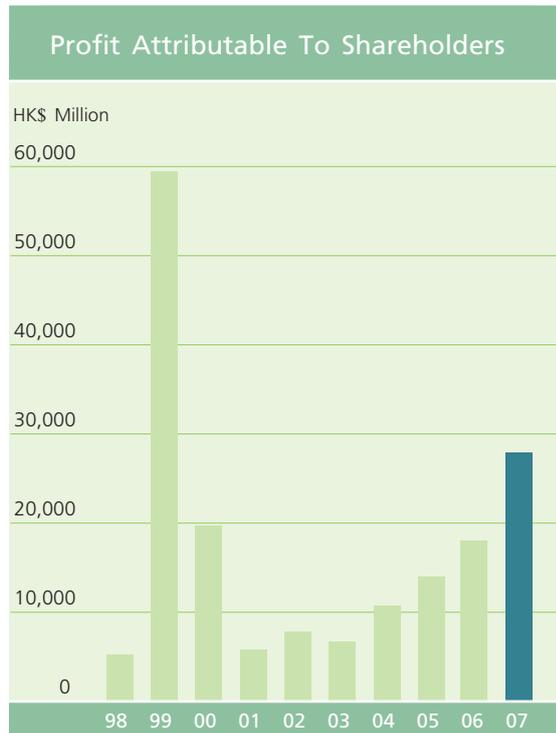
HK\$753 Billion

27th March, 2008

Group Financial Summary

Consolidated Profit and Loss Account (HK\$ million)										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Turnover	11,865	8,193	9,341	7,486	9,122	14,336	18,431	14,358	15,346	15,442
Profit attributable to shareholders	5,170	59,405	19,678	5,792	7,835	6,724	10,700	13,995	18,075	27,678
Interim dividend paid	643	758	880	880	880	880	880	973	1,065	1,158
Final dividend proposed	2,022	2,412	2,826	2,826	2,826	3,011	3,289	3,659	4,031	4,517
Profit for the year retained	2,505	56,235	15,972	2,086	4,129	2,833	6,531	9,363	12,979	22,003
Consolidated Balance Sheet (HK\$ million)										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Fixed assets	3,131	9,530	3,167	3,274	6,762	6,987	7,385	9,612	10,222	10,560
Investment properties	10,805	11,760	12,039	11,476	11,999	9,876	10,545	11,710	14,508	15,497
Associates	48,652	103,518	117,264	118,657	121,387	121,617	124,444	126,281	134,358	146,109
Other non-current assets	28,553	24,544	29,769	33,805	31,270	30,673	30,123	30,421	33,055	34,630
Net current assets	9,346	9,376	14,554	17,979	18,359	20,435	26,784	31,126	46,067	52,768
Total assets less current liabilities	100,487	158,728	176,793	185,191	189,777	189,588	199,281	209,150	238,210	259,564
Bank and other loans	10,245	10,238	13,806	18,728	19,255	16,357	17,907	18,683	27,609	23,655
Loan from joint development partner	–	–	–	–	–	–	–	–	4,000	4,000
Deferred tax liabilities and others	86	138	194	189	316	354	428	544	920	1,300
Net assets	90,156	148,352	162,793	166,274	170,206	172,877	180,946	189,923	205,681	230,609
Representing:										
Share capital	1,149	1,149	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158
Share premium	7,856	7,856	9,331	9,331	9,331	9,331	9,331	9,331	9,331	9,331
Reserves	75,994	132,616	149,026	151,138	155,284	158,349	165,312	174,673	189,933	216,714
Shareholders' funds	84,999	141,621	159,515	161,627	165,773	168,838	175,801	185,162	200,422	227,203
Minority interests	5,157	6,731	3,278	4,647	4,433	4,039	5,145	4,761	5,259	3,406
Total equity	90,156	148,352	162,793	166,274	170,206	172,877	180,946	189,923	205,681	230,609
Shareholders' funds										
– NBV per share (HK\$)	37.00	61.64	68.87	69.78	71.57	72.90	75.90	79.94	86.53	98.09
Earnings per share (HK\$)	2.25	25.86	8.53	2.50	3.38	2.90	4.62	6.04	7.80	11.95
Dividend per share (HK\$)	1.16	1.38	1.60	1.60	1.60	1.68	1.80	2.00	2.20	2.45

Results Highlights



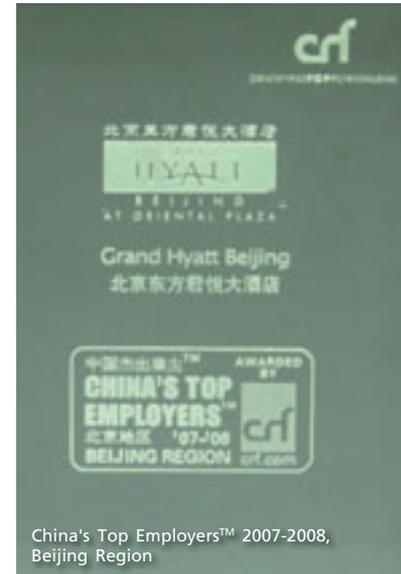
The Year at a Glance



- The Group announced 2007 Annual Results on 27th March, 2008.
- 56 members of the Cheung Kong Group were named Caring Companies – its fourth consecutive year to have the largest number of members being awarded.
- Successfully raised a 5-year revolving credit facility of HK\$6 billion for general corporate purposes.
- Received “2007 Best of the Best Preferred Brands of China’s Richest – Best Beijing Hotel” award for Grand Hyatt Beijing from *Hurun Report*.
- The Group, Hutchison Whampoa Limited and the Li Ka Shing Foundation donated a total of S\$100 million to Lee Kuan Yew School of Public Policy at the National University of Singapore.
- Launch of Crystal Cove, Tung Chung, was well-received by purchasers.



The Community Chest "Cheung Kong" Rainbow Fund



China's Top Employers™ 2007-2008, Beijing Region



Reader's Digest Trusted Brand



Grand Hyatt Beijing

- The Cheung Kong Group continued its support to Community Chest "Cheung Kong" Rainbow Fund, an emergency relief plan initiated by the Community Chest.
- The Cheung Kong Group and the Li Ka Shing Foundation donated a total of HK\$100 million to the China Disabled Persons' Federation to further support the New Cheung Kong Milestone Programme.
- Gold winner in the "2007 Reader's Digest Trusted Brand Awards – Property Developer category".
- Received "China's Top Employers™ 2007-2008, Beijing Region" for Grand Hyatt Beijing from CRF.
- Won the first runner-up for "Highest Fund Raising Corporate Team" in "MTR Race Walking 2007" organised by MTRC and Hong Kong Amateur Athletic Association.

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The Year at a Glance (continued)

China's Best Business Hotels in 2007 –
Sheraton Shenyang Lido Hotel



Central Park Towers, Tin Shui Wai



- Received “500 famous brands awards in Asia”, the Group ranked the highest among property developers in Hong Kong. Other group members, including Hutchison Whampoa Limited, Harbour Plaza and TOM Group Limited also received the award.
- Received “China’s Best Business Hotels in 2007” for Grand Hyatt Beijing and Sheraton Shenyang Lido Hotel from *Forbes*.
- Release of Central Park Towers, Tin Shui Wai. All units were sold at launch and it was the best-selling property in Hong Kong in 2007.
- The Group received “2007 International Financial Awards for Excellence – Best Investment Strategy Corporation” from Society of International Registered Financial Practitioner.



The Community Chest Awards

Best Business Hotel in Chengdu –
Sheraton Chengdu Lido Hotel

Best 100 Hotels in China

Best Business Hotel in Beijing –
Grand Hyatt BeijingDirectors seminar on corporate
governance practices

- The Cheung Kong Group was ranked as the “Second Top Donor” in “The Community Chest 2006/2007 Awards” – its eighth consecutive year to be ranked amongst the top three donors.
- The Group launched new Equity-linked Notes with Fortis Bank NV/SA Hong Kong Branch.
- Received the “Best Business Hotel in Chengdu” award for Sheraton Chengdu Lido Hotel from *Business Traveller China*.
- Received the “Best Business Hotel in Beijing” award for Grand Hyatt Beijing from *Business Traveller China*.
- Received the “Best Business Hotel in Shenyang” award for Sheraton Shenyang Lido Hotel from *Business Traveller China*.
- Received the “Best 100 Hotels in China” award for Sheraton Chengdu Lido Hotel and Grand Hyatt Beijing from *Travel + Leisure*.
- Seminars were organised at which distinguished professionals have been invited to present to the Directors on subjects such as directors’ duties and balancing the benefits and costs of corporate governance.

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Report of the Chairman and the Managing Director

Growth Through Innovation



Innovation has been central to our growth strategy, and will provide us with new dynamics for development. As a visionary and market responsive conglomerate, the Cheung Kong Group will drive higher shareholder returns by continuing to take an innovative approach across all aspects of our business, strengthening our asset base, and thereby building a stronger platform for global expansion.

PROFIT FOR THE YEAR

The Group's audited profit attributable to shareholders for the year ended 31st December, 2007 amounted to HK\$27,678 million (2006 – HK\$18,075 million). Earnings per share were HK\$11.95 (2006 – HK\$7.80).

The Group's audited profit attributable to shareholders amounted to HK\$27,678 million, increased by **53%**.

DIVIDEND

The Directors recommend the payment of a final dividend of HK\$1.95 per share in respect of 2007, to shareholders whose names appear on the Register of Members of the Company on 22nd May, 2008. This together with the interim dividend of HK\$0.50 per share gives a total of HK\$2.45 per share for the year (2006 – HK\$2.20 per share). The proposed final dividend will be paid on 27th May, 2008 following approval at the Annual General Meeting.

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

PROSPECTS

The Group maintained strong growth momentum in 2007 by accomplishing key operating objectives and delivered a very solid performance. These achievements were in line with our strategy of growth through a combination of innovation and by building on our solid fundamentals – quality assets, healthy balance sheet and strong international capabilities.

Robust Results

2007 was another year of solid performance for the Group, with good progress achieved across various core businesses. With enormous potential for growth, our property business in Hong Kong, the Mainland and overseas markets progressed well as scheduled, and delivered solid, consistent growth in profits. For the year ended 31st December, 2007, the Group's profit before share of results of the Hutchison Whampoa Group was HK\$12,390 million, an increase of 54% over the previous year.

Strong Organic Growth

Our continued focus on our core property business has resulted in strong organic growth. Solid progress was made in all aspects of operation, covering land acquisition, project management, project design, development and marketing.

Hong Kong Operations Hong Kong's economy remained positive in 2007 although there were increased fluctuations in the local financial market due to a more uncertain global credit environment and the possible slowdown of the U.S. economy. GDP grew by 6.3% in real terms primarily supported by the prevailing strength in domestic demand and consumption. Despite the upward pressure on inflation due to surging prices in food, energy and commodities, private consumption spending continued to expand against the backdrop of a low level of unemployment and rising household income.

The local property market turned in a strong performance in 2007 as compared to 2006. Falling interest rates, rising affordability, and healthy economic growth combined to support a steady volume of property transactions at attractive prices. Looking ahead in 2008, we expect the inflationary trend and the cycle of interest rate cuts to continue, and the effect of a negative real interest rate environment will provide further stimuli to the overall market demand and sentiment.

Our commitment to innovative, high-quality, customer-oriented service resulted in performance gains and growth in sales of properties. The key to driving high growth is focusing on developing diversified, high-quality projects to meet emerging market trends and needs. Our future schedule of new projects will continue to add quality assets that will strengthen further our quality portfolio of properties.

Active acquisition of prime sites at reasonable costs continues to be a key pillar of our development strategy. We will continue to respond rapidly and flexibly to land acquisition opportunities by utilising our market strengths and financial resources effectively. With an abundant, high-quality land reserve, the Group is well placed to provide a steady supply of diversified properties over the next five or six years.

Solid performance was recorded by the Group's property rental portfolio, particularly in the prime office sector which was supported by strong demand from local and overseas financial institutions. We will continue to strengthen our recurrent earnings base by investing in premier quality assets and effectively managing each of our rental properties to increase cash flows and maximise return on capital.

The Mainland and Overseas Markets 2007 was another year of solid achievements for our projects in attractive growth markets outside Hong Kong. A steady pace of growth was maintained in our property business in the Mainland by following a growth-oriented and low-risk approach to investment, and pursuing operational excellence to make us a high performance company. Various projects are progressing well as planned, and our positive results in land bank expansion will position us for excellent growth opportunities in this fast growing market. We are well placed to benefit from the profit contribution to be provided by the operations in the Mainland.

In Singapore and the United Kingdom, our projects continued to deliver solid results, and good progress was made in enhancing geographic diversification. The Group will continue with its aggressive pursuit to fully capitalise on overseas investment opportunities through accelerated growth plans aimed at enhancing our market position.

Synergies with Listed Affiliated Companies

Our strategic investment in listed affiliated companies provides us with synergies for continued growth and success. All of these companies reported positive performances in 2007.

The Hutchison Whampoa Group Both the established businesses and the 3 Group recorded healthy growth and improved results in 2007. The 3 Group achieved cash flow positive EBITDA after all customer acquisition costs for both the second half of the year and as a result for the full year 2007. With a strong financial foundation and the positive results reported for 2007, we have every confidence in the growth prospects for the Hutchison Whampoa Group. The 3 Group will turn a new page in 2008 on a path targeting to achieve positive monthly EBIT on a sustainable basis in the second half of 2008 and full year positive EBIT in 2009.

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

CKI Cheung Kong Infrastructure Holdings Limited (“CKI”) reached new heights in 2007 with strong operating performance in all businesses. Several new projects were concluded in the year adding to the robust portfolio of business CKI has built up over the years. The strong recurring cash flow generated from its regulated businesses underpins CKI’s long-term stability, while contributions from its global portfolio continue to grow. The prospects for CKI’s infrastructure investments are bright, with the pace of organic growth experienced to date expected to continue.

Hongkong Electric 2007 saw Hongkong Electric Holdings Limited (“Hongkong Electric”) progress its businesses both in Hong Kong and internationally. In early January 2008 a new Scheme of Control Agreement (“SCA”) for its Hong Kong electricity business was signed. The new SCA is for ten years commencing 1st January, 2009 with a Government option to extend the SCA for a further term of 5 years, and provides for a fixed permitted return on average net fixed assets. Following the signing of the SCA, much of the recent uncertainty surrounding the electricity industry in Hong Kong has been removed, and shareholders will benefit from the certainty and stability of a long-term regulatory framework.

CK Life Sciences CK Life Sciences Int’l., (Holdings) Inc. (“CK Life Sciences”) made steady progress in 2007. Its performance was characterised by a combination of organic growth, strategic acquisitions and R&D progress. The recent acquisition of Lipa Pharmaceuticals Limited, a leading Australian contract manufacturer of complementary healthcare and over-the-counter medicines, and Accensi Pty Ltd, the largest independent toll manufacturer of crop protection products in Australia, will expand the scale and scope of CK Life Sciences’ health and agriculture-related businesses and will contribute to the performance in the coming year. CK Life Sciences will also continue to advance its existing business by seeking new opportunities for organic growth and acquisition.

The Group will continue to create and enhance sustainable shareholder value by maximising return on investment. Various strategic initiatives will be taken to position the Group for new value-added opportunities, and to drive solid, sustainable growth in the future.

Looking ahead in 2008, the U.S. economy is likely to experience greater turbulence due to the fallout from the subprime predicament and the continuing weakness of the residential property market. There is a likelihood of further U.S. interest rate reductions, and oil prices remain at high levels. The trend of a weaker U.S. dollar against other currencies is expected to continue. Impacts from the slowing of the U.S. economy will be widespread, and other countries and regions will inevitably be affected by different extents. In the Mainland, economic growth has moderated following its continuing structural reforms and macroeconomic measures. This is conducive to the healthy development of overall economic well-being in the long run, and positive growth trends are expected to continue given the Mainland's good economic fundamentals and huge market potential. On the back of the Mainland's sustained economic growth, plentiful opportunities will present themselves and Hong Kong's economy will continue to prosper.

The Cheung Kong Group now has operations in 56 countries and continues to grow. Innovation has been central to our growth strategy, and will provide us with new dynamics for development. As a visionary and market responsive conglomerate, the Cheung Kong Group will drive higher shareholder returns by continuing to take an innovative approach across all aspects of our business, strengthening our asset base, and thereby building a stronger platform for global expansion. With strong fundamentals and sound financial strengths, we firmly believe we are capable of meeting the external pressures and challenges amid the more uncertain global economic landscape in 2008, and will capitalise on the many opportunities arising from the Mainland's growth. Given the optimistic long-term economic outlook in the Mainland and Hong Kong, we are confident of the growth prospects for the Cheung Kong Group.

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

Li Ka-shing

Chairman

Li Tzar Kuoi, Victor

Managing Director

Hong Kong, 27th March, 2008

Management Discussion and Analysis

BUSINESS REVIEW

Major Business Activities

1. Developments Completed during 2007:

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
The Apex and The Apex Horizon	The Remaining Portion of Kwai Chung Town Lot No. 467	74,340	100%
Central Park Towers Phase 1	Tin Shui Wai Town Lot No. 24	98,800	98.47%
Le Point	Tseung Kwan O Town Lot No. 73, Area 73B Tseung Kwan O	130,338	Joint Venture
Sausalito	Sha Tin Town Lot No. 487	70,030	100%
Regency Park Phases IIA and VI	Pudong Huamu, Shanghai	31,500	50%

2. Developments in Progress and Scheduled for Completion in 2008:

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
Caribbean Coast Town Houses	Tung Chung Town Lot No. 5	10,494	Joint Venture
The Harbour Grand Hotel Development	Section A & extension of Inland Lot No. 7106 North Point	41,341	Joint Venture
1881 Heritage	Kowloon Inland Lot No. 11161	13,023	100%
The Capitol	The Remaining Portion of Tseung Kwan O Town Lot No. 70, Site F Area 86, Tseung Kwan O	136,240	Joint Venture
Seasons Monarch	The Remaining Portion of Lot No. 2081 in D.D. 109 Kam Tin Road Kam Tin, Yuen Long	19,445	100%
CASA 880	4 various Subsections of Section B of Quarry Bay Inland Lot No. 4	9,840	100%
The Greenwich Commercial	Yao Jia Yuan, Beijing	2,377	50%
Cape Coral Phase 1A	Nanan, Chongqing	116,399	47.5%
Changchun Project Phase 1	Jing Yue Tan, Changchun	57,193	50%
Regency Oasis Phase 1A	Wenjiang, Chengdu	138,990	50%
The Greenwich Phase 1A	Xian	113,902	50%
Le Parc Phases 1A and 1B	Chengdu	192,106	50%

Management Discussion and Analysis (continued)

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
Maison des Artistes Phases 1 to 3D and Commercial	Gubei, Shanghai	155,992	50%
Regency Park Phases VIA, VII, VIII and VIIIA	Pudong Huamu, Shanghai	35,497	50%
The Riverside and Metropolitan Plaza Phases 1 and 2	Guangzhou	187,944	50%
Regency Park Phase 1	Guanlan, Shenzhen	57,267	50%
Horizon Cove Phase 4	Zhuhai	100,570	50%
Le Sommet Phase 1 and Commercial	Shenzhen	63,938	50%
Maqiao Project Phase 1A	Maqiao, Shanghai	1,338	42.5%
Seasons Villas Phase 4A	Pudong Huamu, Shanghai	1,500	50%
Kerry Everbright City Phases IIA and IIB	Zhabei District, Shanghai	149,156	24.75%

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

Hong Kong

- (1) February 2007: A wholly owned subsidiary of the Group acquired 90 Repulse Bay Road, Section A and the Remaining Portion of Rural Building Lot No. 177. With a site area of approximately 3,300 sq. m., the site is designated for a residential development.
- (2) April 2007: A wholly owned subsidiary of the Group completed the acquisition of the site at 873 Lai Chi Kok Road, Cheung Sha Wan, New Kowloon Marine Lot No. 21 and the Extension thereto. With an area of approximately 2,656 sq. m., the site is designated for a commercial and residential development.
- (3) May 2007: A wholly owned subsidiary of the Group settled the land premium with the Government in respect of Site C of the Kowloon-Canton Railway Corporation (now known as MTR Corporation Limited) Tai Wai Maintenance Centre Development, Tai Wai, Sha Tin, Sha Tin Town Lot No. 529. Site C comprises a developable residential gross floor area of 113,211 sq. m. The total site area and developable gross floor area for the whole development are approximately 70,600 sq. m. and 313,960 sq. m. respectively.
- (4) July 2007: A wholly owned subsidiary of the Group acquired 2A, 2B and 4 Kennedy Terrace, Section A and the Remaining Portion of Section B of Inland Lot No. 1381 and ancillary areas. With an area of approximately 1,018 sq. m., the site is designated for a residential development.
- (5) August 2007: A wholly owned subsidiary of the Group executed the particulars and conditions of exchange with the Government in respect of the site at Fung Yuen, Tai Po, Tai Po Town Lot No. 183. The site has an area of approximately 126,290 sq. m. and a developable residential gross floor area of about 87,356 sq. m.
- (6) December 2007: A wholly owned subsidiary of the Group executed a development agreement with MTR Corporation Limited for the development at Site E of the Remaining Portion of Tseung Kwan O Town Lot No. 70. With an aggregate area of approximately 13,587 sq. m., the site is earmarked for a residential development with kindergarten estimated to have a developable gross floor area of about 129,544 sq. m. In March 2008, the Group entered into a sale and purchase agreement with Nan Fung Development Limited ("Nan Fung") to dispose of the Group's 15% interest in the development to Nan Fung.
- (7) December 2007: A joint venture entered into by a wholly owned subsidiary of the Group and the owner of the land reached an agreement with the Government for the land exchange conditions for the property at Area 85, Tseung Kwan O, Tseung Kwan O Town Lot No. 90. With an area of approximately 19,480 sq. m., the site is designated for a residential development estimated to have a total developable gross floor area of about 97,400 sq. m.

Management Discussion and Analysis (*continued*)

- (8) January 2008: A wholly owned subsidiary of the Group entered into a development agreement with the Urban Renewal Authority for the joint development of a site at Nga Tsin Wai Village, Kowloon City.
- (9) During the year under review, the Group continued to acquire properties and agricultural land with potential for development. Some of the properties and agricultural land are under varying stages of design and planning applications.

The Mainland and Overseas

- (10) January 2007: The Group, the Hutchison Whampoa Group and an independent third party were successful in bidding for a piece of land with an area of approximately 177,262 sq. m. at Zhen Ru Fu Zhong Xin (A3-A6), Putuo District, Shanghai, the Mainland. A sino-foreign equity joint venture company will be established by the Group, the Hutchison Whampoa Group and the independent third party with effective equity interests of 49.2%, 50.4% and 0.4% respectively, for acquiring and developing the land into commercial and residential properties.
- (11) February 2007: A 50/50 joint venture company of the Group and the Hutchison Whampoa Group, together with two other consortium partners, and each having a one-third interest, exercised an option, granted in their favour under a joint tender in July 2005, to purchase the remainder of Land Parcel 662 at Marina Boulevard/Central Boulevard, Singapore ("Phase 2 of Marina Bay Land") with a maximum permissible gross floor area of 194,000 sq. m. Phase 2 of Marina Bay Land is planned to be a residential and office development.
- (12) March 2007: An indirect 45/45 joint venture company of the Group and the Hutchison Whampoa Group successfully bid for a piece of land with an area of approximately 1,333,333 sq. m. located at Xinhui of Jiangmen District, Guangdong Province, the Mainland for development into residential, hotel and commercial properties. The remaining 10% interest in the joint venture company is held by an independent party.
- (13) April 2007: An indirect 47.5/47.5 joint venture company of the Group and the Hutchison Whampoa Group successfully bid for a piece of land with an area of approximately 1,000,000 sq. m. located at Yangjiashan District of Nanping Town, Nanan District, Chongqing, the Mainland for development into residential and commercial properties. The remaining 5% interest in the joint venture company is held by an independent party.
- (14) May 2007: A 50/50 joint venture company of the Group and the Hutchison Whampoa Group acquired the entire issued share capital of a company which is the owner of a piece of land at Maofengshan, Guangzhou, the Mainland. With a developable area of approximately 680,000 sq. m., the site is planned for the development of tourism and commercial properties.

- (15) July 2007: A wholly owned subsidiary of the Group entered into a conditional share purchase agreement with HSBC Institutional Trust Services (Singapore) Limited (“REIT’s Trustee”), in its capacity as trustee of Suntec Real Estate Investment Trust, to dispose of the Group’s one-third interest in One Raffles Quay (“ORQ”), a commercial development located in Singapore’s central business district, to REIT’s Trustee for a total consideration of approximately S\$941.5 million minus the face value of a loan which was to be provided by REIT’s Trustee to the developer and equitable owner of ORQ (subject to adjustments).
- (16) November 2007: An associate of the Group, ARA Asset Management Limited (“ARA”), an Asian real estate fund management company, was listed on the Singapore Exchange Securities Trading Limited. Before the listing, the Group had an equity interest of 30% in ARA. After the listing, the Group’s equity interest in ARA was scaled down to approximately 15%. Through the listing, the Group received approximately HK\$372 million in proceeds. The total market capitalisation of ARA as at 31st December, 2007 was about HK\$3.1 billion.
- (17) November 2007: An indirect 50/50 joint venture company of the Group and the Hutchison Whampoa Group successfully bid for two pieces of land with total area of approximately 85,185 sq. m. and a developable total gross floor area of about 148,890 sq. m. located at north of Guan Tian Road and south of Heng Keng Reservoir, Guanlan, Baoan District, Shenzhen, the Mainland for development into residential properties.
- (18) December 2007: An indirect 50/50 joint venture company of the Group and the Hutchison Whampoa Group were successful in the bid for a piece of land with a buildable area of approximately 770,604 sq. m. at south of Maan Shan, Caidian District, Wuhan, the Mainland (the “Land”) and has established a wholly foreign owned enterprise in the Mainland for the acquisition of the land use right of the Land and the development of the Land.
- (19) January 2008: An indirect 50/50 joint venture company of the Group and the Hutchison Whampoa Group successfully bid for a piece of land with an area of approximately 211,621 sq. m. and a developable gross floor area of about 328,229 sq. m. at the east of Ruilin Road and south of Huanbei Road, Jiading District, Shanghai, the Mainland for development into residential and commercial properties.
- (20) February 2008: An indirect 50/50 joint venture company of the Group and the Hutchison Whampoa Group successfully bid for a piece of land with an area of approximately 80,600 sq. m. and a developable gross floor area of about 220,460 sq. m. at east of Hongmei Park and north of Wuqing Road, Changzhou, the Mainland for development into residential properties.
- (21) During the year under review, the Group’s property projects in the Mainland and overseas were on schedule, both in terms of sales and leasing.

Management Discussion and Analysis (*continued*)

Property Sales

Turnover of property sales for the year, including share of property sales of jointly controlled entities, was HK\$13,406 million (2006 – HK\$13,796 million), a decrease of HK\$390 million when compared with last year, and comprised mainly the sale of residential units of three property projects completed in previous years, The Legend at Jardine's Lookout and Crystal Cove of Caribbean Coast in Hong Kong and Costa del Sol in Singapore, and the sale of residential units of property projects completed during the year, including Central Park Towers Phase 1, The Apex, Le Point and Sausalito in Hong Kong and Regency Park Phase VI in the Mainland, of which approximately 57% of these completed units have been sold and recognised as of the year end date.

Contribution from property sales, including share of results of jointly controlled entities, was HK\$5,630 million (2006 – HK\$5,583 million), an increase of HK\$47 million when compared with last year. Contribution margin for property sales during the year remained steady while the economies in Hong Kong and the Mainland grew with solid fundamentals, and the residential property market continued to be active with prices in all sectors rising generally.

Contribution from property sales for 2008 will mainly be derived from the sale of residential units of CASA 880 and The Capitol in Hong Kong, Maison des Artistes in Shanghai, The Riverside in Guangzhou and several other property projects which are scheduled for completion, and from the sale of the remaining residential units of the property projects completed during the year.

As of mid-March 2008, most of the remaining completed residential units of Central Park Towers Phase 1, The Apex, Le Point, Sausalito and those of CASA 880 and The Capitol scheduled for completion have been sold or presold.

Property Rental

Turnover of the Group's property rental for the year was HK\$792 million (2006 – HK\$624 million), an increase of HK\$168 million when compared with last year mainly attributable to the Group's acquisition of the commercial portion of Metro Town in Hong Kong last year and increases in rental rates generally in Hong Kong during the year. The Group's existing investment properties comprise mainly retail shopping malls and commercial office properties in Hong Kong which accounted for approximately 30% and 44% respectively of the turnover of the Group's property rental for the year.

Contribution from property rental, including share of results of jointly controlled entities, was HK\$1,231 million (2006 – HK\$936 million), an increase of HK\$295 million when compared with last year. During the year, the upward trend in rental rates was sustained, both in Hong Kong and in the Mainland, due to continuing demand for commercial office and retail properties, and the Group's investment properties in Hong Kong and those held by jointly controlled entities in the Mainland all reported good rental income growth.

At the balance sheet date, the Group accounted for an increase in the fair value of investment properties of HK\$1,815 million (2006 – HK\$1,936 million) based on a professional valuation, and shared an increase in the fair value of investment properties of HK\$598 million (2006 – HK\$564 million) of jointly controlled entities.

Hotels and Serviced Suites

Turnover of the Group's hotels and serviced suites for the year was HK\$1,063 million (2006 – HK\$729 million), an increase of HK\$334 million when compared with last year. The increase in turnover was mainly attributable to the grand opening of Harbourview Horizon All-Suite Hotel late last year and Harbourfront Horizon All-Suite Hotel in June this year.

Contribution from hotels and serviced suites, including share of results of jointly controlled entities, was HK\$545 million (2006 – HK\$367 million), an increase of HK\$178 million when compared with last year. During the year, the economic conditions in Hong Kong and the Mainland were good and the Group's hotels and serviced suites achieved satisfactory occupancy and good room rates, including the Harbourview Horizon All-Suite Hotel and the Harbourfront Horizon All-Suite Hotel which have just commenced operations in Hong Kong. Contribution from jointly controlled entities increased further from last year as Harbour Plaza Metropolis, The Kowloon Hotel in Hong Kong and Grand Hyatt Beijing in the Mainland all reported good operating results.

The Apex Horizon, of which the Group has a 100% interest, was completed in the second half year and will soon commence operation. Furthermore, The Harbour Grand, of which the Group has a joint development interest, is scheduled for completion next year. Both hotels are located in Hong Kong and will make contribution to profit in the coming years.

Property and Project Management

Turnover of property and project management for the year was HK\$181 million (2006 – HK\$197 million), of which income from property management was HK\$150 million (2006 – HK\$144 million), an increase of HK\$6 million when compared with last year, and income from project related services was HK\$31 million (2006 – HK\$53 million), a decrease of HK\$22 million when compared with last year.

Contribution from property management was HK\$93 million (2006 – HK\$83 million), an increase of HK\$10 million when compared with last year, while project related services made a small contribution to Group profit.

The Group is committed to providing high quality services to properties under our management. At the year end date, the total floor area under the Group's property management was approximately 82 million square feet and this is expected to grow steadily following the gradual completion of the Group's property projects in the years ahead.

Major Associates

The Hutchison Whampoa Group, a listed associate, reported profit attributable to shareholders for the year ended 31st December, 2007 of HK\$30,600 million (2006 – HK\$20,030 million).

The CK Life Sciences Group, another listed associate, reported profit attributable to shareholders for the year ended 31st December, 2007 of HK\$117,001,000 (2006 – HK\$102,022,000).

Management Discussion and Analysis (*continued*)

FINANCIAL REVIEW

Liquidity and Financing

The Group monitors its liquidity requirements on a short to medium term basis and arranges refinancing of the Group's borrowings when appropriate. During the year, the Group issued notes with a one-year term in Hong Kong under the retail note issuance programme in the total amount of HK\$300 million, and redeemed notes upon maturity in the total amount of HK\$2.2 billion.

At the balance sheet date, the outstanding bonds and notes issued by the Group amounted to HK\$8.7 billion. Together with bank loans of HK\$23.8 billion and a loan from a joint development partner of HK\$4 billion, the Group's total borrowings at the balance sheet date were HK\$36.5 billion, a decrease of HK\$2 billion from the end of last year. The maturity profile is spread over a period of nine years, with HK\$8.9 billion repayable within one year, HK\$27 billion within two to five years and HK\$0.6 billion beyond five years.

The Group's gearing ratio at the balance sheet date was approximately 13.6%, determined as the proportion of the Group's net borrowings (after deducting bank balances and deposits of HK\$5.6 billion) to shareholders' funds.

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

Treasury Policies

The Group maintains a conservative approach on foreign exchange exposure management. At the balance sheet date, approximately 85.6% of the Group's borrowings were in HK\$ with the balance in US\$ (or swapped into US\$), S\$ and RMB mainly for the purpose of financing projects outside Hong Kong. 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. The fixed rate or equity linked bonds and notes issued by the Group have associated swaps arrangements in place to convert the rates and related terms to a floating rate basis.

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

Charges on Assets

At the balance sheet date, certain subsidiaries of the Group pledged assets with aggregate carrying value of HK\$1,318 million (2006 – HK\$1,138 million) to secure bank loan facilities utilised.

Contingent Liabilities

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

- (1) share of contingent liability of jointly controlled entity in respect of guaranteed return payments payable to the other party of a co-operative joint venture in the next 42 years amounted to HK\$4,500 million;
- (2) guarantees provided for the minimum share of revenue/profit receivable by other partners of joint development projects amounted to HK\$1,422 million (2006 – HK\$1,422 million); and
- (3) guarantees provided for bank loans utilised by jointly controlled entities amounted to HK\$3,404 million (2006 – HK\$3,701 million).

Employees

At the balance sheet date, the Group employed approximately 8,100 employees for its principal businesses. The related employees' costs for the year (excluding directors' emoluments) amounted to approximately HK\$1,279 million. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. The Group does not have any share option scheme for employees.

Directors' Biographical Information



LI Ka-shing

LI Tzar Kuoi, Victor

KAM Hing Lam

IP Tak Chuen, Edmond

LI Ka-shing, KBE, GBM, Grand Officer of the Order Vasco Nunez de Balboa, Commandeur de l'Ordre de Leopold, Commandeur de la Légion d'Honneur, JP, aged 79, is the founder of the Group. He has been the Chairman since 1971 and acted as the Managing Director from 1971 to 1998. He is the Chairman of the Remuneration Committee of the Company. Mr. Li has also been the Chairman of Hutchison Whampoa Limited since 1981. He has been engaged in many major commercial developments in Hong Kong for more than 50 years. Mr. Li served as a member of the Hong Kong Special Administrative Region's Basic Law Drafting Committee, Hong Kong Affairs Adviser and the Preparatory Committee for the Hong Kong Special Administrative Region. He is also an Honorary Citizen of a number of cities in the Mainland and overseas. Mr. Li is a keen supporter of community service organisations, and has served as honorary chairman of many such groups over the years. Mr. Li is a current member of the International Business Advisory Council of the United Kingdom. Mr. Li has received Honorary Doctorates from Peking University, The University of Hong Kong, The Hong Kong University of Science and Technology, The Chinese University of Hong Kong, City University of Hong Kong, The Open University of Hong Kong, University of Calgary in Canada and Cambridge University in the United Kingdom. Mr. Li Ka-shing is the father of Mr. Li Tzar Kuoi, Victor, the Managing Director and Deputy Chairman of the Company, and the brother-in-law of Mr. Kam Hing Lam, Deputy Managing Director of the Company.

LI Tzar Kuoi, Victor, aged 43, joined the Group in 1985 and acted as Deputy Managing Director from 1993 to 1998. He has been Deputy Chairman since 1994 and Managing Director since 1999. He is also the Chairman of Cheung Kong Infrastructure Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc., Deputy Chairman of Hutchison Whampoa Limited, an Executive Director of Hongkong Electric Holdings Limited, the Co-Chairman of Husky Energy Inc. and a Director of The Hongkong and Shanghai Banking Corporation Limited. Mr. Victor Li serves as a member of the Standing Committee of the 11th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also a member of the Commission on Strategic Development of the Hong Kong Special Administrative Region. He holds a Bachelor of Science degree in Civil Engineering and a Master of Science degree in Structural Engineering. Mr. Victor Li is son of Mr. Li Ka-shing, the Chairman of the Company and a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance, and nephew of Mr. Kam Hing Lam, Deputy Managing Director of the Company.

KAM Hing Lam, aged 61, has been Deputy Managing Director since 1993. He is also the Group Managing Director of Cheung Kong Infrastructure Holdings Limited, the President and Chief Executive Officer of CK Life Sciences Int'l., (Holdings) Inc., an Executive Director of Hutchison Whampoa Limited and Hongkong Electric Holdings Limited, and a Non-executive Director of Spark Infrastructure Group. Mr. Kam is a member of the Beijing Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. Mr. Kam is the brother-in-law of Mr. Li Ka-shing, Chairman of the Company and a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance, and uncle of Mr. Li Tzar Kuoi, Victor, Managing Director and Deputy Chairman of the Company.



CHUNG Sun Keung, Davy

PAU Yee Wan, Ezra

WOO Chia Ching, Grace

CHIU Kwok Hung, Justin

IP Tak Chuen, Edmond, aged 55, has been an Executive Director since 1993 and Deputy Managing Director since 2005. He is also an Executive Director and Deputy Chairman of Cheung Kong Infrastructure Holdings Limited, the Senior Vice President and Chief Investment Officer of CK Life Sciences Int'l., (Holdings) Inc., a Non-executive Director of TOM Group Limited and ARA Asset Management Limited, and a Director of ARA Asset Management (Singapore) Limited and ARA Trust Management (Suntec) Limited. He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration.

CHUNG Sun Keung, Davy, aged 57, has been an Executive Director since 1993. Mr. Chung is a Registered Architect. He is a member of the 11th Guangzhou Committee of the Chinese People's Political Consultative Conference.

PAU Yee Wan, Ezra, aged 52, joined the Group in 1982 and has been an Executive Director since 1993. Ms. Pau is a Director of Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust and Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust, all being substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

WOO Chia Ching, Grace, aged 51, joined the Group in 1987 and has been an Executive Director since 1996. She holds a Bachelor of Arts degree from the University of Pennsylvania, U.S.A. and a Master's degree in City and Regional Planning from Harvard University, U.S.A.

CHIU Kwok Hung, Justin, aged 57, joined the Group in 1997 and has been an Executive Director since 2000. He is the Chairman of ARA Asset Management Limited (an Asian real estate fund management company listed on the Singapore Exchange Securities Trading Limited), ARA Asset Management (Singapore) Limited as the manager of Fortune REIT, ARA Trust Management (Suntec) Limited as the manager of Suntec REIT, and ARA Asset Management (Prosperity) Limited as the manager of Prosperity REIT. Fortune REIT and Suntec REIT are listed on the Singapore Exchange Securities Trading Limited whereas Prosperity REIT is listed on The Stock Exchange of Hong Kong Limited. Mr. Chiu is also a director of Al Islami Far Eastern Real Estate Fund Limited and of ARA Asia Dragon Limited as the manager of the ARA Asia Dragon Fund. Mr. Chiu has more than 28 years of international experience in real estate in Hong Kong as well as other countries. He is a member of the Shanghai Committee of the Chinese People's Political Consultative Conference and a Fellow of Hong Kong Institute of Real Estate Administration, and he holds Bachelor degrees in Sociology and Economics.

Directors' Biographical Information (continued)



LEUNG Siu Hon

FOK Kin-ning,
Canning

Frank John SIXT

CHOW Kun Chee,
RolandGeorge Colin
MAGNUSKWOK Tun-li,
StanleyYEH Yuan Chang,
Anthony

LEUNG Siu Hon, aged 76, is a Non-executive Director of the Company and has been a Director since 1984. He was an Independent Non-executive Director of the Company prior to his re-designation as a Non-executive Director of the Company in September 2004. Mr. Leung holds a B.A. Law (Honors) (Southampton) degree and has been awarded the Honorary degree of Doctor of Laws by the University of Southampton in July 2001. Mr. Leung is a solicitor of the High Court of the Hong Kong Special Administrative Region and an attesting officer appointed by the PRC. He is presently a consultant of Messrs. S.H. Leung and Co., Solicitors. Mr. Leung is cousin of Mr. Chow Kun Chee, Roland, a Non-executive Director of the Company.

FOK Kin-ning, Canning, aged 56, is a Non-executive Director of the Company and has been a Director since 1985. Mr. Fok is currently the Chairman of Hongkong Electric Holdings Limited, the Group Managing Director of Hutchison Whampoa Limited and Deputy Chairman of Cheung Kong Infrastructure Holdings Limited. He is also the Chairman of Hutchison Harbour Ring Limited, Hutchison Telecommunications International Limited, Hutchison Telecommunications (Australia) Limited and Partner Communications Company Ltd., and the Co-Chairman of Husky Energy Inc. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a member of the Australian Institute of Chartered Accountants.

Frank John SIXT, aged 56, is a Non-executive Director of the Company and has been a Director since 1991. He is the Chairman of TOM Group Limited, the Group Finance Director of Hutchison Whampoa Limited, and an Executive Director of Cheung Kong Infrastructure Holdings Limited and Hongkong Electric Holdings Limited. He is also a Non-executive Director of Hutchison Telecommunications International Limited and a Director of Hutchison Telecommunications (Australia) Limited, Husky Energy Inc. and Partner Communications Company Ltd. In addition, Mr. Sixt is a Director of Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust and Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust, all being substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

CHOW Kun Chee, Roland, aged 70, is a Non-executive Director of the Company and has been a Director since 1993. He was an Independent Non-executive Director of the Company prior to his re-designation as a Non-executive Director of the Company in September 2004. Mr. Chow is a solicitor of the High Court of the Hong Kong Special Administrative Region and is a consultant of Messrs. Herbert Tsoi and Partners, Solicitors.

Mr. Chow is cousin of Mr. Leung Siu Hon, a Non-executive Director of the Company. Mr. Chow is a Director of Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust and Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust, all being substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance. He holds a Master of Laws degree from the University of London.

George Colin MAGNUS, OBE, aged 72, acted as an Executive Director from 1980 and Deputy Chairman from 1985 until he retired from these offices in October 2005. He has been a Non-executive Director of the Company since November 2005. He is also a Non-executive Director of Hutchison Whampoa Limited, Cheung Kong Infrastructure Holdings Limited and Hongkong Electric Holdings Limited. He holds a Master's degree in Economics.

KWOK Tun-li, Stanley, aged 81, is an Independent Non-executive Director, and a member of the Audit Committee and the Remuneration Committee of the Company. He has been a Director since 1989. Mr. Kwok holds a Bachelor's degree in Science (Architecture) from St. John's University, Shanghai, China, and an A.A. Diploma from the Architectural Association School of Architecture, London, England. He is also presently a Director of Amara International Investment Corporation, CTC Bank of Canada, Husky Energy Inc. and Stanley Kwok Consultants Inc.



Simon MURRAY

CHOW Nin Mow,
AlbertHUNG Siu-lin,
KatherineWONG Yick-ming,
RosannaCHEONG Ying Chew,
HenryKWAN Chiu Yin,
Robert

YEH Yuan Chang, Anthony, aged 84, is an Independent Non-executive Director of the Company. He has been a Director since 1993. Mr. Yeh holds a Master's degree in Science (Mechanical Engineering). He is the Honorary Life President of Tai Ping Carpets International Limited.

Simon MURRAY, CBE, aged 68, is an Independent Non-executive Director of the Company. He has been a Director since 1993. Mr. Murray is currently the Chairman of General Enterprise Management Services (International) Limited (GEMS Ltd.), a private equity fund management company. He is also a director of a number of listed companies including Orient Overseas (International) Limited.

CHOW Nin Mow, Albert, aged 58, has been a Director of the Company since 1983. Mr. Chow acted as a Non-executive Director from April 1997 to October 2004 and has been an Independent Non-executive Director of the Company since October 2004. He is the Chairman and Managing Director of Wah Yip (Holdings) Limited.

HUNG Siu-lin, Katherine, aged 60, joined the Group in March 1972, and acted as an Executive Director from 1985 to August 2000. She was a Non-executive Director from September 2000 to October 2004, and has been an Independent Non-executive Director of the Company since October 2004. She has been appointed as a member of the Audit Committee of the Company on 1st January, 2007. Ms. Hung is a member of the Tianjin Committee of the

12th Chinese People's Political Consultative Conference of the People's Republic of China; also Director of Li Ka Shing Foundation Limited, Member of HKSARG Estate Agents Authority, Supervisory Board Member of Hong Kong Housing Society, Court Member of The Hong Kong Polytechnic University, Steering Committee Member of the Institute for Enterprise of The Hong Kong Polytechnic University and Secretary of the Scout Association of Hong Kong. She was Council Member of Lingnan University from 1999 to 2004.

WONG Yick-ming, Rosanna, DBE, JP, aged 55, has been an Independent Non-executive Director since 2001 and is a member of the Remuneration Committee of the Company. She holds a Doctor of Philosophy degree in Sociology from the University of California (Davis), U.S.A. and has been awarded Honorary Doctorates from The Chinese University of Hong Kong, The Hong Kong Polytechnic University, The University of Hong Kong, The Hong Kong Institute of Education and University of Toronto in Canada. She is currently a member of the National Committee of the Chinese People's Political Consultative Conference, the Judicial Officers Recommendation Commission and the Commission on Strategic Development. She acted as the Chairman of the Education Commission of the Hong Kong Special Administrative Region until she retired from this office in April 2007. She is the Executive Director of The Hong Kong Federation of Youth Groups and a Director of The Hongkong and Shanghai Banking Corporation Limited.

CHEONG Ying Chew, Henry, aged 60, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since September 2004. He has been appointed as the Chairman of the Audit Committee of the Company on 1st January, 2007. Mr. Cheong holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management. He is also an Independent Non-executive Director of Cheung Kong Infrastructure Holdings Limited, Excel Technology International Holdings Limited, New World Department Store China Limited, SPG Land (Holdings) Limited and TOM Group Limited, all being listed companies in Hong Kong, and FFP Golden Asia Fund Inc. (formerly known as Jade Asia Pacific Fund Inc.), a company listed in Ireland.

KWAN Chiu Yin, Robert, JP, aged 71, had been an Independent Non-executive Director and the Chairman of the Audit Committee of the Company since September 2004 until he resigned from these offices in January 2007. Mr. Kwan was re-appointed as an Independent Non-executive Director of the Company in March 2007. He is a retired Certified Public Accountant. He received his Master of Arts degree at Cambridge University and qualified as a Fellow of the Institute of Chartered Accountants in England and Wales and a Fellow of the Hong Kong Institute of Certified Public Accountants. He was the Past Chairman of Deloitte Touche Tohmatsu, Certified Public Accountants in Hong Kong and Ocean Park Corporation. Mr. Kwan was an Independent Non-executive Director of CK Life Sciences Int'l., (Holdings) Inc., Pak Fah Yeow International Limited, Melco International Development Limited and Shun Tak Holdings Limited, all being listed companies.

Senior Management's Biographical Information

Accounts Department

Man Ka Keung, Simon, aged 50, Director, Corporate Strategy Unit & Chief Manager, joined the Group in December 1987. He is Alternate Director to Mr. Edmond Ip, Deputy Chairman and Executive Director of Cheung Kong Infrastructure Holdings Limited. He has over 27 years of experience in accounting, taxation, financing and auditing. He holds a Bachelor's degree in Economics and is an associate member of The Institute of Chartered Accountant in Australia.

Lee Shu Yan, Simon, aged 44, Senior Manager, joined the Group in October 1987. He has over 25 years of experience in accounting. He holds a Postgraduate Diploma in Management Studies. He is a fellow member of The Association of Chartered Certified Accountants, a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a non-practising member of The Chinese Institute of Certified Public Accountants.

Ng Yuet Fong, Betty, aged 59, Manager, joined the Group in September 1993. She has over 35 years of experience in accounting and treasury. She holds a Bachelor of Business Administration degree in Accounting.

Building Cost & Contract Department

Kwan Chi Kin, Anthony, aged 52, Chief Manager, joined the Group in May 1990. He has over 30 years of experience in building construction and quantity surveying. He holds a Higher Diploma in Building Technology and Management. He is a Registered Professional Engineer, a professional member of The Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a member of The Chartered Institute of Building, a member of The Hong Kong Institution of Engineers, a member of the Hong Kong Institute of Construction Managers and a member of Chartered Management Institute.

Cheung Ka Sing, Henry, aged 49, Contracts Manager, joined the Group in November 1996. He has over 25 years of experience in quantity surveying. He holds a Master of Science degree in Construction Management. He is a Professional Quantity Surveyor of The Canadian Institute of Quantity Surveyors.

Ho Kin Chung, Richard, aged 52, Contracts Manager, joined the Group in March 2000. He has over 29 years of experience in quantity surveying. He holds a Higher Diploma in Building Technology & Management. He is a professional member of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Wong Tak On, Andy, aged 44, Contracts Manager, joined the Group in May 1997. He has over 20 years of experience in quantity surveying. He holds a Bachelor of Applied Science degree in Building Studies. He is a member of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Yau Charm Ping, Steve, aged 48, Contracts Manager, joined the Group in June 1987. He has over 26 years of experience in quantity surveying. He holds an Advanced Higher Diploma in Quantity Surveying and is a professional member of The Royal Institution of Chartered Surveyors.

Chairman's Office

Au Siu Yin, Amy, aged 45, Manager, joined the Group in February 1990. She has over 23 years of experience in office and charity project management. She holds a Bachelor of Arts degree with Honours and a Master's degree in Business Administration. She is an associate member of The Institute of Chartered Secretaries and Administrators.

Yue Shuk Chun, Jennie, aged 47, Manager & Secretary to Chairman, joined the Group in March 1993. She has over 28 years of experience in secretarial and office management. She holds a Bachelor of Social Sciences degree.

China Department

Beijing

Chan Yuet Ming, Louis, aged 48, General Manager, Beijing Oriental Plaza Company Limited, Beijing PoGarden Real Estates Development Company Limited and Beijing Changle Real Estate Development Company Limited, joined the Group in October 1992. He has over 23 years of experience in property development. He holds a Bachelor of Science degree in Architecture, a Bachelor's degree in Architecture and an Executive Master's degree in Business Administration. He is a Registered Architect, an Authorised Person (List of Architects) of the Hong Kong Special Administrative Region, a member of the Hong Kong Institute of Architects and a member of the Chinese People's Political Consultative Conference (Dong Cheng District, Beijing).

Leung Shau Yung, Fabian, aged 45, Project Manager, Changle Project, joined the Group in May 1997. He has over 19 years of experience in project management. He holds a Bachelor of Science degree in Architecture and a Bachelor of Architecture degree. He is a Registered Architect, an Authorised Person (List of Architects) of the Hong Kong Special Administrative Region and a member of the Hong Kong Institute of Architects.

Ng Wai Ling, Carrie, aged 39, Finance Manager, Changle Project, joined the Group in October 2005. She has over 15 years of experience in accounting and auditing. She holds a Master of Science degree in Financial Management. She is a fellow member of The Association of Chartered Certified Accountants.

Beijing Office

Wang Qi, James, aged 44, Manager, Business Development, joined the Cheung Kong Group in September 1991. He has over 22 years of experience in business development and is the Chief Representative of the Beijing Office of the Company. He holds a Master's degree in Management Science.

Guangzhou

Tang Sek Wai, Max, aged 48, Project Manager, Guangzhou Project, joined the Group in November 1986. He has over 22 years of experience in project management. He holds a Master's degree in Environmental Engineering Management and a Master's degree in Business Administration (Executive). He is a Chartered Builder, a member of The Hong Kong Institution of Engineers and a member of Hong Kong Institute of Construction Managers.

Lam Ka Keung, aged 50, Project Manager, Guangzhou Project, joined the Group in June 1994. He has over 30 years of experience in project management. He holds a Higher Certificate in Construction Technology.

Shanghai

Lam Yuk, Bruce, aged 39, Project Manager, Shanghai Project, joined the Group in June 1998. He has over 14 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies, a Master's degree in Architecture, a Master's degree in Business Administration and a Postgraduate Diploma in Project Management. He is a Registered Architect, a member of the Hong Kong Institute of Architects and possesses the qualification of PRC Class 1 Registered Architect.

Ma Ching Che, Christina, aged 49, Project Manager, Shanghai Project, joined the Group in August 2007. She has over 21 years of experience in project management. She holds a Bachelor of Science degree with Honours in Architectural Studies and Structural Design and a Diploma in Architecture. She is a Registered Architect, an Authorised Person (List of Architects) of the Hong Kong Special Administrative Region, a corporate member of The Royal Institute of British Architects and a member of the Hong Kong Institute of Architects.

Au Hoe Kye, Quincy, aged 52, Finance Manager, Shanghai Project, joined the Group in September 1994. He has over 20 years of experience in accounting. He is an associate member of The Institute of Chartered Accountants in England and Wales, a fellow member of The Association of Chartered Certified Accountants and a fellow of the Hong Kong Institute of Certified Public Accountants.

Cheung Wing Cheong, Alan, aged 58, E & M Manager, Shanghai Project, joined the Group in December 2006. He has over 33 years of experience in electrical & mechanical engineering. He holds a Master of Science degree in Engineering Management. He is a member of The Chartered Institution of Building Services Engineers (UK) and a member of The Hong Kong Institution of Engineers.

China Hotels

Chu Yu Fai, Kenneth, aged 55, Business Development Manager, China Hotels, joined the Group in July 1994. He has over 29 years of experience in finance, accounting, auditing, hotel management and business development. He holds a Bachelor of Arts degree in Economics and a Bachelor of Commerce degree in Business Administration. He is a Certified Management Accountant.

Hui Tung Keung, Tommy, aged 45, Business Development Manager, China Hotels, joined the Group in January 1994. He has over 24 years of experience in accounting, hotel and property management. He holds a Master's degree in Business Administration.

Lee Chi Kin, Casey, aged 45, Business Development Manager, China Hotels, joined the Group in August 1998. He has over 23 years of experience in accounting, hotel management and property development. He holds a Bachelor of Social Sciences degree with Honours. He is a member of The Chinese Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants, a Certified Public Accountant of the Hong Kong Institute of

Certified Public Accountants, a member of The Institute of Chartered Accountants in England and Wales and a member of the Chinese People's Political Consultative Conference (Shenyang).

Cheung Sau Ying, Dorothy, aged 46, Finance Manager, China Hotels, joined the Group in August 2000. She has over 25 years of experience in accounting. She holds a Higher Certificate in Company Secretaries and Administration. She is an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of The Hong Kong Institute of Chartered Secretaries.

Ng Hok Leung, Sidney, aged 52, Project Manager, China Hotels, joined the Group in June 1998. He has over 33 years of experience in hotel construction, E & M engineering and property management.

Company Secretarial Department

Yeung, Eirene, aged 47, Director, Corporate Strategy Unit and Company Secretary, joined the Group in August 1994. She has over 23 years of experience in corporate and commercial legal work, listing, regulatory and origination compliance and company secretarial field. She is also Alternate Director to Mr. Kam Hing Lam, Group Managing Director of Cheung Kong Infrastructure Holdings Limited; the Company Secretary of CK Life Sciences Int'l., (Holdings) Inc.; and a Director of ARA Asset Management (Singapore) Limited. She is a member of the Dual Filing Advisory Group of the Securities and Futures Commission, a member of the Board of Review (Inland Revenue Ordinance) and a member of the Companies Ordinance Rewrite Advisory Group; and was a Part-time Member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region ("HKSAR") from 2005 to 2007. She is a solicitor of the High Court of HKSAR and of the Supreme Court of Judicature in England and Wales, and a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She holds a Master of Science degree in Finance, a Master's degree in Business Administration and a Bachelor's degree in Laws.

Law Kai Chung, Edmund, aged 40, Assistant Chief Manager, joined the Group in October 2000. He is also the Company Secretary of Cheung Kong Infrastructure Holdings Limited. He has over 14 years of experience in the legal field. He holds a Bachelor's degree in Laws. He is a solicitor of the High Court of the Hong Kong Special Administrative Region and of the Supreme Court of England and Wales. He is a member of The Law Society of Hong Kong.

Tse Kwok Yee, Erica, aged 33, Senior Manager, joined the Group in September 2002. She has over 10 years of experience in the legal field. She holds a Bachelor's degree in Laws. She is a solicitor of the High Court of the Hong Kong Special Administrative Region and of the Supreme Court of England and Wales. She is a member of The Law Society of Hong Kong and of The Law Society of England and Wales.

Chan Ho Choi, Bons, aged 43, Manager, joined the Group in March 1997. He has over 17 years of experience in company secretarial field. He holds a Master of Business degree. He is an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of The Hong Kong Institute of Chartered Secretaries.

Senior Management's Biographical Information (continued)

Chan Siu Yin, Bonnie, aged 37, Manager, joined the Group in April 2007. She has over 14 years of experience in accounting, finance, auditing and the company secretarial field. She holds a Graduate Diploma in China Business Law and a Diploma in Accounting. She is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Cheng Shuk Chi, Bridie, aged 36, Manager, joined the Group in September 2004. She has over 12 years of experience in the company secretarial field. She holds a Bachelor's degree with Honours in Business Administration. She is an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of The Hong Kong Institute of Chartered Secretaries.

Construction Audit & Quality Assurance Department

Tsui Ying Kit, Simon, aged 48, Manager, joined the Group in March 1976. He has over 27 years of experience in electrical and mechanical engineering and building quality management. He holds a Master of Science degree in Facility Management, and is a Certified Facility Manager and a member of International Facility Management Association.

Corporate Affairs Department

Tong Barnes Wai Che, Wendy, aged 47, Chief Corporate Affairs Officer, joined the Group in March 1999. She is also the Chief Corporate Affairs Officer of Cheung Kong Infrastructure Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc. She has over 23 years of experience in public relations, marketing communications and corporate affairs. She holds a Bachelor's degree in Business Administration.

Cheong Yuen Mei, Winnie, aged 39, Deputy Chief Manager, joined the Group in March 1999. She has over 17 years of experience in public relations and corporate affairs. She holds a Bachelor of Arts degree with Honours in Philosophy.

Tsui Sau Yuen, Anita, aged 44, Deputy Chief Manager, joined the Group in August 2005. She has over 18 years of experience in advertising and marketing communications. She holds a Diploma in Journalism.

Cheung Yim Lam, Carolina, aged 34, Corporate Affairs Manager, joined the Group in May 2003. She has over 11 years of experience in public relations and corporate affairs. She holds a Bachelor of Social Science degree with Honours in Journalism and Communication.

Lai Man Yee, Emily, aged 40, Marketing Communications Manager, joined the Group in April 1995. She has over 16 years of experience in advertising and marketing communications. She holds a Bachelor of Business Administration degree with Honours.

Corporate Business Development

Ma Lai Chee, Gerald, aged 40, Director, Corporate Strategy Unit & Chief Manager, joined the Group in February 1996. He is a Director of AMTD Financial Planning Limited, iBusiness Corporation Limited, CK Communications Limited, Beijing Net-Infinity Technology Development Company Limited, mReferral Corporation (HK) Limited and Silk Telecom Pty

Limited. He is also Alternate Director to Mr. Peter Wong, Executive Director of Hutchison Telecommunications International Limited and a Non-Executive Director of ARA Asset Management (Prosperity) Limited and The Ming An (Holdings) Company Limited. He has over 18 years of experience in banking, investment and portfolio management, real estate development and marketing, and managing IT related ventures and services. He holds a Bachelor of Commerce degree in Finance and a Master of Arts degree in Global Business Management. He is a member of the Finance Committee and the Hospitality Services Committee of Caritas Hong Kong, a member of the Chancellor's Circle of the University of British Columbia, Canada ("UBC") and a member of the Dean's Advisory Board for the Faculty of Arts of UBC.

Lee Kwong Wang, Francis, aged 37, Deputy Chief Manager, joined the Cheung Kong Group in August 2000. He is a Director of PowerCom Network Hong Kong Limited, Videofone Company Limited, Videofone International Limited and Beijing Net-Infinity Technology Development Company Limited. He has over 15 years of experience in banking, investment and managing technology related ventures. He holds a Bachelor of Science degree with Honours and a Master's degree in Business Administration. He is a Chartered Financial Analyst, a member of the CFA Institute and a member of The Hong Kong Society of Financial Analysts Limited.

Chan Cheuk Man, Curley, aged 36, Senior Manager, joined the Cheung Kong Group in July 2000. He has over 13 years of experience in finance, investment and business development. He holds a Bachelor of Arts degree with Honours in Accountancy and a Master of Science degree in Accounting and Finance. He is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Lau Chun Yu, Sophia, aged 28, Manager, joined the Cheung Kong Group in August 2000. She has over 7 years of experience in business development. She holds a Bachelor of Science degree, a Bachelor of Commerce degree and a Master's degree in International and Public Affairs.

Design & Promotion Department

Leung Yuen Kwan, Josephine, aged 39, Senior Manager, joined the Group in July 1995. She has over 14 years of experience in design, promotion, market research and property sales. She holds a Bachelor of Commerce degree in Marketing and Finance.

Chan Yee, Ringo, aged 40, Design Manager, joined the Group in November 2006. He has over 14 years of experience in design, advertising and promotion. He holds a Bachelor of Arts degree in Graphic Design.

Development Department

Shen Wai Yee, Grace, aged 56, Chief Manager, Construction Management Division, joined the Group in September 1989. She has over 26 years of experience in project management. She holds a Bachelor of Arts degree in Sociology and a Bachelor of Architecture degree. She is a Registered Architect, an Authorised Person (List of Architects) of the Hong Kong Special Administrative Region and a member of the Hong Kong Institute of Architects.

Chan Ho Kei, Kevin, aged 35, Project Manager, joined the Group in June 2003. He has over 9 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Master's degree in Architecture. He is a Registered Architect, an Authorised Person (List of Architects) of the Hong Kong Special Administrative Region and a member of the Hong Kong Institute of Architects.

Chan Hon Shing, aged 46, Project Manager, joined the Group in December 1995. He has over 21 years of experience in architectural profession and project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Bachelor of Architecture degree. He is a Registered Architect, an Authorised Person (List of Architects) of the Hong Kong Special Administrative Region and a member of the Hong Kong Institute of Architects.

Chan Kwok Keung, Dennis, aged 40, Project Manager, joined the Group in May 1997. He has over 14 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architecture, a Master's degree in Architecture, and a Master's degree in Business Administration in Digital Technologies Management. He is a Registered Architect, an Authorised Person (List of Architects) of the Hong Kong Special Administrative Region, a member of the Hong Kong Institute of Architects, and a member of the Chartered Institute of Arbitrators.

Chu Tak Kwong, Andy, aged 47, Project Manager, joined the Group in June 1998. He has over 23 years of experience in architectural profession and project management. He holds a Bachelor's degree in Architecture. He is a Registered Architect, an Authorised Person (List of Architects) of the Hong Kong Special Administrative Region, a member of The Royal Australian Institute of Architects and a member of the Hong Kong Institute of Architects.

Leung Chun Fung, Victor, aged 49, Project Manager, joined the Group in May 1995. He has over 24 years of experience in project management. He holds a Bachelor of Engineering degree with Honours in Civil Engineering and a Diploma in Construction Management.

Leung Chung Ping, Louis, aged 40, Project Manager, joined the Group in November 2003. He has over 12 years of experience in project management. He holds a Bachelor of Science degree with Honours in Architecture and a Master's degree in Architecture. He is a Registered Architect, an Authorised Person (List of Architects) of the Hong Kong Special Administrative Region and a member of the Hong Kong Institute of Architects.

Lo Kin Yip, Terence, aged 44, Project Manager, joined the Group in January 1999. He has over 18 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Bachelor of Architecture degree. He is a Registered Architect, an Authorised Person (List of Architects) of the Hong Kong Special Administrative Region, a corporate member of The Royal Institute of British Architects, a member of the Hong Kong Institute of Architects and an associate member of The Chartered Institute of Arbitrators.

Pun Wing Chiu, Anthony, aged 44, Project Manager, Structural, joined the Group in September 1999. He has over 20 years of experience in project/structural engineering management. He holds a Bachelor of Science degree with Honours in Civil Engineering. He is a Chartered Engineer, a Registered Professional Engineer, a Registered Structural Engineer, a member of The Hong Kong Institution of Engineers and a member of The Institution of Structural Engineers.

Yiu Chi Wai, Albert, aged 36, Project Manager, joined the Group in June 2001. He has over 11 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies, a Master's degree in Architecture and a Postgraduate Diploma in Construction Project Management. He is a Registered Architect, an Authorised Person (List of Architects) of the Hong Kong Special Administrative Region, a member of the Hong Kong Institute of Architects and a member of Hong Kong Institute of Construction Managers.

Mak Kwok Keung, Charles, aged 46, Senior Construction Manager, joined the Group in January 1994. He has over 25 years of experience in construction management. He holds a Postgraduate Diploma in Construction Management.

Wong Yin Li, Raymond, aged 51, Senior Construction Manager, joined the Group in November 1989. He has over 22 years of experience in construction management. He holds a Higher Diploma in Building Technology and Management.

E & M Department

Lo Kin Hing, Isaac, aged 46, Senior Manager, joined the Group in April 2003. He has over 21 years of experience in electrical & mechanical engineering. He holds a Master of Science degree in Construction Project Management. He is a Chartered Engineer, a Registered Professional Engineer, a fellow of The Chartered Institution of Building Services Engineers (UK), a fellow of The Institute of Engineering and Technology and a fellow of The Hong Kong Institution of Engineers.

Finance Department

Andrew J. Hunter, aged 49, Chief Financial Officer, joined the Cheung Kong Group in 1988. He is also an Executive Director and Chief Operating Officer of Cheung Kong Infrastructure Holdings Limited and an Executive Director of Hong Kong Electric Holdings Limited. He has over 24 years of experience in accounting and financial management. He holds a Master of Arts degree and a Master's degree in Business Administration. He is a member of the Institute of Chartered Accountants of Scotland and of the Hong Kong Institute of Certified Public Accountants.

Human Resources & Administration Department

Pong Yiu Kee, Alice, aged 52, Chief Manager, joined the Group in September 2001. She has over 28 years of experience in human resources and administration management. She is a member of the Hong Kong Management Association and of the Hong Kong Institute of Human Resource Management.

Senior Management's Biographical Information (continued)

Pau Shiu Yung, Anita, aged 51, Senior Manager, Administration, joined the Group in December 1977. She has over 30 years of experience in office administration management. She is a member of the Hong Kong Institute of Human Resource Management.

Ng Po Lung, aged 46, Manager, Administration, joined the Group in November 1993. He has over 23 years of experience in office administration management. He holds a Bachelor of Social Science degree with Honours and a Master's degree in Business Administration.

Tsang Chi Lun, Alan, aged 39, Manager, Human Resources, joined the Group in April 2002. He has over 15 years of experience in human resources management. He holds a Bachelor of Arts degree with Honours in Hospitality Management and a Master's degree in Business Administration. He is a member of the Hong Kong Institute of Human Resource Management.

Information Technology Department

Lum Man Fai, Brian, aged 40, Senior Manager, joined the Cheung Kong Group in August 2000. He has over 16 years of experience in information technology and telecommunication. He holds a Bachelor of Science degree with Honours in Electronics and a Master's degree in Business Administration.

Yung Wing Hung, Nelson, aged 37, System Manager, joined the Group in November 1994. He has over 13 years of experience in information technology management. He holds a Bachelor of Science degree with Honours in Computer Science and is a member of the Hong Kong Computer Society.

Internal Audit Department

Lee King Yuen, Albert, aged 52, Senior Manager, joined the Group in November 1987. He has over 30 years of experience in auditing. He holds a Bachelor of Science degree in Business Administration. He is a fellow member of The Association of Chartered Certified Accountants and a fellow of the Hong Kong Institute of Certified Public Accountants.

Leasing Department

Wong See Hang, Resina, aged 44, Deputy Chief Manager, Leasing, joined the Group in June 1990. She is a Director of Cheung Kong Real Estate Limited. She has over 22 years of experience in property leasing. She holds a Bachelor of Arts degree with Honours in History and a Master of Science degree in Facilities Management.

Lee Po Chu, Eileen, aged 47, Senior Leasing Manager, joined the Group in October 2003. She has over 26 years of experience in property leasing. She holds a Diploma in Business.

Wong Ling Fei, Mable, aged 45, Senior Leasing Manager, joined the Group in September 2002. She has over 19 years of experience in property leasing.

Fung Kam Sun, Kam, aged 47, Leasing Manager, joined the Group in June 2007. He has over 21 years of experience in property leasing. He holds a Bachelor of Arts degree and a Master's degree of Housing Management. He is a Registered Professional Housing Manager, a member of The Chartered Institute of Marketing, a corporate member of the Chartered Institute of Housing, a corporate member of The Hong Kong Institute of Housing, and a member of the Hong Kong Institute of Real Estate Administration.

Lam Ka Wo, Patrick, aged 34, Leasing Manager, joined the Group in August 2007. He has over 11 years of experience in property leasing.

Ng Kwok Leung, Christopher, aged 46, Manager, E-Park, joined the Group in October 2007. He has over 15 years of experience in car park management. He holds a Bachelor of Science degree with Honours in Engineering and a Postgraduate Diploma in Business Administration.

Legal Department

Yip Kin Ming, Emmanuel, aged 55, Chief Manager, joined the Group in July 1985. He has over 24 years of experience in legal field. He holds a Diploma in Economics.

Wong Fung King, Amy, aged 48, Senior Legal Manager, joined the Group in June 1998. She has over 23 years of experience in legal field. She holds a Bachelor of Laws degree with Honours and a Postgraduate Certificate in Laws. She is a solicitor of the High Court of the Hong Kong Special Administrative Region.

Managerial

Fung Chi Wai, Chris, aged 44, Manager, joined the Group in April 2000. He has over 18 years of experience in financial management and investment. He holds a Bachelor of Social Sciences degree with Honours and a Master's degree in Business Administration. He is a Chartered Financial Analyst, a member of the CFA Institute and a member of The Hong Kong Society of Financial Analysts Limited.

Property Investment & Valuation Department

Chiu Siu Kam, Selene, aged 41, Assistant Chief Manager, joined the Group in February 1997. She has over 18 years of experience in property development & investment, land management and property valuation. She holds a Bachelor of Science degree with Honours in Estate Management and a Master's degree in Business Administration. She is a Registered Professional Surveyor and a member of The Hong Kong Institute of Surveyors.

Chan Man Wai, Anthony, aged 45, Senior Manager, joined the Group in January 1994. He has over 18 years of experience in property development & investment, land management and property valuation. He holds a Bachelor of Science degree with Honours in Electrical Engineering, a Master's degree in Business Administration and a Master of Science degree in Land Management. He is a Registered Professional Surveyor, a member of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Ho Kwong Ngai, Eric, aged 44, Senior Manager, joined the Group in July 2005. He has over 17 years of experience in property development & investment, land management and property valuation. He holds a Bachelor of Science degree with Honours in Estate Management and a Master of Science degree in International Real Estate. He is a Registered Professional Surveyor, a professional member of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Leung Hon Man, Alex, aged 36, Manager, joined the Group in May 1996. He has over 13 years of experience in property development & investment, land management and property valuation. He holds a Bachelor of Social Science degree with Honours. He is a member of The Hong Kong Institute of Surveyors.

Sales Department

Lau Kai Man, Joseph, aged 49, Deputy Chief Manager, Sales, joined the Group in June 1981. He is a Director of Cheung Kong Real Estate Limited. He has over 29 years of experience in property sales.

Kwok Tze Wai, William, aged 42, Deputy Chief Manager, Sales, joined the Group in May 1989. He is a Director of Cheung Kong Real Estate Limited. He has over 19 years of experience in property sales. He holds a Bachelor of Science degree in Business Administration Marketing.

Wong See Chung, Francis, aged 46, Deputy Chief Manager, Sales, joined the Group in January 1994. He is a Director of Cheung Kong Real Estate Limited. He has over 12 years of experience in property sales. He holds a Master's degree in Business Administration.

Yuen Tim Hung, Kenneth, aged 50, Senior Sales Manager, joined the Group in March 1984. He has over 26 years of experience in advertising, marketing and property sales. He holds a Diploma in Communications. He is an affiliate member (Professional) of The Chartered Institute of Marketing.

Cho Kau Ming, Iris, aged 39, Sales Manager, joined the Group in May 1995. She has over 13 years of experience in property sales. She holds a Bachelor of Science degree in Business Administration.

Fung Hoi Lun, Helen, aged 37, Sales Manager, joined the Group in March 2001. She has over 14 years of experience in property sales. She holds a Higher Diploma in Hotel and Catering Management.

Yang Chung Wing, Terence, aged 39, Sales Manager, joined the Group in June 2002. He has over 14 years of experience in property sales and market research. He holds a Bachelor's degree in Business and a Professional Diploma in Real Estate Administration.

Ng Chui Ha, Fiona, aged 44, Manager, Sales Administration, joined the Group in December 1990. She has over 21 years of experience in sales administration. She holds a Bachelor of Arts degree in History.

Tai Mei Ling, Marinda, aged 49, Manager, Customer Service, joined the Group in August 1985. She has over 22 years of experience in customer service.

Wong Oi Ling, Irene, aged 39, Manager, Sales Administration, joined the Group in May 1996. She has over 14 years of experience in sales administration. She holds a Bachelor of Arts degree.

Sales Department – Building Management

Ho Kwong Fai, Ellickey, aged 45, Assistant Chief Manager, Building Management, joined the Group in September 1994 and is a Director of Goodwell-Fortune Property Services Limited and Goodwell-Prosperity Property Services Limited. He has over 22 years of experience in building management and holds a Professional Diploma in Real Estate Administration.

Wong Wo Muk, Philip, aged 48, Manager, Building Management, joined the Group in May 1987 and is a Director of Goodwell-Fortune Property Services Limited. He has over 25 years of experience in building management. He holds a Bachelor of Arts degree with Honours in Business Studies and a Postgraduate Diploma in Surveying (Real Estate Development).

Risk Factors

The Group's businesses, financial condition, results of operations or growth prospects may be affected by risks and uncertainties pertaining to the Group's businesses. The factors set out below are those that the Group believes could result in the Group's businesses, financial condition, results of operations or growth prospects differing materially from expected or historical results. These factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future. In addition, this Annual Report does not constitute a recommendation or advice for you to invest in the shares of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the shares of the Company.

Property Developments

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

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

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

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

Industry Trends and Interest Rates

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

In particular, income from finance and treasury operations is dependent upon the capital market, interest rate and currency environment, and the worldwide economic and market conditions, and therefore there can be no assurance that changes in these conditions will not adversely affect the Group's financial condition or results of operations. The volatility and fluctuation in the stock markets, both local and abroad, and the subprime crisis in the United States may also adversely affect the income to be derived by the Group from its finance and treasury activities.

Highly Competitive Markets

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

Currency Fluctuations

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

Strategic Partners

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

Risk Factors (*continued*)

Impact of Local, National and International Regulations

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

Impact of New Accounting Standards

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

Outbreak of Highly Contagious Disease

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

Connected Transactions

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

The Group's Financial Condition or Results of Operations are affected by those of the Hutchison Whampoa Group

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

Past Performance and Forward Looking Statements

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

Report of the Directors

The Directors have pleasure in presenting to shareholders their report together with the audited financial statements for the year ended 31st December, 2007 on pages 124 to 167.

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, 2007 are set out in the consolidated profit and loss account on page 124.

The Directors recommend the payment of a final dividend of HK\$1.95 per share which, together with the interim dividend of HK\$0.50 per share paid on 12th October, 2007, makes a total dividend of HK\$2.45 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 127 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 116 to 123.

Directors

The Directors of the Company are listed on page 176. The Directors' biographical information is set out on pages 24 to 27.

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. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, Mr. Chung Sun Keung, Davy, Ms. Pau Yee Wan, Ezra, Mr. Leung Siu Hon, Mr. Simon Murray and Mr. Cheong Ying Chew, Henry 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 of Hong Kong Limited ("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, 2007, 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	-	-	68,868,000 (Note 1)	857,794,744 (Note 2)	926,662,744	40.00%
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%

Report of the Directors (*continued*)**(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%
Chow Nin Mow, Albert	Beneficial owner	97	–	–	–	97	≈0%
Hung Siu-lin, Katherine	Beneficial owner	34,000	–	–	–	34,000	0.0008%

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%

Report of the Directors (continued)

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

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

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	Li Ka-shing	Founder of discretionary trusts	-	-	-	6,399,728,952 (Note 14)	6,399,728,952	71.51%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	6,399,728,952 (Note 14)	6,399,728,952	71.51%
	Fok Kin-ning, Canning	Interest of controlled corporation	-	-	5,000,000 (Note 7)	-	5,000,000	0.05%
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	0.68%
	Frank John Sixt	Beneficial owner	1,000,000	-	-	-	1,000,000	0.13%
The Ming An (Holdings) Company Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	609,290,000 (Note 17)	609,290,000	20.96%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	609,290,000 (Note 17)	609,290,000	20.96%
Hutchison Telecommunications International Limited	Li Ka-shing	Interest of controlled corporations & founder of discretionary trusts	-	-	266,621,499 (Note 1)	2,889,651,625 (Note 18)	3,156,273,124	66.00%
	Li Tzar Kuoi, Victor	Interest of controlled corporations & beneficiary of trusts	-	-	2,519,250 (Note 4)	2,889,651,625 (Note 18)	2,892,170,875	60.47%
	Fok Kin-ning, Canning	Interest of controlled corporation	-	-	1,202,380 (Note 7)	-	1,202,380	0.025%
	George Colin Magnus	Beneficial owner & interest of child or spouse	13,201	132	-	-	13,333	0.0003%

Report of the Directors (*continued*)

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	–	–	–	8,150,001 (Note 12)	8,150,001
	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	8,150,001 (Note 12)	8,150,001
Cheung Kong Infrastructure Holdings Limited	Li Ka-shing	Founder of discretionary trusts	–	–	–	2 (Note 13)	2
	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	2 (Note 13)	2
Hutchison Telecommunications International Limited	Frank John Sixt	Beneficial owner	255,000 (Note 19)	–	–	–	255,000
Partner Communications Company Ltd.	Fok Kin-ning, Canning	Interest of controlled corporation	–	–	225,000 (Note 20)	–	225,000
	George Colin Magnus	Beneficial owner	25,000 (Note 21)	–	–	–	25,000

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	–	–	–	8,150,001 (Note 12)	8,150,001
	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	8,150,001 (Note 12)	8,150,001

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
	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

Report of the Directors (*continued*)

Notes:

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

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

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

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

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

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

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

Report of the Directors (*continued*)

- (12) Such underlying shares of HWL are held by an indirect wholly-owned subsidiary of the Company by virtue of the HK Dollar equity-linked notes due 2008 issued under HK\$10,000,000,000 retail note issuance programme.

By virtue of the interests in the shares of the Company taken to have by Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor under the SFO 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 the said interest 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 by virtue of the HK\$300,000,000 capital guaranteed notes due 2009.

By virtue of the interests in the shares of the Company taken to have by Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor under the SFO 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 the said interest in the underlying shares of CKI under the SFO.

- (14) Such shares of Hutchison Harbour Ring Limited (“HHR”) are held by certain wholly-owned subsidiaries of HWL.

By virtue of the interests in the shares of HWL in relation to which Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor have a duty of disclosure under the SFO in the issued share capital of HWL as described in Note (3) 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 the said shares of HHR under the SFO.

- (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.

- (18) Such shares of Hutchison Telecommunications International Limited (“HTIL”) comprise:-

(a) 2,889,498,345 ordinary shares of which 52,092,587 ordinary shares and 2,837,405,758 ordinary shares are held by certain wholly-owned subsidiaries of the Company and HWL respectively. By virtue of the interests in the shares of the Company and HWL in relation to which Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor have a duty of disclosure under the SFO in the issued share capital of each of the Company and HWL as described in Notes (2) and (3) 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 the said shares of HTIL under the SFO; and

(b) 153,280 ordinary shares held by TUT3 as trustee of UT3. Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, as Directors of the Company, by virtue of Mr. Li Ka-shing may being regarded as a founder and Mr. Li Tzar Kuoi, Victor as a discretionary beneficiary of each of DT3 and DT4 and their deemed interest in TUT3 as trustee of UT3 as described in Note (3b) above, are taken to have a duty of disclosure in relation to the said shares of HTIL under the SFO.

In addition, according to the disclosures made to the Company pursuant to and solely for the purposes of the SFO, Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor appeared to be taken as being interested in the 680,134,172 ordinary shares of HTIL beneficially owned by Orascom Telecom Eurasia Limited ("Orascom"), a substantial shareholder of HTIL and controlled exclusively by Orascom and Orascom Telecom Holding S.A.E. ("OTH"), another substantial shareholder of HTIL as a result of the application of Sections 317 and 318 of the SFO by virtue of HWL, one of the abovementioned wholly-owned subsidiaries of HWL, OTH and Orascom being parties to a shareholders' agreement dated 21st December, 2005 that imposes obligations or restrictions on any party with respect to their use, retention or disposal of their ordinary shares of HTIL even though no ordinary shares of HTIL have been acquired in pursuance of that agreement.

- (19) Such underlying shares are derived from the 17,000 American Depositary Shares (each representing 15 ordinary shares) in HTIL beneficially owned by Mr. Frank John Sixt.
- (20) Such underlying shares are derived from the 225,000 American Depositary Shares (each representing 1 ordinary share) in Partner Communications Company Ltd. ("Partner Communications") held by a company which is equally owned by Mr. Fok Kin-ning, Canning and his wife.
- (21) Such underlying shares are derived from the 25,000 American Depositary Shares (each representing 1 ordinary share) in Partner Communications beneficially owned by Mr. George Colin Magnus.

As at 31st December, 2007, 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, 2007, 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.

Report of the Directors (*continued*)

Interests and Short Positions of Shareholders

So far as is known to any Director or chief executive of the Company, as at 31st December, 2007, 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:

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

Name of Shareholder	Capacity	Number of Ordinary Shares	Approximate % of Shareholding
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	857,794,744 (Note 1)	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 1)	37.04%
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of a trust	857,794,744 (Note 1)	37.04%

2. (a) Long Positions of Other Persons in the Shares and Underlying Shares of the Company

Name of Shareholder	Capacity	Number of Shares/ Underlying Shares	Total	Approximate % of Shareholding
Deutsche Bank Aktiengesellschaft	(i) Beneficial owner (ii) Investment manager (iii) Person having a security interest in shares	113,553,075) 9,807,593) 22,318,343))	145,679,011 (Note 2)	6.29%
JPMorgan Chase & Co.	(i) Beneficial owner (ii) Investment manager (iii) Custodian corporation/ approved lending agent	30,330,728) 29,841,097) 57,301,539))	117,473,364 (Note 4)	5.07%

(b) Short Positions of Other Persons in the Shares and Underlying Shares of the Company

Name of Shareholder	Capacity	Number of Shares/ Underlying Shares		Approximate % of Shareholding
			Total	
Deutsche Bank Aktiengesellschaft	(i) Beneficial owner	18,798,768)	34,250,280 (Note 3)	1.48%
	(ii) Person having a security interest in shares	15,451,512)		
JPMorgan Chase & Co.	Beneficial owner	3,677,067	3,677,067 (Note 5)	0.16%

(c) Lending Pool of Other Persons in the Shares and Underlying Shares of the Company

Name of Shareholder	Capacity	Number of Shares/ Underlying Shares		Approximate % of Shareholding
			Total	
JPMorgan Chase & Co.	Custodian corporation/approved lending agent	57,301,539	57,301,539	2.47%

Notes:

- (1) 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.
- (2) Such long position includes derivative interests in 103,125,383 underlying shares of the Company of which 4,275 underlying shares are derived from listed and physically settled derivatives, 11,346,000 underlying shares are derived from listed and cash settled derivatives and 91,775,108 underlying shares are derived from unlisted and cash settled derivatives.
- (3) Such short position includes derivative interests in 8,495,672 underlying shares of the Company of which 7,532,000 underlying shares are derived from listed and cash settled derivatives and 963,672 underlying shares are derived from unlisted and cash settled derivatives.
- (4) Such long position includes derivative interests in 25,032,600 underlying shares of the Company of which 1,905,600 underlying shares are derived from unlisted and physically settled derivatives and 23,127,000 underlying shares are derived from unlisted and cash settled derivatives.
- (5) Such short position includes derivative interests in 1,807,067 underlying shares of the Company of which 1,000,000 underlying shares are derived from unlisted and physically settled derivatives and 807,067 underlying shares are derived from unlisted and cash settled derivatives.

Save as disclosed above, as at 31st December, 2007, 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.

Report of the Directors (*continued*)

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\$50,465,300.80 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, 2007.

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 2007 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 auditor 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 auditor have reported their factual findings on these procedures to the Board of Directors and confirmed that for the year 2007 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, 2007 as set out in the Announcement.

Connected Transactions

1. On 27th July, 2007, the Group had entered into a sale and purchase agreement (the "Agreement") with The Hongkong and Shanghai Banking Corporation Limited ("HSBC"), Hang Seng Bank Limited ("Hang Seng"), HWL and iBusinessCorporation.com Holdings Limited ("iBusiness") to acquire 23.75% of the entire issued share capital of iBusiness from HSBC and Hang Seng at a total consideration of HK\$8.729 million. HWL is a substantial shareholder of iBusiness within the meaning of the Listing Rules. HWL is also a controlling shareholder of certain subsidiaries of the Company and hence is a controller of the Company within the meaning of the Listing Rules. Accordingly, the Agreement constituted a connected transaction for the Company under Listing Rule 14A.13(1)(b)(i).
2. On 12th March 2008, the Group entered into a sale and purchase agreement (the "S&P Agreement") with Nan Fung Development Limited ("Nan Fung") to dispose of 15% interest in the development at Site E of the Remaining Portion of Tseung Kwan O Town Lot No. 70 to Nan Fung. At completion of the S&P Agreement, a shareholders' agreement (the "Shareholders' Agreement") had been entered into by the parties to govern their rights and obligations in the above development. 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 and the Shareholders' Agreement constituted a connected transaction for the Company under the Listing Rules.
3. 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
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.

Report of the Directors (*continued*)

Date	Joint Venture Company	Guarantees or Financial Assistance provided by the Group
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.
18th April, 2007	Hutchison Whampoa Properties (Chongqing Nanan) Limited ("HWP(CN)")	47.5% of the obligations under the acquisition and development of a piece of land located at Yangjiashan District of Nanping Town, Nanan District, Chongqing, the Mainland by HWP(CN) 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(CN) in proportion to their respective effective equity interests in HWP(CN). The total investment and registered capital of HWP(CN) were proposed to be increased from RMB690 million and RMB230 million respectively to RMB4,542 million and RMB2,156 million respectively in stages.
18th September, 2007	Shanghai Helian Property Development Co., Ltd.	50% of the obligations under a term loan facility of up to HK\$700 million in principal amount made available by an independent financial institution.
3rd December, 2007	Great Prestige Enterprises Limited ("GPEL")	50% of the obligations under the acquisition and development ("Acquisition and Development") of a piece of land located at south of Maan Shan, Caidian District, Wuhan, the Mainland by GPEL, including the financial assistance provided or to be provided by the Group and the HWL Group by way of contribution to the initial total investment and registered capital of, and to the whole or part of the proposed subsequent increase in the total investment of, a wholly foreign owned enterprise ("Project Co") established in the Mainland by GPEL for the Acquisition and Development in proportion to their respective effective equity interests in GPEL. The total investment of the Project Co would be increased from US\$99.8 million to US\$294 million.

Date	Joint Venture Company	Guarantees or Financial Assistance provided by the Group
19th February, 2008	Joint Group Enterprises Limited ("JGEL")	50% of the obligations under the acquisition and development ("Acquisition and Development") of a piece of land located at east of Hongmei Park and north of Wuqing Road, Changzhou, the Mainland by JGEL into residential properties, including the financial assistance to be provided by the Group and the HWL Group by way of contribution to the registered capital of, and any shareholders' loans to, a wholly foreign owned enterprise ("Project Co") to be established in the Mainland by JGEL for the Acquisition and Development in proportion to their respective effective equity interests in JGEL. The total investment and registered capital of the Project Co would be RMB1,486 million and RMB1,297 million respectively.

Major Customers and Suppliers

During the year, 79% of the Group's purchases were attributable to the Group's five largest suppliers with the largest supplier accounting for 55% 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.

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

Report of the Directors (*continued*)

2. Interests in Competing Business

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Li Ka-shing	Hutchison Whampoa Limited	Chairman	(1), (2), (3), (4) & (5)
Li Tzar Kuoi, Victor	Hutchison Whampoa Limited	Deputy Chairman	(1), (2), (3), (4) & (5)
	Cheung Kong Infrastructure Holdings Limited	Chairman	(4) & (5)
	Hongkong Electric Holdings Limited	Executive Director	(4) & (5)
	CK Life Sciences Int'l., (Holdings) Inc.	Chairman	(4) & (5)
Kam Hing Lam	Hutchison Whampoa Limited	Executive Director	(1), (2), (3), (4) & (5)
	Cheung Kong Infrastructure Holdings Limited	Group Managing Director	(4) & (5)
	Hongkong Electric Holdings Limited	Executive Director	(4) & (5)
	CK Life Sciences Int'l., (Holdings) Inc.	President and Chief Executive Officer	(4) & (5)
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 Limited	Non-executive Director	(3) & (4)
	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 Limited	Chairman	(3) & (4)
	ARA Asset Management (Singapore) Limited	Chairman	(3)
	ARA Trust Management (Suntec) Limited	Chairman	(3)
	Al Islami Far Eastern Real Estate Fund Limited	Chairman	(3) & (4)
	ARA Asset Management (Prosperity) Limited	Chairman	(3)

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
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)
Frank John Sixt	Hutchison Harbour Ring Limited	Chairman	(1) & (5)
	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. <i>(withdrawal of listing on 3rd September, 2007)</i>	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.

Report of the Directors (*continued*)

Purchase, Sale or Redemption of Shares

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

Sufficiency of Public Float

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

Community Relations

During the year, the Group supported a wide variety of charitable activities of the community. Donations of approximately HK\$3,600,000 were made by the Group to various charitable organisations.

Auditor

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, 27th March, 2008

Corporate Governance Report

The Board of Directors (“Board”) and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders’ value. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices (“Code on CG Practices”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) (“Listing Rules”) throughout the year ended 31st December, 2007.

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

I. Code Provisions

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices																																
A.	DIRECTORS																																		
A.1	The Board																																		
	Corporate Governance Principle <i>The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.</i>																																		
A.1.1	Regular board meetings at least four times a year involving active participation, either in person or through other electronic means of communication, of majority of directors	√	<ul style="list-style-type: none"> The Board meets regularly and held meetings in March, May, August and November 2007. Details of Directors’ attendance records in 2007: <table border="1"> <thead> <tr> <th>Members of the Board</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="2">Executive Directors</td> </tr> <tr> <td>LI Ka-shing (<i>Chairman</i>)</td> <td>4/4</td> </tr> <tr> <td>LI Tzar Kuoi, Victor (<i>Managing Director and Deputy Chairman</i>)</td> <td>4/4</td> </tr> <tr> <td>KAM Hing Lam</td> <td>4/4</td> </tr> <tr> <td>IP Tak Chuen, Edmond</td> <td>4/4</td> </tr> <tr> <td>CHUNG Sun Keung, Davy</td> <td>3/4</td> </tr> <tr> <td>PAU Yee Wan, Ezra</td> <td>4/4</td> </tr> <tr> <td>WOO Chia Ching, Grace</td> <td>4/4</td> </tr> <tr> <td>CHIU Kwok Hung, Justin</td> <td>4/4</td> </tr> <tr> <td colspan="2">Non-executive Directors</td> </tr> <tr> <td>LEUNG Siu Hon</td> <td>3/4</td> </tr> <tr> <td>FOK Kin-ning, Canning</td> <td>4/4</td> </tr> <tr> <td>Frank John SIXT</td> <td>3/4</td> </tr> <tr> <td>CHOW Kun Chee, Roland</td> <td>4/4</td> </tr> <tr> <td>George Colin MAGNUS</td> <td>4/4</td> </tr> </tbody> </table> 	Members of the Board	Attendance	Executive Directors		LI Ka-shing (<i>Chairman</i>)	4/4	LI Tzar Kuoi, Victor (<i>Managing Director and Deputy Chairman</i>)	4/4	KAM Hing Lam	4/4	IP Tak Chuen, Edmond	4/4	CHUNG Sun Keung, Davy	3/4	PAU Yee Wan, Ezra	4/4	WOO Chia Ching, Grace	4/4	CHIU Kwok Hung, Justin	4/4	Non-executive Directors		LEUNG Siu Hon	3/4	FOK Kin-ning, Canning	4/4	Frank John SIXT	3/4	CHOW Kun Chee, Roland	4/4	George Colin MAGNUS	4/4
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Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices																
A.1.1 (cont'd)			<p>Members of the Board</p> <p>Attendance</p> <p>Independent Non-executive Directors</p> <table border="1"> <tr> <td>KWOK Tun-li, Stanley</td> <td>4/4</td> </tr> <tr> <td>YEH Yuan Chang, Anthony</td> <td>4/4</td> </tr> <tr> <td>Simon MURRAY</td> <td>4/4</td> </tr> <tr> <td>CHOW Nin Mow, Albert</td> <td>4/4</td> </tr> <tr> <td>HUNG Siu-lin, Katherine</td> <td>4/4</td> </tr> <tr> <td>WONG Yick-ming, Rosanna</td> <td>4/4</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td>4/4</td> </tr> <tr> <td>KWAN Chiu Yin, Robert[#]</td> <td>4/4</td> </tr> </table>	KWOK Tun-li, Stanley	4/4	YEH Yuan Chang, Anthony	4/4	Simon MURRAY	4/4	CHOW Nin Mow, Albert	4/4	HUNG Siu-lin, Katherine	4/4	WONG Yick-ming, Rosanna	4/4	CHEONG Ying Chew, Henry	4/4	KWAN Chiu Yin, Robert [#]	4/4
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KWAN Chiu Yin, Robert [#]	4/4																		
<p>[#] Resigned from the Board effective 1st January, 2007 for personal reason and re-appointed to the Board effective 22nd March, 2007.</p> <ul style="list-style-type: none"> The Directors may attend meetings in person, by phone or through other means of electronic communication or by their alternate directors in accordance with the Company's Articles of Association. 																			
A.1.2	All directors are given an opportunity to include matters in the agenda for regular board meetings.	√	<ul style="list-style-type: none"> All Directors are consulted as to whether they may want to include any matter in the agenda before the agenda for each regular Board meeting is issued. 																
A.1.3	<ul style="list-style-type: none"> At least 14 days notice for regular board meetings Reasonable notice for other board meetings 	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> Regular Board meetings in a particular year are usually scheduled towards the end of the immediately preceding year to give all Directors adequate time to plan their schedules to attend. At least 14 days formal notice would be given before each regular meeting. According to the Company's Articles of Association, a Director may waive notice of any meeting and any such waiver may be prospective or retrospective. 																

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.1.4	All directors should have access to the advice and services of the company secretary with a view to ensuring that board procedures, and all applicable rules and regulations, are followed.	√	<ul style="list-style-type: none"> • Directors have access to the Company Secretary and key officers of the Company Secretarial Department who are responsible to the Board for ensuring that Board procedures, and all applicable rules and regulations, are followed. • Memos are issued to Directors from time to time to update them with legal and regulatory changes and matters of relevance to Directors in the discharge of their duties.
A.1.5	<ul style="list-style-type: none"> – Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary of the meeting. – Such minutes should be open for inspection at any reasonable time on reasonable notice by any director. 	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> • The Company Secretary prepares written resolutions or minutes and keeps records of matters discussed and decisions resolved at all Board and Board Committee meetings. • Board and Board Committee minutes/resolutions are sent to all Directors/Board Committee members within a reasonable time (generally within 14 days) after each Board and Board Committee meeting. • Board and Board Committee minutes/resolutions are available for inspection by Directors/Board Committee members.
A.1.6	<ul style="list-style-type: none"> – Minutes of board meetings and meetings of board committees should record in sufficient detail the matters considered by the board and decisions reached. – Draft and final versions of board minutes for all directors to comment and to keep records within a reasonable time after the board meeting 	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> • Minutes record in sufficient detail the matters considered by the Board/Board Committee and decisions reached. • Directors are given an opportunity to comment on draft Board minutes. • Final version of Board minutes is placed on record within a reasonable time after the Board meeting.

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.1.7	<ul style="list-style-type: none"> <li data-bbox="363 332 651 750">– A procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the company's expense <li data-bbox="363 763 651 1181">– The board should resolve to provide separate independent professional advice to directors to assist the relevant director or directors to discharge his/their duties to the company. 	<p data-bbox="692 332 724 375">√</p> <p data-bbox="692 763 724 806">√</p>	<ul style="list-style-type: none"> <li data-bbox="788 332 1401 482">• Directors have been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should such advice be considered necessary by any Director.
A.1.8	<ul style="list-style-type: none"> <li data-bbox="363 1194 651 2033">– If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should not be dealt with by way of circulation or by a committee but a board meeting should be held. 	<p data-bbox="692 1194 724 1237">√</p>	<ul style="list-style-type: none"> <li data-bbox="788 1194 1401 1388">• Important matters are usually dealt with by way of written resolutions so that all Directors (including Independent Non-executive Directors) can note and comment, as appropriate, the matters before approval is granted. <li data-bbox="788 1401 1401 1474">• Director must declare his/her interest in the matters to be passed in the resolution, if applicable. <li data-bbox="788 1487 1401 1754">• If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent Board committee will be set up to deal with the matter.

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.1.8 (cont'd)	<ul style="list-style-type: none"> – Independent non-executive directors who, and whose associates, have no material interest in the transaction should be present at such board meeting. 	√	
<p>A.2 Chairman and Chief Executive Officer</p> <p><i>Corporate Governance Principle</i> <i>There should be a clear division of responsibilities between Chairman and the Managing Director of the Company to ensure a balance of power and authority.</i></p>			
A.2.1	<ul style="list-style-type: none"> – Separate roles of chairman and chief executive officer not to be performed by the same individual – Division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. 	√	<ul style="list-style-type: none"> • The positions of the Chairman of the Board and the Managing Director are currently held by separate individuals. • The Chairman determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management. • The Managing Director, with the support of the Executive Directors, is responsible for strategic planning of different business functions and day-to-day management and operation of the Group.
A.2.2	The chairman should ensure that all directors are properly briefed on issues arising at board meetings.	√	<ul style="list-style-type: none"> • With the support of the Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information on a timely basis.

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices																																				
A.2.2 (cont'd)			<ul style="list-style-type: none"> In addition to regular Board meetings, the Chairman had meetings with the Non-executive Directors (including the Independent Non-executive Directors) without the presence of the Executive Directors in May and November 2007. Details of the attendance records of the meetings are as follows: <table border="1" data-bbox="762 577 1401 1280"> <thead> <tr> <th colspan="2" data-bbox="762 577 1401 607">Attendance</th> </tr> <tr> <th colspan="2" data-bbox="762 607 1401 642">Chairman</th> </tr> </thead> <tbody> <tr> <td data-bbox="762 642 1342 698">LI Ka-shing</td> <td data-bbox="1342 642 1401 698">2/2</td> </tr> <tr> <th colspan="2" data-bbox="762 698 1401 733">Non-executive Directors</th> </tr> <tr> <td data-bbox="762 733 1342 767">LEUNG Siu Hon</td> <td data-bbox="1342 733 1401 767">1/2</td> </tr> <tr> <td data-bbox="762 767 1342 802">FOK Kin-ning, Canning</td> <td data-bbox="1342 767 1401 802">2/2</td> </tr> <tr> <td data-bbox="762 802 1342 836">Frank John SIXT</td> <td data-bbox="1342 802 1401 836">1/2</td> </tr> <tr> <td data-bbox="762 836 1342 871">CHOW Kun Chee, Roland</td> <td data-bbox="1342 836 1401 871">2/2</td> </tr> <tr> <td data-bbox="762 871 1342 905">George Colin MAGNUS</td> <td data-bbox="1342 871 1401 905">2/2</td> </tr> <tr> <th colspan="2" data-bbox="762 905 1401 940">Independent Non-executive Directors</th> </tr> <tr> <td data-bbox="762 940 1342 974">KWOK Tun-li, Stanley</td> <td data-bbox="1342 940 1401 974">2/2</td> </tr> <tr> <td data-bbox="762 974 1342 1009">YEH Yuan Chang, Anthony</td> <td data-bbox="1342 974 1401 1009">2/2</td> </tr> <tr> <td data-bbox="762 1009 1342 1043">Simon MURRAY</td> <td data-bbox="1342 1009 1401 1043">2/2</td> </tr> <tr> <td data-bbox="762 1043 1342 1078">CHOW Nin Mow, Albert</td> <td data-bbox="1342 1043 1401 1078">2/2</td> </tr> <tr> <td data-bbox="762 1078 1342 1112">HUNG Siu-lin, Katherine</td> <td data-bbox="1342 1078 1401 1112">2/2</td> </tr> <tr> <td data-bbox="762 1112 1342 1146">WONG Yick-ming, Rosanna</td> <td data-bbox="1342 1112 1401 1146">2/2</td> </tr> <tr> <td data-bbox="762 1146 1342 1181">CHEONG Ying Chew, Henry</td> <td data-bbox="1342 1146 1401 1181">2/2</td> </tr> <tr> <td data-bbox="762 1181 1342 1215">KWAN Chiu Yin, Robert[#]</td> <td data-bbox="1342 1181 1401 1215">2/2</td> </tr> </tbody> </table> <p data-bbox="762 1302 1401 1431">Note: The Chairman and the Non-executive Directors (including the Independent Non-executive Directors) may attend meetings in person, by phone or through other means of electronic communication or by their alternate directors in accordance with the Company's Articles of Association.</p> <p data-bbox="762 1453 1401 1517">[#] Resigned from the Board effective 1st January, 2007 for personal reason and re-appointed to the Board effective 22nd March, 2007.</p> 	Attendance		Chairman		LI Ka-shing	2/2	Non-executive Directors		LEUNG Siu Hon	1/2	FOK Kin-ning, Canning	2/2	Frank John SIXT	1/2	CHOW Kun Chee, Roland	2/2	George Colin MAGNUS	2/2	Independent Non-executive Directors		KWOK Tun-li, Stanley	2/2	YEH Yuan Chang, Anthony	2/2	Simon MURRAY	2/2	CHOW Nin Mow, Albert	2/2	HUNG Siu-lin, Katherine	2/2	WONG Yick-ming, Rosanna	2/2	CHEONG Ying Chew, Henry	2/2	KWAN Chiu Yin, Robert [#]	2/2
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KWAN Chiu Yin, Robert [#]	2/2																																						
A.2.3	The chairman should be responsible for ensuring that directors receive adequate information, which must be complete and reliable, in a timely manner.	√	<ul style="list-style-type: none"> The Board papers including supporting analysis and related background information are normally sent to the Directors at least three days before Board meetings. Communications between Non-executive Directors (including Independent Non-executive Directors) on the one hand, and the Company Secretary as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and further supporting information and/or documentation is provided if appropriate. 																																				

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.3	Board composition Corporate Governance Principle <i>The Board should have a balance of skills and experience appropriate for the requirements of the business of the Company and should include a balanced composition of Executive and Non-executive Directors so that independent judgement can effectively be exercised.</i>		
A.3.1	Independent non-executive directors should be expressly identified as such in all corporate communications that disclose the names of directors of the company.	√	<ul style="list-style-type: none"> • The composition of the Board, by category and position of Directors including the names of the Chairman, the Executive Directors, the Non-executive Directors and the Independent Non-executive Directors, is disclosed in all corporate communications. • The Board consists of a total of twenty-one Directors, comprising eight Executive Directors, five Non-executive Directors and eight Independent Non-executive Directors. More than one-third of the Board are Independent Non-executive Directors of which more than one have appropriate professional qualifications, or accounting or related financial management expertise. • Details of the composition of the Board are set out on page 176. • The Directors' biographical information and the relationships among the Directors are set out on pages 24 to 27. • Review of the Board composition is made regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.
A.4	Appointments, re-election and removal Corporate Governance Principle <i>There should be a formal, considered and transparent procedure for the appointment of new Directors and plans in place for orderly succession for appointments to the Board. All Directors should be subject to re-election at regular intervals.</i>		
A.4.1	Non-executive directors should be appointed for a specific term, subject to re-election.	√	<ul style="list-style-type: none"> • All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Articles of Association and the Code on CG Practices.

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.4.2	<ul style="list-style-type: none"> <li data-bbox="363 332 651 672">– All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. <li data-bbox="363 694 651 987">– Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. 	<p data-bbox="699 332 721 370">√</p> <p data-bbox="699 694 721 733">√</p>	<ul style="list-style-type: none"> <li data-bbox="778 332 1394 599">• In accordance with the Company's Articles of Association, newly appointed Directors are required to offer themselves for re-election at the next following general meeting (in the case of filling a casual vacancy) or at the next following annual general meeting (in the case of an addition to the Board) following their appointment. <li data-bbox="778 620 1394 1138">• The Board as a whole is responsible for the appointment of new Directors and Directors' nomination for re-election by shareholders at the general meeting of the Company. Under the Company's Articles of Association, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the Board. Any such new Director shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election at the same general meeting. <li data-bbox="778 1159 1394 1341">• All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Articles of Association and the Code on CG Practices. <li data-bbox="778 1362 1394 1664">• The structure, size and composition of the Board are reviewed from time to time to ensure the Board has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company. The independence of the Independent Non-executive Directors is assessed according to the relevant rules and requirements under the Listing Rules. <li data-bbox="778 1685 1394 1979">• Each of the Independent Non-executive Directors makes an annual confirmation of independence pursuant to the requirements of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in the relevant requirements of the Listing Rules and are independent in accordance with the terms of the guidelines.

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.5.2	<p>The functions of non-executive directors include:</p> <ul style="list-style-type: none"> – independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct at board meetings – take the lead on potential conflicts of interests – serve on the audit, remuneration, nomination and other governance committees, if invited – scrutinise the company's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance 	<p>√</p> <p>√</p> <p>√</p> <p>√</p>	<ul style="list-style-type: none"> • The Non-executive Directors exercise their independent judgement and advise on the future business direction and strategic plans of the Company. • Non-executive Directors review the financial information and operational performance of the Company on a regular basis. • Independent Non-executive Directors are invited to serve on the Audit and Remuneration Committees of the Company.
A.5.3	<p>Every director should ensure that he can give sufficient time and attention to the affairs of the company and should not accept the appointment if he cannot do so.</p>	<p>√</p>	<ul style="list-style-type: none"> • There is satisfactory attendance at Board meetings during the year. Please refer to A.1.1 of Part I for details of attendance records. • Every Executive Director has hands-on knowledge and expertise in the areas and operation in which he/she is charged with. Appropriate attention to the affairs of the Company is measured in terms of time as well as the quality of such attention and the ability of the Directors to contribute with reference to his/her necessary knowledge and expertise.

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.5.4	<ul style="list-style-type: none"> – Directors must comply with the Model Code. – Board should establish written guidelines on no less exacting terms than the Model Code for relevant employees. 	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> • The Company has adopted the model code for securities transactions by directors of listed issuers (“Model Code”) set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors’ securities transactions effective 31st March, 2004. • Confirmation has been received from all Directors that they have complied with the required standards set out in the Model Code for the year ended 31st December, 2007. • Written guidelines on no less exacting terms than the Model Code relating to securities transactions for employees are set out in the Employee Handbook of the Company.
<p>A.6 Supply of and access to information</p> <p><i>Corporate Governance Principle</i> <i>Directors should be provided in a timely manner with appropriate information in such form and of such quality as will enable them to make an informed decision and to discharge their duties and responsibilities as Directors of the Company.</i></p>			
A.6.1	<ul style="list-style-type: none"> – Send agenda and full board papers to all directors at least 3 days before regular board or board committee meeting – So far as practicable for other board or board committee meetings 	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> • Board/Board Committee papers are circulated not less than three days before the regular Board/Board Committee meetings to enable the Directors/Board Committee members to make informed decisions on matters to be raised at the Board/Board Committee meetings.

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.6.2	<ul style="list-style-type: none"> <li data-bbox="363 353 644 685">– Management has an obligation to supply the board and its committees with adequate information in a timely manner to enable it to make informed decisions. <li data-bbox="363 707 644 1039">– The board and each director should have separate and independent access to the company's senior management for making further enquiries where necessary. 	√	<ul style="list-style-type: none"> <li data-bbox="778 353 1396 534">• The Company Secretary and the Qualified Accountant attend all regular Board meetings to advise on corporate governance, statutory compliance, and accounting and financial matters, as appropriate. <li data-bbox="778 556 1396 853">• Communications between Directors on the one hand, and the Company Secretary, who acts as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and that further supporting information is provided if appropriate.
A.6.3	<ul style="list-style-type: none"> <li data-bbox="363 1065 644 1246">– All directors are entitled to have access to board papers and related materials. <li data-bbox="363 1267 644 1487">– Steps must be taken to respond as promptly and fully as possible to queries raised by directors. 	√	<ul style="list-style-type: none"> <li data-bbox="778 1065 1299 1095">• Please see A.6.1 and A.6.2 of Part I above.

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices								
B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT											
B.1 The level and make-up of remuneration and disclosure											
<i>Corporate Governance Principle</i>											
<i>There should be a formal and transparent procedure for setting policy on Executive Directors' remuneration and for fixing the remuneration packages for all Directors.</i>											
B.1.1	Establish a remuneration committee with specific written terms of reference comprising a majority of independent non-executive directors	√	<ul style="list-style-type: none"> • In accordance with the Code on CG Practices, the Company has set up a remuneration committee ("Remuneration Committee") with a majority of the members being Independent Non-executive Directors. • The Company established its Remuneration Committee on 1st January, 2005. • The Remuneration Committee comprises the Chairman of the Board, Mr. Li Ka-shing (Chairman of the Remuneration Committee), and two Independent Non-executive Directors, namely, Mr. Kwok Tun-li, Stanley and Dr. Wong Yick-ming, Rosanna. • Since the publication of the Company's 2006 annual report in April 2007, meetings of the Remuneration Committee were held in November 2007 and January 2008. Details of the attendance records of the members of the Remuneration Committee are as follows: <table border="1" data-bbox="726 1418 1356 1627"> <thead> <tr> <th data-bbox="767 1418 1189 1450">Members of the Remuneration Committee</th> <th data-bbox="1235 1418 1356 1450">Attendance</th> </tr> </thead> <tbody> <tr> <td data-bbox="767 1476 1189 1548">LI Ka-shing (Chairman of the Remuneration Committee)</td> <td data-bbox="1310 1476 1356 1509">2/2</td> </tr> <tr> <td data-bbox="767 1554 1189 1586">KWOK Tun-li, Stanley</td> <td data-bbox="1310 1554 1356 1586">2/2</td> </tr> <tr> <td data-bbox="767 1593 1189 1625">WONG Yick-ming, Rosanna</td> <td data-bbox="1310 1593 1356 1625">2/2</td> </tr> </tbody> </table> <p data-bbox="767 1651 1356 1770">Note: The members of the Remuneration Committee can attend meetings in person, by phone or through other means of electronic communication or by their alternates in accordance with the Company's Articles of Association.</p>	Members of the Remuneration Committee	Attendance	LI Ka-shing (Chairman of the Remuneration Committee)	2/2	KWOK Tun-li, Stanley	2/2	WONG Yick-ming, Rosanna	2/2
Members of the Remuneration Committee	Attendance										
LI Ka-shing (Chairman of the Remuneration Committee)	2/2										
KWOK Tun-li, Stanley	2/2										
WONG Yick-ming, Rosanna	2/2										

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
B.1.1 (cont'd)			<ul style="list-style-type: none"> • The following is a summary of the work for the Remuneration Committee during the said meetings: <ol style="list-style-type: none"> 1. Review of the remuneration policy for 2007/2008; 2. Review of the remuneration of Non-executive Directors; 3. Review of the annual performance bonus policy; and 4. Approval of remuneration packages of Executive Directors.
B.1.2	<p>The remuneration committee should consult the chairman and/or chief executive officer about their proposals relating to the remuneration of other executive directors and have access to professional advice if considered necessary.</p>	√	<ul style="list-style-type: none"> • The Remuneration Committee has consulted the Chairman and/or the Managing Director about proposals relating to the remuneration packages and other human resources issues of the Directors and senior management, including, without limitation, succession plan and key personnel movements as well as policies for recruiting and retaining qualified personnel. • The emoluments of Directors are based on the skill, knowledge, involvement in the Company's affairs and the performance of each Director, together with reference to the profitability of the Company, remuneration benchmarks in the industry, and prevailing market conditions. • To enable them to better advise on the Group's future remuneration policy and related strategies, the Remuneration Committee has been advised of the Group's existing remuneration policy and succession plan, such as guidelines on designing employees' remuneration packages and related market trends and information.

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
B.1.3	<p>Terms of reference of the remuneration committee include:</p> <ul style="list-style-type: none"> – determine specific remuneration packages of all executive directors and senior management – review and approve performance-based remuneration and the compensation payable on loss or termination of office or appointment – ensure that no director or any of his associates is involved in deciding his own remuneration 	√	<ul style="list-style-type: none"> • The terms of reference of the Remuneration Committee, which follow closely the requirements of the Code Provisions and have been adopted by the Board, are posted on the Company's website.
B.1.4	<p>The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.</p>	√	<ul style="list-style-type: none"> • The terms of reference of the Remuneration Committee are posted on the Company's website. • The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration of Directors and senior management, and reviewing the specific remuneration packages of all Executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.
B.1.5	<p>The remuneration committee should be provided with sufficient resources to discharge its duties.</p>	√	<ul style="list-style-type: none"> • The Human Resources Department provides administrative support and implements the approved remuneration packages and other human resources related decisions approved by the Remuneration Committee.

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C. ACCOUNTABILITY AND AUDIT			
C.1 Financial reporting			
Corporate Governance Principle			
<i>The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.</i>			
C.1.1	Management should provide such explanation and information to the board as will enable the board to make an informed assessment of the financial and other information put before the board for approval.	√	<ul style="list-style-type: none"> • Directors are provided with a review of the Group's major business activities and key financial information on a quarterly basis.
C.1.2	<ul style="list-style-type: none"> – The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts. – There should be a statement by the auditors about their reporting responsibilities in the auditors' report on the financial statements. – Unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary. 	<ul style="list-style-type: none"> √ √ √ 	<ul style="list-style-type: none"> • The Directors annually acknowledge in writing their responsibility for preparing the financial statements of the Group. • Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern as referred to in C.1.2 of the Code on CG Practices. • With the assistance of the Accounts Department which is under the supervision of the Qualified Accountant of the Company, the Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. • The Directors also ensure the publication of the financial statements of the Group is in a timely manner. • The statement by the auditor of the Company regarding their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 168 and 169.

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.1.2 (cont'd)	<p>– When the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt upon the company's ability to continue as a going concern, such uncertainties should be clearly and prominently set out and discussed at length in the Corporate Governance Report.</p>	N/A	
C.1.3	<p>The board's responsibility to present a balanced, clear and understandable assessment extends to annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.</p>	√	<ul style="list-style-type: none"> • The Board aims to present a clear, balanced and understandable assessment of the Group's performance and position in all shareholder communications. • The Board is aware of the requirements under the applicable rules and regulations about timely disclosure of price-sensitive information or matters regarding the Company and will authorise the publication of such announcements as and when the occasion arises. The Company Secretary and key officers of the Company Secretarial Department work closely and in consultation with legal advisers to review the materiality and sensitivity of transactions and proposed transactions and advise the Board accordingly.

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.2	<p>Internal controls</p> <p><i>Corporate Governance Principle</i> <i>The Board should ensure that the Company maintains sound and effective internal controls to safeguard the shareholders' investment and the Company's assets.</i></p>		
C.2.1	<ul style="list-style-type: none"> – Directors to review effectiveness of system of internal control of the company and its subsidiaries at least annually and to report that they have done so in the Corporate Governance Report – The review should cover all material controls, including financial, operational and compliance controls and risk management functions. 	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> • The Board has overall responsibility for maintaining sound and effective internal control system of the Group. The Group's system of internal control includes a defined management structure with limits of authority, is designed to help the achievement of business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives. <p>Internal Control Environment</p> <ul style="list-style-type: none"> • An organisational structure with operating policies and procedures, lines of responsibility and delegated authority has been established. • The relevant Executive Directors and senior management are delegated with respective levels of authorities with regard to key corporate strategy and policy and contractual commitments. • Operational budgets are prepared by operational departments and reviewed by the responsible Directors prior to being adopted. There are procedures for the appraisal, review and approval of major capital and recurrent expenditure. Results of operations against budgets are reported regularly to the Executive Directors.

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.2.1 (cont'd)			<ul style="list-style-type: none"> • Proper controls are in place for the recording of complete, accurate and timely accounting and management information. Regular reviews and audits are carried out to ensure that the preparation of financial statements is carried out in accordance with generally accepted accounting principles, the Group's accounting policies and applicable laws and regulations. • The Internal Control Self Assessment process is established that requires the senior management in each material business unit to annually assess the effectiveness of controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations and the related risks. • The Internal Audit Department provides an independent appraisal of the Group's financial and operational activities, and makes constructive recommendations to the relevant management for necessary actions. <p>The Internal Audit Department carries out annual risk assessment on each audit area and derives a yearly audit plan according to their risk ratings. The audit plan is reviewed and endorsed by the audit committee of the Company ("Audit Committee"). In addition to its agreed schedule of work, the Internal Audit Department conducts other review and investigative work as may be required. The results of internal audit reviews and agreed action plans in response to the Internal Audit Department's recommendations are reported to the Executive Directors and Audit Committee periodically. The Internal Audit Department also follows up the corrective actions to ensure that satisfactory controls are maintained.</p> <ul style="list-style-type: none"> • The Board, through the Audit Committee, has conducted an annual review of the effectiveness of the system of internal control of the Company and its subsidiaries and considers it is adequate and effective. The review covers all material controls, including financial, operational and compliance controls and risk management functions.

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices								
C.3	<p>Audit Committee</p> <p><i>Corporate Governance Principle</i></p> <p><i>The Board should establish formal and transparent arrangements for considering how it will apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the Company's auditors.</i></p>										
C.3.1	<ul style="list-style-type: none"> – Full minutes of audit committee meetings should be kept by a duly appointed secretary of the meeting. – Draft and final versions of minutes for all members of the audit committee to comment and to keep records within a reasonable time after the meeting 	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> • Minutes drafted by the Company Secretary are circulated to members of the Audit Committee within a reasonable time after each meeting. • Audit Committee meetings were held in March and August 2007. Details of the attendance records of members of the Audit Committee are as follows: <table border="1" data-bbox="794 836 1401 1052"> <thead> <tr> <th data-bbox="804 842 1193 871">Members of the Audit Committee</th> <th data-bbox="1257 842 1394 871">Attendance</th> </tr> </thead> <tbody> <tr> <td data-bbox="804 896 1193 965">CHEONG Ying Chew, Henry (Chairman of the Audit Committee)</td> <td data-bbox="1347 896 1394 924">2/2</td> </tr> <tr> <td data-bbox="804 972 1193 1000">KWOK Tun-li, Stanley</td> <td data-bbox="1347 972 1394 1000">2/2</td> </tr> <tr> <td data-bbox="804 1006 1193 1034">HUNG Siu-lin, Katherine</td> <td data-bbox="1347 1006 1394 1034">2/2</td> </tr> </tbody> </table> <p>Note: The members of the Audit Committee may attend meetings in person, by phone or through other means of electronic communication or by their alternates in accordance with the Company's Articles of Association.</p> <ul style="list-style-type: none"> • The following is a summary of the work of the Audit Committee during 2007: <ol style="list-style-type: none"> 1. Review of the financial reports for 2006 annual results and 2007 interim results; 2. Review of the findings and recommendations of the Internal Audit Department on the work of various departments and related companies; 3. Review of the effectiveness of the internal control system; 4. Review of the external auditor's audit findings; 5. Review of the auditor's remuneration; 6. Review of risks of different business units and analysis thereof provided by the relevant business units; and 7. Review of the control mechanisms for such risks and advising on action plans for improvement of the situations. 	Members of the Audit Committee	Attendance	CHEONG Ying Chew, Henry (Chairman of the Audit Committee)	2/2	KWOK Tun-li, Stanley	2/2	HUNG Siu-lin, Katherine	2/2
Members of the Audit Committee	Attendance										
CHEONG Ying Chew, Henry (Chairman of the Audit Committee)	2/2										
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HUNG Siu-lin, Katherine	2/2										

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.3.1 (cont'd)			<ul style="list-style-type: none"> • After due and careful consideration of reports from management and the internal and external auditors, the Audit Committee was of the view that no suspected fraud or irregularities, significant internal control deficiencies, or suspected infringement of laws, rules, or regulations had been found, and concluded at the meeting held on 25th March, 2008 that the system of internal controls was adequate and effective. • On 25th March, 2008, the Audit Committee met to review the Group's 2007 consolidated financial statements, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor. After review and discussions with the management, internal auditor and external auditor, the Audit Committee endorsed the accounting treatment adopted by the Company, and the Audit Committee had to the best of its ability assured itself that the disclosure of the financial information in the 2007 Annual Report complied with the applicable accounting standards and Appendix 16 to the Listing Rules. The Audit Committee therefore recommended the Board's approval of the consolidated financial statements for the year ended 31st December, 2007. • The Audit Committee also recommended to the Board the re-appointment of Messrs. Deloitte Touche Tohmatsu ("Deloitte") as the Company's external auditor for 2008 and that the related resolution shall be put forth for shareholders' consideration and approval at the 2008 annual general meeting. • The Group's Annual Report for the year ended 31st December, 2007 has been reviewed by the Audit Committee.

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.3.2	<p>A former partner of existing auditing firm shall not act as a member of the committee for 1 year after he ceases to be a partner of or to have any financial interest in, the firm, whichever is the later.</p>	√	<ul style="list-style-type: none"> • No member of the Audit Committee is a former partner of the existing auditing firm of the Company during the one year after he/she ceases to be a partner of the auditing firm. • Mr. Kwan Chiu Yin, Robert, who was a partner of Deloitte, the existing auditing firm of the Company, retired on 1st June, 2002 and was appointed as the Chairman of the Audit Committee of the Company on 23rd September, 2004, more than one year after he ceased to be a partner of Deloitte. Mr. Kwan ceased to be the Chairman of the Audit Committee of the Company on 1st January, 2007.
C.3.3	<p>Terms of reference of the audit committee include:</p> <ul style="list-style-type: none"> – recommendation to the board on the appointment and removal of external auditors and approval of their terms of engagement – review and monitor external auditors' independence and effectiveness of audit process – review of financial information of the company – oversight of the company's financial reporting system and internal control procedures 	√	<ul style="list-style-type: none"> • Terms of reference of the Audit Committee, which follow closely the requirements of the Code Provisions and have been adopted by the Board, are posted on the Company's website.

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.3.4	The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.	√	<ul style="list-style-type: none"> • The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company established the Audit Committee in December 1998 with reference to “A Guide for the Formation of an Audit Committee” issued by the Hong Kong Institute of Certified Public Accountants. • In accordance with the requirements of the Code on CG Practices, the terms of reference of the Audit Committee were revised on 1st January, 2005 in terms substantially the same as the provisions set out in the Code on CG Practices. The revised terms of reference of the Audit Committee are available on the Company’s website. • The principal duties of the Audit Committee include the review and supervision of the Group’s financial reporting system and internal control procedures, review of the Group’s financial information and review of the relationship with the external auditor of the Company. Regular meetings have been held by the Audit Committee since its establishment. • Following the retirement of Mr. Kwan Chiu Yin, Robert from the Audit Committee effective 1st January, 2007, the Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Cheong Ying Chew, Henry (Chairman of the Audit Committee), Mr. Kwok Tun-li, Stanley and Ms. Hung Siu-lin, Katherine, held two meetings during the year.

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.3.5	Where the board disagrees with the audit committee's view on the selection, appointment, resignation or dismissal of the external auditors, the company should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the board has taken a different view.	N/A	<ul style="list-style-type: none"> The Audit Committee recommended to the Board that, subject to shareholders' approval at the forthcoming annual general meeting, Deloitte be re-appointed as the Company's external auditor for 2008. For the year ended 31st December, 2007, the external auditor of the Company received approximately HK\$6 million for audit services and HK\$1 million for tax and other services.
C.3.6	The audit committee should be provided with sufficient resources to discharge its duties.	√	<ul style="list-style-type: none"> The Audit Committee has been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should the seeking of such advice be considered necessary by the Audit Committee.
D. DELEGATION BY THE BOARD			
D.1 Management functions			
<p>Corporate Governance Principle <i>The Company should have a formal schedule of matters specifically reserved to the Board and those delegated to management.</i></p>			
D.1.1	When the board delegates aspects of its management and administration functions to management, it must at the same time give clear directions as to the powers of management, in particular, with respect to the circumstances where management should report back and obtain prior approval from the board before making decisions or entering into any commitments on behalf of the company.	√	<ul style="list-style-type: none"> Executive Directors are in charge of different businesses and functional divisions in accordance with their respective areas of expertise. Please refer to the Management Structure Chart set out on page 111. For matters or transactions of a material nature, the same will be referred to the Board for approval. For matters or transactions of a magnitude requiring disclosure under the Listing Rules or other applicable rules or regulations, appropriate disclosure will be made and where necessary, circular will be prepared and shareholders' approval will be obtained in accordance with the requirements of the applicable rules and regulations.

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
D.1.2	Formalise functions reserved to the board and those delegated to management. It should review those arrangements on a periodic basis to ensure that they remain appropriate to the needs of the company.	√	<ul style="list-style-type: none"> The Board, led by the Chairman, is responsible for the Group's future development directions; overall strategies and policies; evaluation of the performance of the Group and the management; and approval of matters that are of a material or substantial nature. Under the leadership of the Managing Director, management is responsible for the day-to-day operations of the Group.
<p>D.2 Board Committees</p> <p><i>Corporate Governance Principle</i> <i>Board Committees should be formed with specific written terms of reference which deal clearly with the committees' authority and duties.</i></p>			
D.2.1	Where board committees are established to deal with matters, the board should prescribe sufficiently clear terms of reference to enable such committees to discharge their functions properly.	√	<ul style="list-style-type: none"> Two Board Committees, namely, Audit Committee and Remuneration Committee have been established with specific terms of reference as mentioned in C.3.3 and B.1.3 of Part I above.
D.2.2	The terms of reference of board committees should require such committees to report back to the board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).	√	<ul style="list-style-type: none"> Board Committees report to the Board of their decisions and recommendations at the Board meetings.

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
E. COMMUNICATION WITH SHAREHOLDERS			
E.1 Effective communication <i>Corporate Governance Principle</i> <i>The Board should endeavour to maintain an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with shareholders and encourage their participation.</i>			
E.1.1	In respect of each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting.	√	<ul style="list-style-type: none"> Separate resolutions are proposed at the general meeting on each substantially separate issue, including the election of individual directors.
E.1.2	– The chairman of the board should attend the annual general meeting and arrange for the chairmen of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee to be available to answer questions at the annual general meeting.	√	<ul style="list-style-type: none"> In 2007, the Chairman of the Board, Chairman of the Audit Committee and Chairman of the Remuneration Committee attended the annual general meeting and were available to answer questions.

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
E.1.2 (cont'd)	<p>– The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval.</p>	√	<ul style="list-style-type: none"> • The Company establishes different communication channels with shareholders and investors, including (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules, and shareholders can select to receive such documents by electronic means; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company's website offers a communication channel between the Company and its shareholders and stakeholders; (v) regular press conferences and briefing meetings with analysts are arranged from time to time to update interested parties on the performance of the Group; (vi) the Company's Registrars deal with shareholders for share registration and related matters; and (vii) Corporate Affairs Department of the Company handles enquiries from shareholders, and investors generally.

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
E.2	Voting by poll		
	Corporate Governance Principle		
	<i>The Company should regularly inform shareholders of the procedure for voting by poll and ensure compliance with the requirements about voting by poll contained in Listing Rules and the constitutional documents of the Company.</i>		
E.2.1	<ul style="list-style-type: none"> – The chairman of a meeting should ensure disclosure in the circulars of the procedures for and the rights of shareholders to demand a poll. 	√	<ul style="list-style-type: none"> • In 2007, the right to demand a poll was set out in the circular containing the notice of annual general meeting.
	<ul style="list-style-type: none"> – The chairman of a meeting and/or directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at a particular meeting shall demand a poll in certain circumstances where, on a show of hands, a meeting votes in the opposite manner to that instructed in those proxies. 	√	<ul style="list-style-type: none"> • In 2007, the Chairman of the annual general meeting exercised his power under the Articles of Association of the Company to put each resolution set out in the notice to be voted by way of a poll.
	<ul style="list-style-type: none"> – If a poll is required under such circumstances, the chairman of the meeting should disclose to the meeting the total number of votes represented by all proxies held by directors indicating an opposite vote to the votes cast at the meeting on a show of hands. 	√	

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
E.2.2	<ul style="list-style-type: none"> <li data-bbox="328 340 611 929">– The company should count all proxy votes and, except where a poll is required, the chairman of a meeting should indicate to the meeting the level of proxies lodged on each resolution, and the balance for and against the resolution, after it has been dealt with on a show of hands. <li data-bbox="328 955 611 1127">– The company should ensure that votes cast are properly counted and recorded. 	<p data-bbox="659 340 683 372">√</p> <p data-bbox="659 955 683 987">√</p>	<ul style="list-style-type: none"> <li data-bbox="738 340 1359 480">• Representatives of the Share Registrars of the Company were appointed as scrutineers to monitor and count the poll votes cast at the annual general meeting. <li data-bbox="738 506 1359 728">• Poll results were announced at the adjourned meeting, posted on the websites of the Company and the Stock Exchange, and also published in Hong Kong newspapers on the business day following the annual general meeting of the Company.
E.2.3	<p data-bbox="328 1159 611 1375">The chairman of a meeting should at the commencement of the meeting ensure that an explanation is provided of:</p> <ul style="list-style-type: none"> <li data-bbox="328 1401 611 1623">– the procedures for demanding a poll by shareholders before putting a resolution to the vote on a show of hands; and <li data-bbox="328 1649 611 1979">– the detailed procedures for conducting a poll and then answer any questions from shareholders whenever voting by way of a poll is required. 	<p data-bbox="659 1401 683 1433">√</p> <p data-bbox="659 1649 683 1681">√</p>	<ul style="list-style-type: none"> <li data-bbox="738 1159 1359 1375">• At the 2007 annual general meeting, the Chairman of the meeting explained the detailed procedures for conducting a poll, which had also been set out in the circular containing the notice of annual general meeting, and then answered any questions from shareholders. <li data-bbox="738 1401 1359 1580">• At the 2007 annual general meeting, the Chairman of the meeting exercised his power under the Articles of Association of the Company to put each resolution set out in the notice to be voted by way of a poll.

Corporate Governance Report (continued)

II. Recommended Best Practices

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A. DIRECTORS			
A.1	The Board		
	Corporate Governance Principle <i>The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.</i>		
A.1.9	Arrange appropriate insurance cover in respect of legal action against the directors	C	<ul style="list-style-type: none"> The Company has arranged appropriate Directors and Officers liability insurance coverage for its Directors and officers since 1st July, 1991 including the year 2007/2008.
A.1.10	Board committees should adopt, so far as practicable, the principles, procedures and arrangements set out in A.1.1 to A.1.8.		
	A.1.1 Regular board meetings at least four times a year involving active participation, either in person or through other electronic means of communication, of majority of directors	E	<ul style="list-style-type: none"> The Company has an Audit Committee and a Remuneration Committee. Based on available data and information, the Company is not satisfied that quarterly review by the Audit Committee would bring meaningful benefit to the shareholders. Meetings between the Chairman and the Non-executive Directors (including the Independent Non-executive Directors) without the presence of Executive Directors were held two times a year at which ample opportunity was provided for reflection of their views and comments to the Board.
	A.1.2 All directors are given an opportunity to include matters in the agenda for regular board meetings.	C	<ul style="list-style-type: none"> Apart from the Audit Committee, the Company has a Remuneration Committee. The principal responsibility of the Remuneration Committee is to make recommendations to the Board on the Company's policy and structure for the remuneration of its Directors and senior management, which, in line with normal market practice, are only subject to review on an annual basis. It is therefore not necessary for the Remuneration Committee to have four meetings a year as recommended. The Remuneration Committee held two meetings in respect of the year of 2007. The meeting held in November 2007 was to provide the Remuneration Committee with an overview of the job market conditions and trends for the year, and the meeting held in January 2008 was to review, consider and endorse the remuneration packages proposed for the Executive Directors of the Company.

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.1.10 (cont'd)	<p>A.1.3</p> <ul style="list-style-type: none"> – At least 14 days notice for regular board meetings 	C	<ul style="list-style-type: none"> • All members of the Board Committees are consulted as to whether they may want to include any matter in the agenda before the agenda for each Board Committee meeting is issued.
	<ul style="list-style-type: none"> – Reasonable notice for other board meetings 	C	<ul style="list-style-type: none"> • Regular Board Committee meetings in a particular year are usually scheduled towards the end of the immediately preceding year to give all Board Committee members adequate time to plan their schedules to attend.
	<p>A.1.4</p> <p>All directors should have access to the advice and services of the company secretary with a view to ensuring that board procedures, and all applicable rules and regulations, are followed.</p>	C	<ul style="list-style-type: none"> • At least 14 days formal notice would be given before each Board Committee meeting. • According to the Company's Articles of Association, a Board Committee member may waive notice of the relevant Board Committee meeting and any such waiver may be prospective or retrospective.
	<p>A.1.5</p> <ul style="list-style-type: none"> – Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary of the meeting. 	C	<ul style="list-style-type: none"> • Board Committee members have access to the Company Secretary and key officers of the Company Secretarial Department who are responsible to the Board Committees for ensuring that Board Committee procedures, and all applicable rules and regulations, are followed.
	<ul style="list-style-type: none"> – Such minutes should be open for inspection at any reasonable time on reasonable notice by any director. 	C	<ul style="list-style-type: none"> • The Company Secretary prepares minutes/written resolutions and keeps records of substantive matters discussed and decisions resolved at Board Committee meetings. • Board Committee minutes/written resolutions are sent to all Board Committee members within a reasonable time (generally within 14 days) after each Board Committee meeting.
			<ul style="list-style-type: none"> • Board Committee minutes/written resolutions are available for inspection by Board Committee members.

Corporate Governance Report (continued)

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.1.10 (cont'd)	<p>A.1.6</p> <ul style="list-style-type: none"> – Minutes of board meetings and meetings of board committees should record in sufficient detail the matters considered by the board and decisions reached. – Draft and final versions of board minutes for all directors to comment and to keep records within a reasonable time after the board meeting 	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> • The minutes of the Board Committees record in sufficient detail the matters considered by the Board Committees and decisions reached. • Board Committee members are given an opportunity to comment on the draft Board Committee minutes. • Final version of Board Committee minutes is placed on record within a reasonable time after the Board Committee meeting.
	<p>A.1.7</p> <ul style="list-style-type: none"> – A procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the company's expense 	<p>C</p>	
	<ul style="list-style-type: none"> – The board should resolve to provide separate independent professional advice to directors to assist the relevant director or directors to discharge his/her duties to the company. 	<p>C</p>	

Corporate Governance Report (continued)

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.2	<p>Chairman and Chief Executive Officer</p> <p><i>Corporate Governance Principle</i> There should be a clear division of responsibilities between Chairman and the Managing Director of the Company to ensure a balance of power and authority.</p>		
A.2.4	<ul style="list-style-type: none"> – Chairman to provide leadership for the board – The chairman should ensure that the board works effectively and discharges its responsibilities, and that all key and appropriate issues are discussed by the board in a timely manner. – The chairman should be primarily responsible for drawing up and approving the agenda for each board meeting taking into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda. The chairman may delegate such responsibility to a designated director or the company secretary. 	<p>C</p> <p>C</p> <p>C</p>	<ul style="list-style-type: none"> • The Chairman of the Board is an Executive Director who is responsible for the leadership and effective running of the Board. • The Chairman determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management. • The Board meets regularly and held meetings in March, May, August and November 2007. • With the support of the Executive Directors and the Company Secretary, the Chairman ensures that all Directors are properly briefed on all key and appropriate issues on a timely manner. • The Company Secretary assists the Chairman in preparing the agenda for each Board meeting and ensures that, where applicable, matters proposed by other Directors are included in the agenda; and that all applicable rules and regulations are followed.

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.2.5	The chairman should take responsibility for ensuring that good corporate governance practices and procedures are established.	C	<ul style="list-style-type: none"> The Board as a whole and the management of the Company are committed to the maintenance of good corporate governance practices and procedures.
A.2.6	The chairman should encourage all directors to make a full and active contribution to the board's affairs and take the lead to ensure that the board acts in the best interests of the company.	C	<ul style="list-style-type: none"> Please refer to A.2.4 and A.2.5 of Part II for the details.
A.2.7	The chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present.	C	<ul style="list-style-type: none"> In addition to regular Board meetings, the Chairman had meetings with the Non-executive Directors (including the Independent Non-executive Directors) without the presence of the Executive Directors in May and November 2007. Details of the attendance records of the meetings are set out on page 64.

Corporate Governance Report (continued)

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.2.8	The chairman should ensure that appropriate steps are taken to provide effective communication with shareholders and that views of shareholders are communicated to the board as a whole.	C	<ul style="list-style-type: none"> The Company establishes different communication channels with shareholders and investors, including (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules, and shareholders can select to receive such documents by electronic means; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company's website offers a communication channel between the Company and its shareholders and stakeholders; (v) regular press conferences and briefing meetings with analysts are arranged from time to time to update interested parties on the performance of the Group; (vi) the Company's Registrars deal with shareholders for share registration and related matters; and (vii) Corporate Affairs Department of the Company handles enquiries from shareholders, and investors generally.
A.2.9	The chairman should facilitate the effective contribution of non-executive directors in particular and ensure constructive relations between executive and non-executive directors.	C	<ul style="list-style-type: none"> Please refer to A.2.4 and A.2.5 of Part II for the details.

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.3	Board composition		
	<p>Corporate Governance Principle <i>The Board should have a balance of skills and experience appropriate for the requirements of the business of the Company and should include a balanced composition of Executive and Non-executive Directors so that independent judgement can effectively be exercised.</i></p>		
A.3.2	The company should appoint independent non-executive directors representing at least one-third of the board.	C	<ul style="list-style-type: none"> The Board consists of a total of twenty-one Directors, comprising eight Executive Directors, five Non-executive Directors and eight Independent Non-executive Directors. More than one-third of the Board are Independent Non-executive Directors of which more than one have appropriate professional qualifications, or accounting or related financial management expertise.
A.3.3	The company should maintain on its website an updated list of its directors identifying their role and function and whether they are independent non-executive directors.	C	<ul style="list-style-type: none"> The Company maintains on its website an updated list of its Directors together with their biographical information, and identifies whether they are independent non-executive directors. The Company has also posted on its website the Terms of Reference of the Board Committees to enable the shareholders to understand the role played by those Independent Non-executive Directors who serve on the relevant Board Committees.
		E	<ul style="list-style-type: none"> The Company is of the view that Executive Directors are collectively in charge of the overall executive functions of the Group as a team for the purposes of efficiency and effectiveness, and hence it is neither appropriate nor meaningful to identify on its website the role and function of its individual Executive Directors.

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.4.4 – A.4.8	<ul style="list-style-type: none"> – The company should establish a nomination committee. A majority of the members of the nomination committee should be independent non-executive directors. – The nomination committee should be established with specific written terms of reference which deal clearly with the committee's authority and duties. – It is recommended that the nomination committee should discharge the following duties:- <ul style="list-style-type: none"> (a) review the structure, size and composition (including the skills, knowledge and experience) of the board on a regular basis and make recommendations to the board regarding any proposed changes; 	E	<ul style="list-style-type: none"> • The Company does not have a nomination committee. The Board as a whole is responsible for the appointment of new Directors and the nomination of Directors for re-election by shareholders at the general meeting of the Company. Under the Company's Articles of Association, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the Board. Any such new Director shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election at the same general meeting. • At present, the Company does not consider it necessary to have a nomination committee as the full Board is responsible for reviewing the structure, size and composition of the Board from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular the Chairman and the Managing Director.

Corporate Governance Report (continued)

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.4.4 – A.4.8 (cont'd)	<p>(b) identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of, individuals nominated for directorships;</p> <p>(c) assess the independence of independent non-executive directors; and</p> <p>(d) make recommendations to the board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors in particular the chairman and the chief executive officer.</p>		<ul style="list-style-type: none"> • Under the Company's Articles of Association, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the Board. The Company uses a formal, considered and transparent procedure for the appointment of new Directors. Before a prospective Director's name is formally proposed, the opinions of the existing Directors (including the Independent Non-executive Directors) are sought. After considering the proposal for the appointment of a new Director, the Board as a whole will make the final decision. • The Board as a whole is responsible for assessing the independence of the Independent Non-executive Directors according to the relevant rules and requirements under the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in the relevant requirements of the Listing Rules and are independent in accordance with the terms of the guidelines.

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.4.4 – A.4.8 (cont'd)	<ul style="list-style-type: none"> – The nomination committee should make available its terms of reference explaining its role and the authority delegated to it by the board. – The nomination committee should be provided with sufficient resources to discharge its duties. – Where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe the individual should be elected and the reasons why they consider the individual to be independent. 		<ul style="list-style-type: none"> • Please refer to A.4.3 of Part II for the details.

Corporate Governance Report (continued)

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.5	<p>Responsibilities of directors</p> <p><i>Corporate Governance Principle</i> Every Director is required to keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.</p>		
A.5.5	<p>All directors should participate in a programme of continuous professional development to develop and refresh their knowledge and skills to help ensure that their contribution to the board remains informed and relevant. The company should be responsible for arranging and funding a suitable development programme.</p>	C	<ul style="list-style-type: none"> • The Company regularly reminds all Directors of their functions and responsibilities. Through regular Board meetings and the circulation of written resolutions, memos and board papers, all Directors are kept abreast of the conduct, business activities and development of the Company. • A package compiled and reviewed by the Company's legal advisers setting out the duties and responsibilities of directors under the Listing Rules, the Companies Ordinance and other related ordinances and relevant regulatory requirements of Hong Kong is provided to each newly appointed Director. A revised information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. The revised "Non-statutory Guidelines on Directors' Duties" issued by the Companies Registry of Hong Kong in October 2007 has been forwarded to each Director for his/her information and ready reference. • Memos are issued from time to time to keep Directors up to date with legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties. • During the year, seminars were organised at which distinguished professionals were invited to present to the Directors on subjects such as directors' duties and balancing the benefits and costs of corporate governance, etc.

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.5.6	Each director should disclose to the company at the time of his appointment, and on a periodic basis, the number and nature of offices held in public companies or organisations and other significant commitments, with the identity of the public companies or organisations and an indication of the time involved. The board should determine for itself how frequently such disclosure should be made.	C	<ul style="list-style-type: none"> The Directors have disclosed to the Company at the time of their appointment and from time to time thereafter the number and nature of offices held in public companies or organisations and other significant commitments, identifying the public companies or organisations involved.
A.5.7	Non-executive directors, as equal board members, should give the board and any committees on which they serve such as the audit, remuneration or nomination committees the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.	C	<ul style="list-style-type: none"> There is satisfactory attendance at Board meetings, Board Committee meetings, the meetings between the Chairman and the Non-executive Directors (including the Independent Non-executive Directors) and the general meeting during the year. Please refer to A.1.1, A.2.2, B.1.1 and C.3.1 of Part I for details of attendance records. Extent of participation and contribution should be viewed both quantitatively and qualitatively.

Corporate Governance Report (continued)

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.5.8	Non-executive directors should make a positive contribution to the development of the company's strategy and policies through independent, constructive and informed comments.	C	<ul style="list-style-type: none"> There is satisfactory attendance at Board meetings, Board Committee meetings, the meetings between the Chairman and the Non-executive Directors (including the Independent Non-executive Directors) and the general meeting during the year. Please refer to A.1.1, A.2.2, B.1.1 and C.3.1 of Part I for details of attendance records.
A.6	<p>Supply of and access to information</p> <p><i>Corporate Governance Principle</i> Directors should be provided in a timely manner with appropriate information in such form and of such quality as will enable them to make an informed decision and to discharge their duties and responsibilities as Directors of the Company.</p>		
Please note that there is no recommended best practice under Section A.6 in the Code on CG Practices.			
<p>B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT</p>			
B.1	<p>The level and make-up of remuneration and disclosure</p> <p><i>Corporate Governance Principle</i> There should be a formal and transparent procedure for setting policy on Executive Directors' remuneration and for fixing the remuneration packages for all Directors.</p>		
B.1.6	A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.	C	<ul style="list-style-type: none"> A significant proportion of Executive Directors' remuneration has been structured so as to link rewards to corporate and individual performance in 2007. Please refer to note (4) in the Notes to Financial Statements for details of discretionary bonus.
B.1.7	The company should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in their annual reports and accounts.	E	<ul style="list-style-type: none"> The remuneration payable to senior management represents only a small portion of the turnover or profits of the Company. As a matter of practice, disclosing details of the remuneration payable to senior management on an individual basis does not bring significant benefits or provide useful information to the shareholders.

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.1.8	Where the board resolves to approve any remuneration or compensation arrangements which the remuneration committee has previously resolved not to approve, the board must disclose the reasons for its resolution in its next annual report.	N/A	<ul style="list-style-type: none"> The Board has never approved any remuneration or compensation arrangements which have previously been rejected by the Remuneration Committee.
C. ACCOUNTABILITY AND AUDIT			
C.1 Financial reporting Corporate Governance Principle <i>The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.</i>			
C.1.4	The company should announce and publish quarterly financial results within 45 days after the end of the relevant quarter, disclosing such information as would enable shareholders to assess the performance, financial position and prospects of the company. Any such quarterly financial reports should be prepared using the accounting policies applied to the company's half-year and annual accounts.	E	<ul style="list-style-type: none"> The Company issued half-yearly financial results within 3 months after the end of the relevant period, and annual financial results within 4 months after the end of the relevant year. In addition, all significant and price-sensitive transactions have been announced and disclosed in accordance with the Listing Rules during the year. The shareholders of the Company are therefore able to assess the performance, financial position and prospects of the Company. The Company does not consider it necessary, nor is it in the interests of the Company and its shareholders, to issue quarterly financial results. This would result in incurring costs disproportionate to any additional benefits to the shareholders. Quarterly financial reports may not fairly reflect the actual performance of the Company given that the development cycle of property projects often spans a period of three to five years.

Corporate Governance Report (continued)

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.1.5	Once the company decides to announce and publish its quarterly financial results, it should continue to adopt quarterly reporting for each of the first 3 and 9 months periods of subsequent financial years. Where the company decides not to announce and publish its financial results for a particular quarter, it should publish an announcement to disclose the reason(s) for such decision.	E	<ul style="list-style-type: none"> Please refer to C.1.4 of Part II for the details.
C.2	<p>Internal controls</p> <p><i>Corporate Governance Principle</i> The Board should ensure that the Company maintains sound and effective internal controls to safeguard the shareholders' investment and the Company's assets.</p>		
C.2.2	<p>The board's annual review should, in particular, consider:</p> <ul style="list-style-type: none"> the changes since the last annual review in the nature and extent of significant risks, and the company's ability to respond to changes in its business and the external environment; 	C	<ul style="list-style-type: none"> The Board, through the Audit Committee, reviews annually the effectiveness of system of internal control of the Company and its subsidiaries. This review considers: <ul style="list-style-type: none"> the changes since the last annual review in the nature and extent of significant risks, and how the Company responds to changes in its business and the external environment;

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.2 (cont'd)	<ul style="list-style-type: none"> <li data-bbox="357 362 635 728">– the scope and quality of management's ongoing monitoring of risks and of the system of internal control, and where applicable, the work of its internal audit function and other providers of assurance; <li data-bbox="357 750 635 1203">– the extent and frequency of the communication of the results of the monitoring to the board (or board committee(s)) which enables it to build up a cumulative assessment of the state of control in the company and the effectiveness with which risk is being managed; <li data-bbox="357 1224 635 1828">– the incidence of significant control failings or weakness that has been identified at any time during the period and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the company's financial performance or conditions; and <li data-bbox="357 1849 635 2033">– the effectiveness of the company's processes relating to financial reporting and Listing Rule compliance. 	<p data-bbox="687 362 703 394">C</p> <p data-bbox="687 750 703 782">C</p> <p data-bbox="687 1224 703 1256">C</p> <p data-bbox="687 1849 703 1882">C</p>	<ul style="list-style-type: none"> <li data-bbox="794 362 1353 491">– the scope and quality of management's ongoing monitoring of risks and of the system of internal control, and the work of the Internal Audit Function; <li data-bbox="794 513 1353 685">– the extent and frequency of the communication of the results of the monitoring, which enables it to build up a cumulative assessment of the state of control in the Company and the effectiveness with which risk is being managed; <li data-bbox="794 707 1353 879">– any incidence of significant control failings or weaknesses identified and the extent that they have caused unforeseeable outcomes or contingencies that could have material impact on the Company's financial performance or condition; and <li data-bbox="794 901 1353 987">– the effectiveness of the Company's processes relating to financial reporting and Listing Rules compliance.

Corporate Governance Report (continued)

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.3	<p>The company should disclose as part of the Corporate Governance Report a narrative statement how they have complied with the code provisions on internal control during the reporting period. The disclosures should also include the following items:</p> <ul style="list-style-type: none"> – the process that the company has applied for identifying, evaluating and managing the significant risks faced by it; – any additional information to assist understanding of the company's risk management processes and system of internal control; – an acknowledgement by the board that it is responsible for the company's system of internal control and for reviewing its effectiveness; – the process that the company has applied in reviewing the effectiveness of the system of internal control; and 	<p>C</p> <p>C</p> <p>C</p> <p>C</p>	<ul style="list-style-type: none"> • In addition to the disclosures illustrated in C.2.1 of Part I above, the process used by the Board, through the Audit Committee, for compliance with the code provisions on internal control during the report period is listed below: <ul style="list-style-type: none"> – the process used by the Board, through the Audit Committee, for identifying and evaluating and managing the significant risks includes (i) assigning responsibility to the senior management of each major business unit to identify and evaluate the risks underlying the achievement of business objectives, and to determine controls required to mitigate those risks; (ii) establishment of the Internal Control Self Assessment process that requires the senior management of each major business unit to assess, through use of detailed questionnaires, the adequacy of controls and identify risks. The process and its results are reviewed by Internal Audit Department and form part of Audit Committee's annual assessment of control effectiveness; (iii) Internal Audit Department performs its own annual risk assessment on each major business unit for determination of audit plan; and (iv) assessment on the effectiveness of the related system of internal control in managing the significant risks; – the Board acknowledges that it is responsible for the system of internal control and for reviewing its effectiveness at least once annually; – the process used by the Board, through the Audit Committee, in reviewing the effectiveness of the system of internal control includes (i) the review of significant risks reported by the Internal Audit Department; (ii) the review of internal audit plan; (iii) the review of significant issues arising from internal and external audit reports; and (iv) the review of the results of the senior management's Internal Control Self Assessment exercise; and

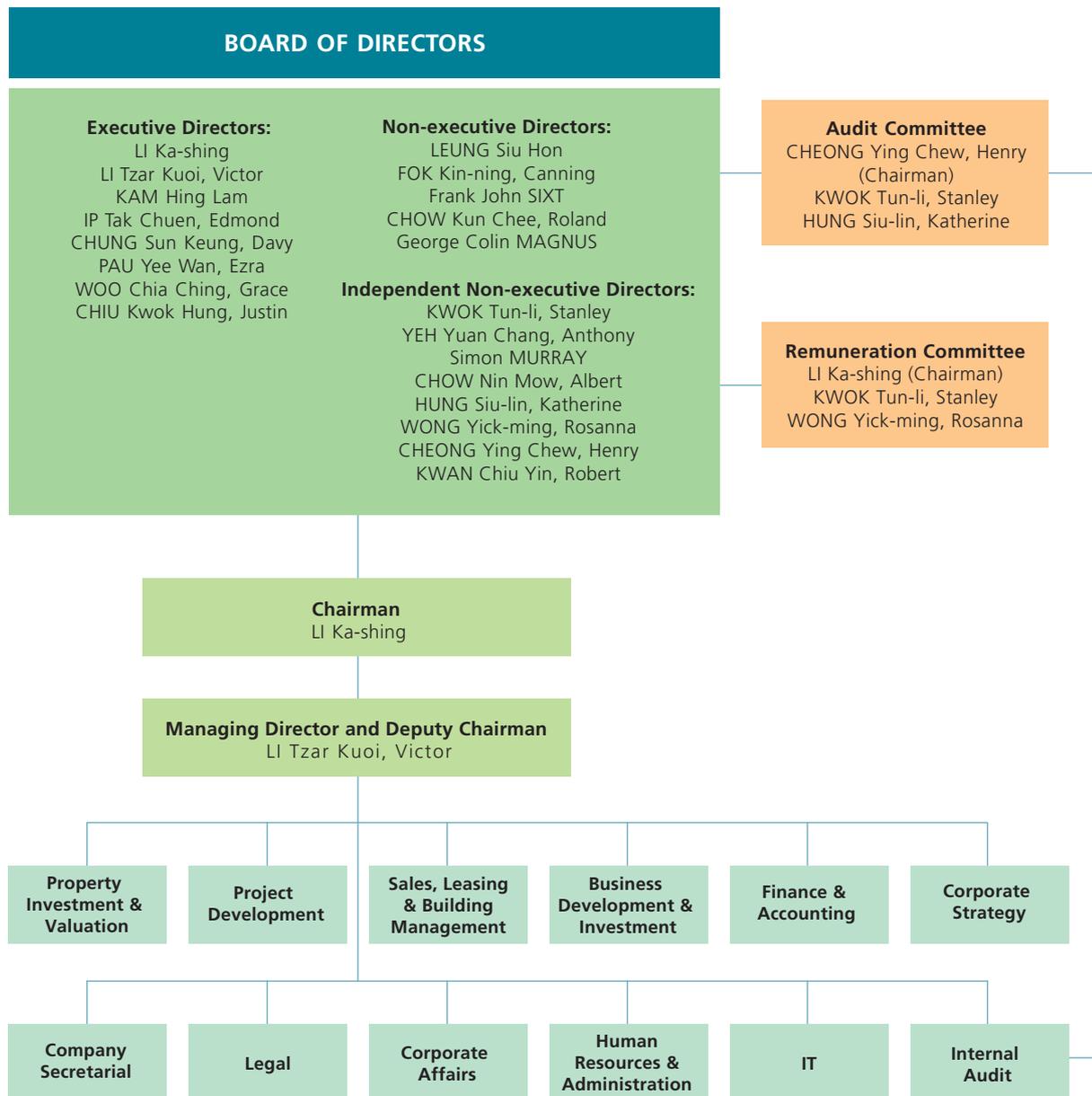
Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.3 (cont'd)	– the process that the company has applied to deal with material internal control aspects of any significant problems disclosed in its annual reports and accounts.	C	– the process used by the Board, through the Audit Committee, to deal with material internal control aspects of any significant problems disclosed in its annual reports and accounts includes (i) evaluation of its impact on the Company; (ii) taking necessary and prompt actions to remedy it; and (iii) consideration of a need for more extensive monitoring of the system of internal control in related area.
C.2.4	The company should ensure that their disclosures provide meaningful information and do not give a misleading impression.	C	<ul style="list-style-type: none"> The Company aims to ensure disclosures provide meaningful information and do not give a misleading impression.
C.2.5	The company without an internal audit function should review the need for one on an annual basis and should disclose the outcome of such review in the company's Corporate Governance Report.	N/A	<ul style="list-style-type: none"> Please refer to C.2 of Part I for the details.

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D. DELEGATION BY THE BOARD			
D.1 Management functions Corporate Governance Principle <i>The Company should have a formal schedule of matters specifically reserved to the Board and those delegated to management.</i>			
D.1.3	The company should disclose the division of responsibility between the board and management to assist those affected by corporate decisions to better understand the respective accountabilities and contributions of the board and management.	C	<ul style="list-style-type: none"> Please refer to the Management Structure Chart set out on page 111.
D.1.4	Directors should clearly understand delegation arrangements in place. To that end, the company should have formal letters of appointment for directors setting out the key terms and conditions relative to their appointment.	E	<ul style="list-style-type: none"> It is not the Company's practice to have formal letters of appointment for its Directors. Nevertheless, Directors clearly understand their duties to the Company, to which they are collectively and individually responsible for. In addition, part of these duties relate to fiduciary duties, duties of skill, care and diligence established under common law over a long period of time, and it is not feasible to attempt to formulate these comprehensively in writing. The difficulty in reducing these comprehensively into written form may be inferred by the fact that, currently, directors' duties are set out in non-statutory guidelines issued by the Companies Registry instead of being provided for in the Companies Ordinance. To have a formal letter of appointment may also lead to inflexibility.

Corporate Governance Report (continued)

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.2	Board Committees		<p>Corporate Governance Principle <i>Board Committees should be formed with specific written terms of reference which deal clearly with the committee's authority and duties.</i></p>
Please note that there is no recommended best practice under Section D.2 in the Code on CG Practices.			
E. COMMUNICATION WITH SHAREHOLDERS			
E.1	Effective communication		<p>Corporate Governance Principle <i>The Board should endeavour to maintain an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with shareholders and encourage their participation.</i></p>
Please note that there is no recommended best practice under Section E.1 in the Code on CG Practices.			
E.2	Voting by poll		<p>Corporate Governance Principle <i>The Company should regularly inform shareholders of the procedure for voting by poll and ensure compliance with the requirements about voting by poll contained in the Listing Rules and the constitutional documents of the Company.</i></p>
Please note that there is no recommended best practice under Section E.2 in the Code on CG Practices.			

Management Structure Chart



Highlights of Development Projects

Caribbean Coast – Town Houses

Tung Chung

These luxurious detached houses offer panoramic views from their waterfront location. With easy access to a world-class transportation network, this development presents the finest in metropolitan living.



Sausalito

Ma On Shan

This high quality residential project, right at the core of the transportation network, offers comprehensive clubhouse facilities and services that have been designed to enrich daily life.



Highlight of Development Projects (*continued*)

1881 Heritage

Tsim Sha Tsui

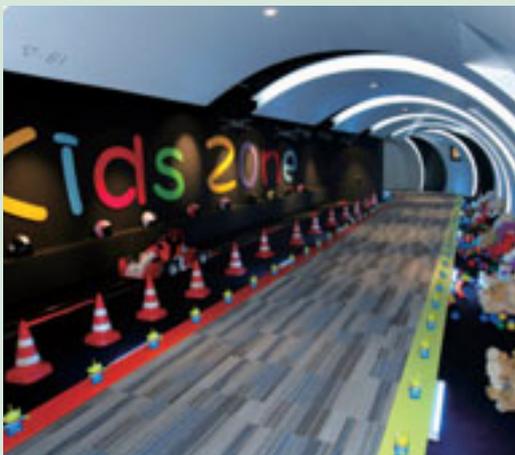
As a prime model of heritage revitalisation, this uniquely designed development has transformed the former marine police headquarters and is poised to become a new landmark in Tsim Sha Tsui.



The Capitol

Tseung Kwan O

This metropolitan development situated above the MTR station gives residents an enchanting lifestyle in a green environment, and sets a new benchmark for opulent living.



Schedule of Major Properties

Dated the 31st day of December, 2007

A. PROPERTIES FOR/UNDER DEVELOPMENT

Location	Lot Number	Group's Interest	Approx. Site Area (sq. m.)
Hong Kong			
CASA 880, Quarry Bay	Q.B.I.L. 4 various sec. of s.B	100.0%	1,230
Seasons Monarch, Kam Tin	Lot 2081 in D.D. 109	100.0%	48,634
1881 Heritage, Tsim Sha Tsui	K.I.L. 11161	100.0%	12,289
Celestial Heights, Ho Man Tin	K.I.L. 11124	90.0%	17,756
A site at Kowloon City	K.I.L. 4013 R.P.	100.0%	3,153
A site at Mid-level	I.L. 711 s.A	100.0%	592
A site at Ma On Shan	S.T.T.L. 548	100.0%	16,440
Central Park Towers (Phase 2), Tin Shui Wai	T.S.W.T.L. 24	98.5%	32,870
A site at Hung Shui Kiu	Lot 2064 in D.D. 121	50.0%	16,292
A site at Kowloon Tong	N.K.I.L. 5099	100.0%	4,265
A site at Tuen Mun	T.M.T.L. 334	100.0%	1,220
A site at Fung Yuen, Tai Po	T.P.T.L. 183	100.0%	126,290
A site at Lai Chi Kok	N.K.M.L. 21	100.0%	2,844
A site at Kwai Chung	K.C.T.L. 157	100.0%	4,645
A site at Aberdeen	A.I.L. 354	100.0%	2,006
A site at Fung Yuen, Tai Po	Various lots in D.D. 11	100.0%	70,277
A site at Yuen Long	Lot 1457 R.P. in D.D. 123 Y.L.	60.0%	799,977
A site at North District	Various lots	100.0%	168,921
Various sites at Yuen Long	Various lots	100.0%	189,732
Various sites at Tai Po	Various lots	100.0%	20,395
The Mainland			
Kerry Everbright City, Shanghai	–	24.8%	49,931
The Greenwich, Beijing	–	50.0%	179,179
Maison des Artistes, Shanghai	–	50.0%	50,728
Horizon Cove, Zhuhai	–	50.0%	100,568
Le Parc, Chengdu	–	50.0%	681,816
The Riverside and Metropolitan Plaza, Guangzhou	–	50.0%	71,281
Regency Park, Shanghai	–	50.0%	101,869
Le Sommet, Shenzhen	–	50.0%	223,692
The Greenwich, Xian	–	50.0%	480,925
Maqiao, Shanghai	–	42.5%	260,556
Jingyuetan, Changchun	–	50.0%	920,673
Regency Park, Shenzhen	–	50.0%	375,845

Approx. Floor Area Attributable to the Group (sq. m.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
9,840	Residential	Superstructure in progress	March, 2008
19,445	Residential	Superstructure in progress	June, 2008
13,023	Commercial/Hotel	Superstructure in progress	September, 2008
143,824	Residential/Commercial	Superstructure in progress	March, 2009
21,420	Hotel	Superstructure in progress	June, 2009
2,961	Residential	Foundation work	July, 2009
82,200	Residential	Foundation work	March, 2010
68,394	Residential	Foundation work completed	April, 2010
24,938	Residential	Foundation work	April, 2010
12,795	Residential	Demolition work	June, 2010
4,026	Residential	Demolition work	–
87,356	Residential	Planning	–
23,996	Residential/Commercial	Planning	–
–	Industrial	Planning	–
–	Industrial	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
23,266	Residential/Commercial	Interior finishing	January, 2008
13,650	Residential	Interior finishing	August, 2008
25,369	Residential/Commercial	Planning	December, 2010
1,188	Commercial	Interior finishing	January, 2008
44,088	Residential	Planning	December, 2009
75,167	Residential	Planning	March, 2010
4,864	Residential/Commercial	Superstructure in progress	March, 2008
73,131	Residential/Commercial	Superstructure in progress	September, 2008
50,284	Residential	Superstructure in progress	June, 2008
35,210	Residential	Superstructure in progress	August, 2008
60,842	Residential	Superstructure in progress	October, 2008
900,190	Residential/Commercial	Planning	–
93,970	Residential/Commercial	Superstructure in progress	September, 2008
77,394	Residential	Superstructure in progress	March, 2009
11,589	Residential	Superstructure in progress	September, 2008
6,159	Residential/Commercial	Planning	December, 2008
5,243	Commercial/Service apartment	Planning	March, 2009
31,968	Residential/Commercial	Superstructure in progress	September, 2008
61,744	Residential/Commercial	Site formation	September, 2009
51,749	Residential	Site formation	June, 2010
56,950	Residential	Superstructure in progress	September, 2008
67,482	Residential/Commercial	Superstructure in progress	June, 2009
396,994	Residential/Commercial	Planning	December, 2011
569	Residential	Planning	September, 2008
18,256	Residential	Planning	September, 2009
28,596	Residential	Foundation work	September, 2008
48,687	Residential	Planning	September, 2009
83,303	Residential	Planning	June, 2010
40,315	Residential/Commercial	Planning	June, 2011
28,633	Residential	Superstructure in progress	December, 2008
19,886	Residential	Superstructure in progress	March, 2009
30,167	Residential	Site formation	June, 2009

Schedule of Major Properties (continued)

A. PROPERTIES FOR/UNDER DEVELOPMENT (continued)

Location	Lot Number	Group's Interest	Approx. Site Area (sq. m.)
The Mainland (continued)			
Cape Coral, Chongqing	–	47.5%	128,212
Regency Oasis, Chengdu	–	50.0%	373,326
Laguna Verona, Dongguan	–	49.8%	2,565,083
Zhongxin Town, Luogang, Guangzhou	–	40.0%	225,548
Qiao Island, Zhuhai	–	50.0%	199,996
Nanguan, Changchun	–	50.0%	205,696
MTR Yingkoudao, Tianjin	–	40.0%	19,617
Shisanling, Beijing	–	50.0%	256,327
Xin Zha Road, Shanghai	–	30.0%	14,528
Century Avenue, Pudong, Shanghai	–	25.0%	50,849
Lujiazui, Pudong, Shanghai	–	50.0%	9,298
International Toys & Gifts Center, Guangzhou	–	30.0%	321,261
Cape Coral, Guangzhou	–	50.0%	287,286
Yinhuwan, Jiangmen	–	45.0%	1,333,308
Shun Yi, Beijing	–	100.0%	741,823
Heng Keng Reservoir, Guanlan, Shenzhen	–	50.0%	85,183
Laopu Pian, Jiangnan, Wuhan	–	50.0%	35,213
Aotou, Daya Bay, Huizhou	–	50.0%	80,051
Huaqiangbei, Futian, Shenzhen	–	40.0%	17,105
Douxi, Chongqing	–	50.0%	447,020
Hualou Jie, Jiangnan, Wuhan	–	50.0%	105,934
Changsha Wangcheng, Hunan	–	50.0%	556,420
Zengcheng, Guangzhou	–	50.0%	592,798
			1,519,834
Xiao Gang Wan, Qingdao	–	45.0%	311,774
Zhen Ru Fu Zhong Xin, Putuo, Shanghai	–	49.2%	177,262
Yangjiashan, Chongqing	–	47.5%	1,041,341
Overseas			
Marina Bay, Singapore	–	16.7%	53,331
Lots Road & Chelsea Harbour Phase 2, London, United Kingdom	–	47.5%	35,693

Approx. Floor Area Attributable to the Group (sq. m.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
55,288	Residential/Commercial	Superstructure in progress	December, 2008
52,534	Residential	Superstructure in progress	June, 2009
72,428	Residential/Commercial	Foundation work	December, 2009
69,494	Residential	Superstructure in progress	December, 2008
94,154	Residential/Commercial	Foundation work	December, 2009
81,348	Residential	Planning	September, 2010
49,503	Residential/Commercial	Foundation work	June, 2009
112,060	Residential/Commercial	Foundation work	December, 2009
807,379	Residential/Commercial	Planning	–
60,570	Residential/Commercial	Planning	August, 2009
32,174	Residential/Commercial	Planning	August, 2010
14,214	Residential	Planning	September, 2009
29,821	Residential	Planning	March, 2010
47,617	Residential	Planning	September, 2011
27,107	Residential	Planning	September, 2012
48,807	Residential/Commercial	Planning	September, 2009
50,350	Residential/Commercial	Planning	September, 2010
34,743	Residential/Commercial	Planning	June, 2011
92,859	Residential/Commercial	Foundation work	March, 2010
39,999	Residential	Planning	March, 2010
17,376	Commercial	Planning	March, 2010
54,154	Commercial	Planning	September, 2010
40,000	Commercial	Planning	June, 2011
51,402	Commercial	Planning	December, 2010
67,709	Residential	Planning	March, 2010
78,688	Residential/Commercial	Planning	December, 2010
48,738	Residential	Planning	March, 2010
32,479	Residential	Planning	June, 2011
60,887	Residential/Commercial/Hotel	Planning	December, 2012
48,738	Residential	Planning	–
95,477	Residential	Superstructure in progress	December, 2010
104,337	Residential	Site formation	December, 2011
245,280	Residential	Site formation	December, 2013
74,444	Residential/Commercial	Planning	December, 2010
81,372	Residential/Commercial	Planning	March, 2011
45,339	Residential/Commercial	Planning	June, 2011
34,199	Residential	Planning	June, 2012
39,287	Residential	Planning	June, 2013
74,802	Residential/Commercial	Superstructure in progress	September, 2011
205,116	Residential/Commercial	Planning	September, 2011
183,332	Residential/Commercial	Planning	September, 2011
323,770	Residential/Commercial	Planning	December, 2011
167,317	Residential/Commercial	Planning	March, 2012
–	Residential/Commercial	Planning	–
413,876	Residential/Commercial	Planning	–
354,240	Residential/Commercial/Hotel	Planning	–
1,466,886	Residential/Commercial	Planning	–
40,667	Residential/Commercial	Superstructure in progress	March, 2010
32,333	Residential/Commercial	Planning	March, 2012
37,778	Residential/Commercial	Demolition work	June, 2013

Schedule of Major Properties (continued)

B. PROPERTIES IN WHICH THE GROUP HAS A DEVELOPMENT INTEREST

Location	Lot Number	Approx. Site Area (sq. m.)
Hong Kong		
Caribbean Coast, Tung Chung	T.C.T.L. 5	67,901
The Capitol, Tseung Kwan O	T.K.O.T.L. 70	14,267
The Harbour Grand, North Point	I.L. 7106 s.A & Extension	6,816
Tai Wai Maintenance Centre	S.T.T.L. 529	70,597
Area 86, Tseung Kwan O (Package 2)	T.K.O.T.L. 70	31,490
Area 85, Tseung Kwan O	T.K.O.T.L. 90	19,480
Area 86, Tseung Kwan O (Package 3)	T.K.O.T.L. 70	13,587

C. PROPERTIES FOR INVESTMENT/OWN USE

Location	Lot Number	Group's Interest
Hong Kong		
The Center (portion), Central	–	100.0%
United Centre (portion), Admiralty	–	100.0%
Victoria Mall, Tsim Sha Tsui	–	42.5%
Hampton Loft, Tai Kok Tsui	–	100.0%
Metro Town, Tiu Keng Leng	T.K.O.T.L. 73	80.0%
Kingswood Ginza, Tin Shui Wai	T.S.W.T.L. 4	98.5%
Rambler Plaza, Tsing Yi	T.Y.T.L. 140	30.0%
Rambler Garden Hotel, Tsing Yi	T.Y.T.L. 140	30.0%
Rambler Oasis Hotel, Tsing Yi	T.Y.T.L. 140	30.0%
Harbour Plaza Resort City, Tin Shui Wai	T.S.W.T.L. 4	98.5%
Harbourview Horizon All-Suite Hotel, Hung Hom Bay	K.I.L. 11103	100.0%
Harbourfront Horizon All-Suite Hotel, Hung Hom Bay	K.I.L. 11110	100.0%
The Apex Horizon, Kwai Chung	K.C.T.L. 467 R.P.	100.0%
Harbour Plaza North Point	I.L. 8885	60.9%
Horizon Suite Hotel at Tolo Harbour, Ma On Shan	S.T.T.L. 461	51.0%
Harbour Plaza Metropolis, Hung Hom	–	50.0%
The Kowloon Hotel, Tsim Sha Tsui	–	50.0%
Conic Investment Building, Hung Hom	–	100.0%
8 Tung Yuen Street, Yau Tong	Y.T.M.L. 69	100.0%

Approx. Floor Area of the Development (sq. m.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
10,494	Residential	Superstructure in progress	November, 2008
136,240	Residential	Superstructure in progress	December, 2008
43,162	Hotel/Non-industrial	Superstructure in progress	December, 2008
100,372	Residential	Superstructure in progress	November, 2009
100,372	Residential	Planning	July, 2010
113,211	Residential	Planning	November, 2010
125,800	Residential	Superstructure in progress	November, 2009
100,680	Residential	Superstructure in progress	May, 2010
83,216	Residential	Foundation work completed	November, 2010
97,400	Residential	Planning	June, 2011
128,544	Residential	Planning	December, 2011

Approx. Site Area (sq. m.)	Approx. Floor Area Attributable to the Group (sq. m.)	Existing Use	Lease Term
–	113,169	Commercial	Medium Term Lease
–	3,512	Commercial	Long Lease
–	6,634	Commercial	Medium Term Lease
–	6,943	Commercial	Medium Term Lease
–	13,440	Commercial	Medium Term Lease
–	49,211	Commercial	Medium Term Lease
950	1,777	Commercial	Medium Term Lease
3,147	5,884	Hotel	Medium Term Lease
3,135	5,862	Hotel	Medium Term Lease
–	60,591	Hotel	Medium Term Lease
9,940	119,280	Hotel	Medium Term Lease
20,364	107,444	Hotel	Medium Term Lease
7,825	21,190	Hotel	Medium Term Lease
–	19,410	Hotel	Medium Term Lease
8,000	28,560	Hotel	Medium Term Lease
–	21,429	Hotel	Medium Term Lease
–	15,311	Hotel	Medium Term Lease
–	30,409	Industrial	Medium Term Lease
2,108	7,170	Godown	Medium Term Lease

Schedule of Major Properties (*continued*)C. PROPERTIES FOR INVESTMENT/OWN USE (*continued*)

Location	Lot Number	Group's Interest
The Mainland		
Sheraton Shenyang Lido Hotel, Shenyang	–	99.0%
Sheraton Chengdu Lido Hotel, Chengdu	–	70.0%
Harbour Plaza, Chongqing	–	50.0%
Metropolitan Plaza, Chongqing	–	50.0%
Lido Place, Beijing	–	40.0%
Oriental Plaza, Beijing	–	33.4%
Westgate Mall, Shanghai	–	30.0%
Kerry Everbright City, Shanghai	–	24.8%
Seasons Villas, Pudong, Shanghai	–	50.0%

Notes to Schedule of Major Properties:

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

Approx. Site Area (sq. m.)	Approx. Floor Area Attributable to the Group (sq. m.)	Existing Use	Lease Term
14,449	81,180	Hotel	Medium Term Lease
4,615	39,174	Hotel	Medium Term Lease
–	25,872	Hotel	Medium Term Lease
–	70,212	Commercial	Medium Term Lease
–	67,090	Commercial/Hotel/Serviced apartment	Medium Term Lease
–	191,232	Commercial/Hotel/Serviced apartment	Medium Term Lease
–	30,640	Commercial	Medium Term Lease
–	22,015	Commercial/Residential	Medium Term Lease
–	53,458	Residential	Long Lease

Consolidated Profit and Loss Account

For the year ended 31st December, 2007

	Note	2007 \$ Million	2006 \$ Million
Group turnover		13,277	10,951
Share of property sales of jointly controlled entities		2,165	4,395
Turnover	(3)	15,442	15,346
Group turnover		13,277	10,951
Investment and other income		5,485	1,306
Operating costs			
Property and related costs		(6,521)	(4,908)
Salaries and related expenses		(825)	(696)
Interest and other finance costs		(984)	(589)
Other expenses		(457)	(392)
		(8,787)	(6,585)
Share of net profit of jointly controlled entities		1,697	1,673
Increase in fair value of investment properties		1,815	1,936
Operating profit		13,487	9,281
Share of net profit of associates		15,682	10,211
Profit before taxation	(4)	29,169	19,492
Taxation	(5)	(1,197)	(1,213)
Profit for the year		27,972	18,279
Profit attributable to minority interests		(294)	(204)
Profit attributable to shareholders	(6)	27,678	18,075
Dividends			
Interim dividend paid at \$0.50 (2006 – \$0.46) per share		1,158	1,065
Final dividend proposed at \$1.95 (2006 – \$1.74) per share		4,517	4,031
		5,675	5,096
Earnings per share	(7)	\$11.95	\$7.80

Consolidated Balance Sheet

As at 31st December, 2007

	Note	2007 \$ Million	2006 \$ Million
Non-current assets			
Fixed assets	(8)	10,560	10,222
Investment properties	(9)	15,497	14,508
Associates	(11)	146,109	134,358
Jointly controlled entities	(12)	23,614	24,130
Investments available for sale	(13)	10,060	8,674
Long term loans		956	251
		206,796	192,143
Current assets			
Stock of properties	(14)	58,418	45,857
Debtors, deposits and prepayments	(15)	4,066	6,634
Investments held for trading	(16)	1,439	1,223
Derivative financial instruments		294	162
Bank balances and deposits		5,609	3,782
		69,826	57,658
Current liabilities			
Bank and other loans	(17)	8,872	6,872
Creditors and accruals	(18)	6,889	2,998
Derivative financial instruments		437	456
Provision for taxation		860	1,265
		52,768	46,067
Net current assets			
		259,564	238,210
Total assets less current liabilities			
Non-current liabilities			
Bank and other loans	(17)	23,655	27,609
Loan from joint development partner	(19)	4,000	4,000
Deferred tax liabilities	(20)	1,300	920
		28,955	32,529
Net assets			
		230,609	205,681
Representing:			
Share capital	(21)	1,158	1,158
Share premium		9,331	9,331
Reserves		216,714	189,933
Shareholders' funds			
		227,203	200,422
Minority interests		3,406	5,259
Total equity			
		230,609	205,681

Li Ka-shing
Director

Ip Tak Chuen, Edmond
Director

Balance Sheet

As at 31st December, 2007

	Note	2007 \$ Million	2006 \$ Million
Non-current assets			
Fixed assets	(8)	12	14
Subsidiaries	(10)	30,422	29,551
Associates	(11)	50	55
Jointly controlled entities	(12)	248	74
Long term loans		3	4
		30,735	29,698
Current assets			
Stock of properties	(14)	3	3
Debtors, deposits and prepayments	(15)	357	389
Bank balances and deposits		587	512
		947	904
Current liabilities			
Creditors and accruals	(18)	169	132
Provision for taxation		32	17
		746	755
Net current assets			
		746	755
Net assets			
		31,481	30,453
Representing:			
Share capital	(21)	1,158	1,158
Share premium		9,331	9,331
Reserves	(22)	20,992	19,964
		31,481	30,453
Total equity			
		31,481	30,453

Li Ka-shing
Director

Ip Tak Chuen, Edmond
Director

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2007

	Share capital and premium \$ Million	Investment Capital reserve \$ Million	revaluation reserve \$ Million	Exchange reserve \$ Million	Retained profits \$ Million	Minority interests \$ Million	Total \$ Million
Balance at 1st January, 2006	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
Profit for the year	-	-	-	-	27,678	294	27,972
Change in fair value of investments available for sale	-	-	3,723	-	-	3	3,726
Realised on disposal of investments available for sale	-	-	(607)	-	-	-	(607)
Exchange translation differences	-	-	-	178	-	11	189
Realised on disposal of jointly controlled entities/ unlisted associates	-	-	-	(125)	-	-	(125)
Share of reserves of jointly controlled entities/ unlisted associates	-	-	34	1,089	-	-	1,123
Total recognised income and expense	-	-	3,150	1,142	27,678	308	32,278
Change in minority interests	-	-	-	-	-	(1,982)	(1,982)
Dividend paid to minorities	-	-	-	-	-	(179)	(179)
Dividend paid to shareholders	-	-	-	-	(5,189)	-	(5,189)
Balance at 31st December, 2007	10,489	345	4,427	2,251	209,691	3,406	230,609

Consolidated Cash Flow Statement

For the year ended 31st December, 2007

	Note	2007 \$ Million	2006 \$ Million
Operating activities			
Cash generated from/(used in) operations	(a)	962	(16,930)
Investment in/advance to jointly controlled entities		(1,561)	(1,485)
Dividend/repayment from jointly controlled entities		2,705	3,214
Dividend from associates		3,825	3,694
Dividend from investments in securities		975	146
Interest received		407	505
Dividend paid to shareholders		(5,189)	(4,724)
Dividend paid to minorities		(179)	(32)
Profits tax paid		(1,222)	(136)
Net cash from/(used in) operating activities		723	(15,748)
Investing activities			
Net cash acquired upon associates becoming subsidiaries	(b)	74	–
Investment in/advance to associates		(26)	(1,552)
Repayment from associates		116	31
Disposal of associates		415	–
Investment in/advance to jointly controlled entities		(1,708)	(546)
Repayment from jointly controlled entities		1,904	–
Disposal of jointly controlled entities		2,593	–
Purchase of investments available for sale		(1,133)	(2,630)
Disposal/redemption of investments available for sale		4,448	2,521
Addition of investment properties		(4)	(862)
Addition of fixed assets		(505)	(574)
Net cash from/(used in) investing activities		6,174	(3,612)
Financing activities			
Borrowing of bank and other loans		7,353	16,689
Repayment of bank and other loans		(10,030)	(4,843)
Loan from joint development partner		–	4,000
Increase/(decrease) in funding from minorities		(622)	321
Interest and other finance costs paid		(1,771)	(1,335)
Net cash from/(used in) financing activities		(5,070)	14,832
Net increase/(decrease) in cash and cash equivalents		1,827	(4,528)
Cash and cash equivalents at 1st January		3,782	8,310
Cash and cash equivalents at 31st December	(c)	5,609	3,782

Notes:

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

	2007 \$ Million	2006 \$ Million
Profit before taxation	29,169	19,492
Interest income	(434)	(486)
Interest expenses	984	589
Dividend income from investments in securities	(980)	(146)
Share of net profit of jointly controlled entities	(1,697)	(1,673)
Share of net profit of associates	(15,682)	(10,211)
Profit on disposal of jointly controlled entities	(1,972)	–
Profit on disposal of associates	(412)	–
Increase in fair value of investment properties	(1,815)	(1,936)
Gain on investments available for sale	(1,309)	(280)
Depreciation	257	172
(Increase)/decrease in long term loans	(705)	109
Increase in investments held for trading	(200)	(223)
Increase in stock of properties	(10,676)	(17,755)
Decrease in customers' deposits received	(192)	(425)
(Increase)/decrease in debtors, deposits and prepayments	3,444	(5,316)
(Increase)/decrease in derivative financial instruments	(151)	536
Increase in creditors and accruals	3,190	638
Exchange difference and other items	143	(15)
	962	(16,930)

(b) Net cash acquired upon associates becoming subsidiaries

During the year, the Group acquired a further 23.7% interest in iBusinessCorporation.com Holdings Limited ("iBusinessCorporation"), a former associate in which the Group had a 49.6% interest immediately before the acquisition. After the acquisition, iBusinessCorporation and its subsidiaries became subsidiaries of the Group. The acquisition had no significant impact on the Group's results and financial position and its effect on the Group's cash flow was as follows:

	2007 \$ Million	2006 \$ Million
Bank balances and deposits acquired	83	–
Less: cash consideration paid	(9)	–
Net cash acquired	74	–

(c) Cash and cash equivalents

	2007 \$ Million	2006 \$ Million
Bank balances and deposits	5,609	3,782

Notes to Financial Statements

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 176 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 HKFRSs which are effective for accounting periods beginning on 1st January, 2007, the adoption has no significant impact on the Group's results and financial position, and disclosures have been made where appropriate in the financial statements as required by HKFRS 7 "Financial instruments: Disclosures" and amendment to Hong Kong Accounting Standard 1 "Presentation of financial statements: Capital disclosures". For those HKFRSs 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.

2. Principal Accounting Policies *(continued)*

(d) Jointly controlled entities

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

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

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 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 and losses of associates in excess of the Group's interests in the associates are not recognised unless the Group has incurred legal or constructive obligations.

(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. Purchases and sales of investments in securities are accounted for at trade-dates.

For investments held for trading, changes in fair value are included in the profit and loss account. For investments available for sale, changes in fair value are dealt with in the reserves and impairments are charged to the profit and loss account where there are significant or prolonged declines in fair value below costs.

Notes to Financial Statements (*continued*)

2. Principal Accounting Policies (*continued*)

(g) Fixed assets

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

Leasehold land is amortised over the remaining term of the lease on a straight-line basis. Buildings are depreciated at annual rates of 2% to 4% on the costs of the respective buildings. Other fixed assets are depreciated on a straight-line basis at annual rates of 5% to 33 $\frac{1}{3}$ % based on their respective estimated useful lives.

(h) Investment properties

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

(i) Long term loans

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

(j) Stock of properties

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

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

(k) Derivative financial instruments

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

(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.

2. Principal Accounting Policies *(continued)*

(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.

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, using the enacted 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, using the local enacted rates, on the estimated assessable profits of the individual company concerned.

Deferred tax liabilities are provided in full, based on the applicable enacted 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, based on the applicable enacted 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.

Notes to Financial Statements (*continued*)**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:

	2007 \$ Million	2006 \$ Million
Property sales	11,241	9,401
Property rental	792	624
Hotels and serviced suites	1,063	729
Property and project management	181	197
Group turnover	13,277	10,951
Share of property sales of jointly controlled entities	2,165	4,395
Turnover	15,442	15,346

During the year, the Group's overseas operating activities (including property sales of jointly controlled entities) were mainly in Singapore and the Mainland which accounted for approximately 12% and 7% 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	
	2007 \$ Million	2006 \$ Million	2007 \$ Million	2006 \$ Million	2007 \$ Million	2006 \$ Million
Property sales	5,114	4,513	516	1,070	5,630	5,583
Property rental	678	533	553	403	1,231	936
Hotels and serviced suites	244	150	301	217	545	367
Property and project management	95	84	–	–	95	84
	6,131	5,280	1,370	1,690	7,501	6,970
Investment and finance					4,939	1,077
Interest and other finance costs					(984)	(589)
Increase in fair value of investment properties						
Subsidiaries					1,815	1,936
Jointly controlled entities					598	564
Others					369	201
Taxation (excluding share of taxation of major listed associates)					(1,606)	(1,932)
Profit attributable to minority interests					(294)	(204)
					12,338	8,023
Share of net profit of major listed associates						
Hutchison Whampoa Limited					15,288	10,007
CK Life Sciences Int'l., (Holdings) Inc.					52	45
Profit attributable to shareholders					27,678	18,075

Notes to Financial Statements (*continued*)

4. Profit before Taxation

	2007 \$ Million	2006 \$ Million
Profit before taxation is arrived at after charging:		
Interest and other finance costs		
Bank loans and other loans repayable within 5 years	1,711	1,288
Other loans not repayable within 5 years	31	28
Loss on loan hedging	8	76
	1,750	1,392
Less: Amount capitalised (see note (a))	(766)	(803)
	984	589
Directors' emoluments (see note (b))		
Salaries, allowances and benefits in kind	96	93
Pension scheme contribution	9	9
Discretionary bonus	56	42
	161	144
Less: Amount paid back	(10)	(9)
	151	135
Auditors' remuneration	6	5
Costs of properties sold	5,036	3,752
Depreciation	257	172
Impairment – investments available for sale	260	211
Operating lease charges – properties	81	64
and after crediting:		
Net rental income	714	573
Interest income from banks	171	247
Interest income from jointly controlled entities/associates	159	156
Income from listed investments in securities		
Dividend income from equity securities	975	145
Interest income from debt securities	4	6
Income from unlisted investments in securities		
Dividend income from equity securities	5	1
Interest income from debt securities	28	54
Gain on disposal of investments available for sale	1,569	491
Gain on investments held for trading	162	225
Profit on disposal of associates	412	–
Profit on disposal of jointly controlled entities	1,972	–

Notes:

- (a) Interest was capitalised to property development projects at the average annual rate of approximately 4.5% (2006 – 4.5%) during the year.

4. Profit before Taxation (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 \$120,000 (2006 – \$100,000) each; and for those acting as members of the Audit Committee and/or Remuneration Committee, additional annual fee of \$130,000 (2006 – \$100,000) each is paid for the former and \$60,000 (2006 – \$50,000) each is paid for the latter. The emoluments of the Company's directors, excluding emoluments received by them from the Group's associates, are as follows:

	Director Fees \$ Million	Salaries, Allowances and Benefits in Kind \$ Million	Pension Scheme Contribution \$ Million	Discretionary Bonus \$ Million	Inducement or Compensation Fee \$ Million	2007 Total \$ Million	2006 Total \$ Million
Li Ka-shing ⁽¹⁾	0.01	–	–	–	–	0.01	0.01
Li Tzar Kuoi, Victor ⁽²⁾	0.12	31.54	3.15	10.33	–	45.14	42.17
Kam Hing Lam ⁽³⁾	0.12	15.39	1.54	0.50	–	17.55	17.46
Ip Tak Chuen, Edmond ⁽⁴⁾	0.12	12.62	1.26	5.50	–	19.50	17.47
Chung Sun Keung, Davy	0.12	7.85	0.78	10.50	–	19.25	16.31
Pau Yee Wan, Ezra	0.12	8.89	0.89	8.30	–	18.20	15.42
Woo Chia Ching, Grace	0.12	8.89	0.89	10.50	–	20.40	17.42
Chiu Kwok Hung, Justin	0.12	7.98	0.79	10.50	–	19.39	16.44
Leung Siu Hon	0.12	–	–	–	–	0.12	0.10
Fok Kin-ning, Canning	0.12	–	–	–	–	0.12	0.10
Frank John Sixt	0.12	–	–	–	–	0.12	0.10
Chow Kun Chee, Roland	0.12	–	–	–	–	0.12	0.10
George Colin Magnus	0.12	–	–	–	–	0.12	0.10
Kwok Tun-li, Stanley	0.31	–	–	–	–	0.31	0.25
Yeh Yuan Chang, Anthony	0.12	–	–	–	–	0.12	0.10
Simon Murray	0.12	–	–	–	–	0.12	0.10
Chow Nin Mow, Albert	0.12	–	–	–	–	0.12	0.10
Hung Siu-lin, Katherine	0.25	–	–	–	–	0.25	0.10
Wong Yick-ming, Rosanna	0.18	–	–	–	–	0.18	0.15
Cheong Ying Chew, Henry	0.25	–	–	–	–	0.25	0.20
Kwan Chiu Yin, Robert	0.09	–	–	–	–	0.09	0.20
Total for the year 2007	2.89	93.16	9.30	56.13	–	161.48	
Total for the year 2006	2.41	90.93	9.08	41.98	–		144.40

- (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 \$3,720,000 received by Mr. Li Tzar Kuoi, Victor from the Hutchison Whampoa Group and the director's fee of \$75,000 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 \$1,572,000 received by Mr. Kam Hing Lam from the Hutchison Whampoa Group and the directors' emoluments of \$2,175,000 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 \$1,875,000 received by Mr. Ip Tak Chuen, Edmond from Cheung Kong Infrastructure Holdings Limited and the directors' emoluments of \$675,000 received by him from CK Life Sciences Int'l., (Holdings) Inc. were paid back to the Company.

Notes to Financial Statements (*continued*)**5. Taxation**

	2007 \$ Million	2006 \$ Million
Hong Kong profits tax	806	833
Overseas tax	11	4
Deferred tax	380	376
	1,197	1,213

Hong Kong profits tax has been provided for at the rate of 17.5% (2006 – 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:

	2007 \$ Million	2006 \$ Million
Adjusted operating profit at Hong Kong tax rate of 17.5% (2006 – 17.5%)	2,426	1,748
Effect of tax rate differences at overseas locations	202	310
Effect of tax rate changes at overseas locations on deferred tax liabilities	(143)	–
Profit on disposal of jointly controlled entities	(345)	–
Profit on disposal of associates	(72)	–
Dividend income	(172)	(25)
Increase in fair value of investment properties	(14)	(17)
Profit on disposal of properties held for rental	(12)	(12)
Net effect of tax losses and deductible temporary differences utilised/not recognised	(109)	37
Net effect of non-assessable/deductible items	(173)	(128)
Others	(18)	9
	1,570	1,922
Less: Share of taxation of jointly controlled entities	(373)	(709)
	1,197	1,213

6. Profit Attributable to Shareholders

Profit attributable to shareholders dealt with in the profit and loss account of the Company is \$6,217 million (2006 – \$5,614 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 (2006 – 2,316,164,338 shares) in issue during the year.

8. Fixed Assets

Group	Land and buildings in Hong Kong \$ Million	Hotels and serviced suites		Other assets \$ Million	Total \$ Million
		in Hong Kong \$ Million	outside Hong Kong \$ Million		
Cost					
At 1st January, 2006	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
Translation difference	–	–	95	17	112
Additions/transfers	180	294	11	37	522
Disposals	–	–	–	(37)	(37)
At 31st December, 2007	640	9,865	1,451	1,059	13,015
Accumulated depreciation/ provisions					
At 1st January, 2006	–	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
Translation difference	–	–	13	13	26
Depreciation	–	137	31	89	257
Written back on disposals	–	–	–	(24)	(24)
At 31st December, 2007	–	1,519	226	710	2,455
Net book value					
At 31st December, 2007	640	8,346	1,225	349	10,560
At 31st December, 2006	460	8,189	1,163	410	10,222

At the balance sheet date:

- certain properties in Hong Kong with aggregate carrying value of \$8,771 million (2006 – \$8,473 million) and certain properties outside Hong Kong with aggregate carrying value of \$1,225 million (2006 – \$1,163 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 \$719 million (2006 – \$1,138 million) were pledged to secure bank loan facilities of these subsidiaries.

Notes to Financial Statements (*continued*)8. Fixed Assets (*continued*)

Company	Other assets	
	2007 \$ Million	2006 \$ Million
Cost		
At 1st January	194	187
Additions	4	7
Disposals	(9)	–
At 31st December	189	194
Accumulated depreciation		
At 1st January	180	169
Depreciation	6	11
Written back on disposals	(9)	–
At 31st December	177	180
Net book value at 31st December	12	14

9. Investment Properties

	2007 \$ Million	2006 \$ Million
Investment properties in Hong Kong		
At 1st January	14,508	11,710
Additions	4	862
Transfer to properties for/under development	(830)	–
Increase in fair value	1,815	1,936
At 31st December	15,497	14,508

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 \$14,908 million (2006 – \$13,971 million) and \$589 million (2006 – \$537 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 \$638 million (2006 – \$497 million) and \$37 million (2006 – \$6 million) respectively.

10. Subsidiaries

	2007 \$ Million	2006 \$ Million
Unlisted investments in subsidiaries	2,071	2,071
Amounts due from subsidiaries	38,002	33,914
Amounts due to subsidiaries	(9,651)	(6,434)
	30,422	29,551

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

11. Associates

	Group		Company	
	2007 \$ Million	2006 \$ Million	2007 \$ Million	2006 \$ Million
Listed investments in associates	28,676	28,676	–	–
Unlisted investments in associates	83	169	50	51
Share of results and reserves	117,033	105,134	–	–
	145,792	133,979	50	51
Amounts due from associates	317	393	–	5
Amounts due to associates	–	(14)	–	(1)
	146,109	134,358	50	55
Market value of investments in associates				
– listed in Hong Kong	192,562	172,988	–	–

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.

Notes to Financial Statements (continued)

12. Jointly Controlled Entities

	Group		Company	
	2007 \$ Million	2006 \$ Million	2007 \$ Million	2006 \$ Million
Unlisted investments in jointly controlled entities	6,380	4,542	–	–
Share of results and reserves	5,688	3,708	–	–
	12,068	8,250	–	–
Amounts due from jointly controlled entities	11,546	15,970	248	74
Amounts due to jointly controlled entities	–	(90)	–	–
	23,614	24,130	248	74

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:

	2007 \$ Million	2006 \$ Million
Non-current assets	14,599	13,170
Current assets	21,352	20,676
Current liabilities	(4,128)	(3,858)
Non-current liabilities	(7,158)	(6,306)
Income	4,945	6,733
Expenses	(2,832)	(4,296)

13. Investments Available for Sale

	2007 \$ Million	2006 \$ Million
Listed investments		
Equity securities – listed in Hong Kong	7,082	6,911
Equity securities – listed overseas	2,316	1,278
	9,398	8,189
Unlisted investments		
Equity securities	92	56
Debt securities	570	429
	662	485
	10,060	8,674

14. Stock of Properties

	Group		Company	
	2007 \$ Million	2006 \$ Million	2007 \$ Million	2006 \$ Million
Properties for/under development	25,952	22,743	–	–
Joint development projects	29,364	21,349	–	–
Properties for sale	4,643	3,498	3	3
	59,959	47,590	3	3
Less: Customers' deposits received	1,541	1,733	–	–
	58,418	45,857	3	3

Notes to Financial Statements (continued)

15. Debtors, Deposits and Prepayments

	Group		Company	
	2007 \$ Million	2006 \$ Million	2007 \$ Million	2006 \$ Million
Trade debtors	1,429	6,029	–	–
Deposits, prepayments and other debtors	2,637	605	357	389
	4,066	6,634	357	389

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.

At the balance sheet date, other debtors included mortgage loans of \$599 million (2006 – nil) pledged to secure bank loans utilised for such funding by a former associate which became a subsidiary during the year.

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

	2007 \$ Million	2006 \$ Million
Current to one month	1,395	6,000
Two to three months	25	19
Over three months	9	10
	1,429	6,029

16. Investments Held for Trading

	2007 \$ Million	2006 \$ Million
Listed investments		
Equity securities – listed in Hong Kong	363	193
Equity securities – listed overseas	196	73
Debt securities – listed overseas	–	137
	559	403
Unlisted investments		
Equity securities	–	439
Debt securities	880	381
	880	820
	1,439	1,223

17. Bank and Other Loans

	2007 \$ Million	2006 \$ Million
Bank loans repayable		
within 1 year	6,172	4,587
after 1 year but not exceeding 2 years	4,170	3,878
after 2 years but not exceeding 5 years	13,445	15,434
	23,787	23,899
Other loans repayable		
within 1 year	2,700	2,285
after 1 year but not exceeding 2 years	1,382	2,400
after 2 years but not exceeding 5 years	4,008	5,247
after 5 years	650	650
	8,740	10,582
	32,527	34,481
Less: Amounts classified under current liabilities	8,872	6,872
Amounts classified under non-current liabilities	23,655	27,609

At the balance sheet date:

- (a) bank loans amounting to \$786 million (2006 – \$299 million) were secured by certain assets of the Group;
- (b) other loans included fixed rate and floating rate bonds and notes issued by wholly owned subsidiaries and guaranteed by the Company as follows:
- (i) issued by Cheung Kong Finance Cayman Limited and listed on the Luxembourg Stock Exchange:

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

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\$	280,440,000	4.5% (1st quarter)/thereafter subject to equity linked terms, due November 2008 (issued in 2007)
US\$	2,524,000	4.7% (1st quarter)/thereafter subject to equity linked terms, due November 2008 (issued in 2007)
HK\$	300,000,000	6.68% (1st year)/0.60% (2nd to 4th year)/subject to terms (5th year) due February 2009 (issued in 2004)
HK\$	500,000,000	4.4% due April 2015 (issued in 2005)
HK\$	150,000,000	5.1% due April 2016 (issued in 2006)

Notes to Financial Statements (continued)

17. Bank and Other Loans (continued)

- (iii) issued by Joynote Ltd and listed on the Singapore Stock Exchange:
- | | | |
|-----|-------------|--|
| 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 approximated their fair values and carried interest at effective rates based on inter-bank offered rate of the relevant currency plus a margin less than 1% per annum, after hedging where appropriate, and the aggregate fair value of the derivative financial instruments used for hedging purposes amounted to a net liability of \$6 million (2006 – \$28 million).

18. Creditors and Accruals

	Group		Company	
	2007 \$ Million	2006 \$ Million	2007 \$ Million	2006 \$ Million
Trade creditors	3,239	263	–	–
Accruals and other creditors	3,650	2,735	169	132
	6,889	2,998	169	132

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

	2007 \$ Million	2006 \$ Million
Current to one month	3,186	214
Two to three months	24	30
Over three months	29	19
	3,239	263

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 in 2006 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 \$517 million (2006 – \$432 million) and \$783 million (2006 – \$488 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 \$3,338 million (2006 – \$3,022 million), of which \$60 million (2006 – \$108 million) expire within 5 years, were not recognised.

21. Share Capital

	2007	2006	2007	2006
	No. of shares	No. of shares	\$ Million	\$ 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	Retained profits	2007 Total	2006 Total
	\$ Million	\$ Million	\$ Million	\$ Million
At 1st January	199	19,765	19,964	19,074
Profit for the year	–	6,217	6,217	5,614
Dividend paid	–	(5,189)	(5,189)	(4,724)
At 31st December	199	20,793	20,992	19,964

The Company's reserves available for distribution to shareholders, including the proposed final dividend, amounted to \$20,793 million (2006 – \$19,765 million). Proposed final dividend for 2006 was approved by shareholders on 17th May, 2007 and paid on 22nd May, 2007.

Notes to Financial Statements (continued)

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	
	2007 \$ Million	2006 \$ Million
Future minimum lease income receivable		
not later than 1 year	717	496
later than 1 year and not later than 5 years	646	385
later than 5 years	2	–
	1,365	881

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	
	2007 \$ Million	2006 \$ Million	2007 \$ Million	2006 \$ Million
Future minimum lease charges payable				
not later than 1 year	51	53	33	40
later than 1 year and not later than 5 years	16	39	2	31
	67	92	35	71

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, 2007				
Property development	61,680	10,816	72,496	(8,859)
Property investment	16,197	9,352	25,549	(269)
Hotels and serviced suites	10,159	3,323	13,482	(504)
Property and project management	132	–	132	(61)
Total segment assets/(liabilities)			111,659	(9,693)
Investments in listed associates			145,250	–
Cash and investments in securities			15,232	–
Bank and other loans			–	(32,527)
Other assets/(liabilities)			4,481	(3,793)
Total assets/(liabilities)			276,622	(46,013)
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)

Notes to Financial Statements (continued)

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	
	2007 \$ Million	2006 \$ Million	2007 \$ Million	2006 \$ Million
Hong Kong	87,880	78,879	496	1,310
The Mainland	20,570	17,612	15	13
Asia	2,238	5,892	–	–
Europe	968	942	–	–
North America	3	3	–	–
	111,659	103,328	511	1,323

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

	Depreciation		Capital Expenditure	
	2007 \$ Million	2006 \$ Million	2007 \$ Million	2006 \$ Million
Property investment	–	–	186	902
Hotels and serviced suites	237	139	317	401
Property and project management	12	16	8	20
	249	155	511	1,323

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 – \$943 million (2006 – \$549 million)
 - jointly controlled entities – \$809 million (2006 – \$83 million)
 - others – \$334 million (2006 – Nil)
 - (ii) authorised but not contracted for
 - fixed assets – \$12 million (2006 – \$10 million)
 - jointly controlled entities – \$849 million (2006 – \$2,457 million)
- (b) the Group's share of capital commitments of the jointly controlled entities were as follows:
 - (i) contracted but not provided for – \$785 million (2006 – \$700 million)
 - (ii) authorised but not contracted for – \$3,072 million (2006 – \$2,938 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 42 years amounted to \$4,500 million;
- (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 (2006 – \$1,422 million); and
- (e) the Company provided guarantees for loan financing as follows:
 - (i) bank and other loans utilised by subsidiaries – \$31,421 million (2006 – \$34,182 million)
 - (ii) loan from joint development partner to a subsidiary – \$4,000 million (2006 – \$4,000 million)
 - (iii) bank loans utilised by jointly controlled entities – \$935 million (2006 – \$1,130 million) and certain subsidiaries provided guarantees for bank loans utilised by jointly controlled entities amounted to \$2,469 million (2006 – \$2,571 million).

Notes to Financial Statements (continued)

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 \$73 million (2006 – \$64 million) and forfeited contributions in the amount of \$4 million (2006 – \$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, loans and receivables, 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 85.6% of the Group's borrowings were in HK\$ with the balance in US\$ (or swapped into US\$), SGD and RMB mainly for the purpose of financing projects outside Hong Kong. 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. The fixed rate or equity linked bonds and notes issued by the Group have associated swaps arrangements in place to convert the rates and related terms to a floating rate basis.

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

(b) Risk management

Loan receivables normally carry interest at rates with reference to banks' lending rates and are secured by collaterals including charge on assets and guarantees. Trade debtors include mainly receivables arising from sale and lease of properties to the public. The Group has legal right to claim repossession of the properties in the event of default by purchasers/tenants. Regular review and follow-up actions are carried out on overdue amounts to minimise exposures 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.

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.

Notes to Financial Statements (*continued*)**28. Financial Risks and Management** (*continued*)**(b) Risk management** (*continued*)

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. If the fair values of the investments in securities and derivative financial instruments were 5% higher/lower at the balance sheet date, the Group's investment revaluation reserve would increase/decrease by approximately \$503 million (2006 – \$434 million) and the Group's profit for the year would not be significantly affected.

The Group's borrowings are subject to interest rate fluctuation. It is estimated that an increase/decrease of 1% in interest rates would increase/decrease the Group's finance costs for the year by approximately \$325 million (2006 – \$345 million), assuming the change in interest rates had been applied to the Group's bank and other loans at the balance sheet date which were kept constant throughout the year, and the amount of finance costs capitalised would increase/decrease by approximately \$142 million (2006 – \$199 million) based on the proportion of finance costs capitalised during the year.

(c) Liquidity management

The Group monitors its liquidity requirements on a short to medium term basis and arranges refinancing of the Group's borrowings when appropriate. With cash and marketable securities in hand, as well as available banking facilities, the Group's liquidity position remains strong and the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

The contractual undiscounted cash flows (including interest payments, after hedging where appropriate, computed at rates current at the balance sheet date) of the Group's borrowings by contractual maturities at the balance sheet date are as follows:

	2007 \$ Million	2006 \$ Million
Within 1 year	10,018	8,275
After 1 year but not exceeding 2 years	8,433	7,371
After 2 years but not exceeding 5 years	20,451	26,220
After 5 years	738	752
	39,640	42,618

29. Capital Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to its shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in notes (17) and (19), bank balances and deposits and shareholders' fund, comprising share capital, share premium and reserves as disclosed in the balance sheet. The Group reviews its capital structure on a regular basis and maintains a low gearing ratio determined as the proportion of the Group's net borrowings (after deducting bank balances and deposits) to shareholders' fund.

The gearing ratio at the balance sheet date is as follows:

	2007 \$ Million	2006 \$ Million
Bank and other loans	32,527	34,481
Loan from joint development partner	4,000	4,000
Total borrowings	36,527	38,481
Less: Bank balances and deposits	(5,609)	(3,782)
Net borrowings	30,918	34,699
Shareholders' fund	227,203	200,422
Gearing ratio	13.6%	17.3%

30. Approval of Financial Statements

The financial statements reported in Hong Kong dollars and set out on pages 124 to 167 were approved by the board of directors on 27th March, 2008.

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
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
Garbo Field Limited	HK\$ 2		100	Property development
Gingerbread Investments Limited (British Virgin Islands)	US\$ 1		100	Property development
Glass Bead Limited (British Virgin Islands)	US\$ 1		100	Property investment

Name	Issued Ordinary Share Capital Nominal Value	Effective percentage held by the Company		Principal Activities
		Directly	Indirectly	
Global Coin Limited	HK\$ 2		100	Property investment
Goodwell Property Management Limited	HK\$ 100,000		100	Property management
iBusinessCorporation.com Holdings Limited (British Virgin Islands)	US\$ 10,000		73.3	Financial planning, mortgage servicing & corporate insurance
Ideal Offer Limited (British Virgin Islands)	US\$ 1		100	Investment holding
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
Kingsmark Investments Limited	HK\$ 1		100	Property development & investment
Mega Gain Resources Limited	HK\$ 1		80	Property investment
Megawin International Limited (British Virgin Islands)	US\$ 1		100	Property development
Metrofond Limited	HK\$ 2		100	Property development
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
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
Ruby Star Enterprises Limited	HK\$ 1		100	Property development & investment
Sai Ling Realty Limited	HK\$ 10,000	100		Property development
Sino China Enterprises Limited	HK\$ 2		100	Hotels & serviced suites

Principal Subsidiaries (*continued*)

Name	Issued Ordinary Share Capital Nominal Value	Effective percentage held by the Company		Principal Activities
		Directly	Indirectly	
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
Tony Investments Limited	HK\$ 1		100	Property development
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
Union Ford Investments Limited	HK\$ 2		80	Property development
Volly Best Investment Limited	HK\$ 1		90	Property development
Wealth Pine Investment Limited	HK\$ 1		100	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	
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
Metro Broadcast Corporation Limited		50	Radio broadcasting
The Ming An (Holdings) Company Limited (Cayman Islands)		21	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		Principal Activities
	Directly	Indirectly	
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
Elegant Wealth Investment Limited	49		Property development
Extreme Selection Investments Limited (British Virgin Islands)		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

Name	Effective percentage of Ownership Interest held by the Company		Principal Activities
	Directly	Indirectly	
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
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
Willpower Developments Limited (British Virgin Islands)		50	Property development
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
Elegant Wealth Investment Limited	The Mainland
Extreme Selection Investments Limited	The Mainland
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
Shanklin Developments Limited	The Mainland
Sky Island Limited	The Mainland
Willpower Developments Limited	The Mainland
Zealand Limited	The Mainland

Extracts of Financial Statements of Hutchison Whampoa Limited

Appendix IV

Extracts of the 2007 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, 2007

	2007 \$ Million	2006 \$ Million
Company and subsidiary companies:		
Revenue	218,726	183,812
Cost of inventories sold	(73,977)	(67,114)
Staff costs	(29,325)	(25,729)
3 Group telecommunications expensed customer acquisition costs	(5,732)	(5,494)
Depreciation and amortisation	(38,872)	(33,091)
Other operating expenses	(56,448)	(50,860)
Change in fair value of investment properties	1,988	2,843
Profit (loss) on disposal of investments and others	(11,182)	23,290
Share of profits less losses after tax of:		
Associated companies before profit on disposal of investments	12,002	11,472
Jointly controlled entities	3,338	3,075
Associated company's profit on disposal of an investment	35,820	-
	56,338	42,204
Interest and other finance costs	(19,054)	(16,601)
Profit before tax	37,284	25,603
Current tax charge	(2,768)	(1,560)
Deferred tax charge	(1,651)	(1,417)
Profit after tax	32,865	22,626
Allocated as: Profit attributable to minority interests	(2,265)	(2,596)
Profit attributable to shareholders of the Company	30,600	20,030

Consolidated Balance Sheet

At 31st December, 2007

	2007 \$ Million	2006 \$ Million
ASSETS		
Non-current assets		
Fixed assets	181,342	140,181
Investment properties	43,680	41,657
Leasehold land	36,272	35,293
Telecommunications licences	91,897	89,077
Telecommunications postpaid customer acquisition and retention costs	8,771	10,532
Goodwill	31,520	21,840
Brand names and other rights	10,901	7,582
Associated companies	75,545	74,954
Interests in joint ventures	39,725	38,507
Deferred tax assets	17,619	17,159
Other non-current assets	5,082	3,762
Liquid funds and other listed investments	69,192	66,251
	611,546	546,795
Current assets		
Cash and cash equivalents	111,307	64,151
Trade and other receivables	55,374	44,188
Inventories	20,999	22,382
	187,680	130,721
Current liabilities		
Trade and other payables	90,029	66,487
Bank and other debts	50,255	22,070
Current tax liabilities	2,336	1,629
	142,620	90,186
Net current assets	45,060	40,535
Total assets less current liabilities	656,606	587,330
Non-current liabilities		
Bank and other debts	260,086	260,970
Interest bearing loans from minority shareholders	12,508	12,030
Deferred tax liabilities	17,957	15,019
Pension obligations	1,468	2,378
Other non-current liabilities	5,929	6,368
	297,948	296,765
Net assets	358,658	290,565

Extracts of Financial Statements of Hutchison Whampoa Limited *(continued)***Consolidated Balance Sheet *(continued)***

At 31st December, 2007

	2007 \$ Million	2006 \$ Million
CAPITAL AND RESERVES		
Share capital	1,066	1,066
Reserves	308,948	272,728
Total shareholders' funds	310,014	273,794
Minority interests	48,644	16,771
Total equity	358,658	290,565

Extracts of Financial Statements of CK Life Sciences Int'l., (Holdings) Inc.

Appendix V

Extracts of the 2007 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, 2007

	2007 \$'000	As restated 2006 \$'000
Turnover	2,091,592	2,047,622
Cost of sales	(1,355,539)	(1,266,015)
	736,053	781,607
Other income, gains and losses	45,788	78,958
Staff costs	(298,148)	(283,269)
Depreciation	(33,067)	(31,888)
Amortization of intangible assets	(33,005)	(22,282)
Other operating expenses	(349,699)	(389,745)
Gain on disposal of associates	2,712	–
Gain on disposal of a subsidiary	2,100	–
Finance costs	(34,232)	(37,866)
Share of results of associates	(5,510)	2,930
Profit before taxation	32,992	98,445
Taxation	82,319	(1,653)
Profit for the year	115,311	96,792
Attributable to:		
Equity holders of the Company	117,001	102,022
Minority interests	(1,690)	(5,230)
	115,311	96,792

Extracts of Financial Statements of CK Life Sciences Int'l., (Holdings) Inc. (continued)

Consolidated Balance Sheet

As at 31st December, 2007

	2007 \$'000	2006 \$'000
Non-current assets		
Property, plant and equipment	581,853	358,180
Prepaid lease for land	12,388	12,700
Intangible assets	3,770,114	3,077,477
Interests in associates	59,164	72,909
Convertible debentures issued by an associate	24,895	–
Available-for-sale investments	150,101	155,727
Investments at fair value through profit or loss	323,230	920,265
Deferred taxation	87,320	19,178
	5,009,065	4,616,436
Current assets		
Investments at fair value through profit or loss	55,104	12,709
Derivative financial instruments	18,428	19,544
Inventories	382,841	320,489
Receivables and prepayments	667,525	502,852
Deposit with financial institution	40,131	47,931
Bank balances and deposits	766,891	411,693
	1,930,920	1,315,218
Current liabilities		
Payables and accruals	(672,262)	(438,286)
Derivative financial instruments	(55,889)	(63,630)
Bank overdrafts	(13,391)	–
Bank loans	(125,901)	–
Finance lease obligations	(752)	(2,222)
Taxation	(15,949)	(16,057)
	(884,144)	(520,195)
Net current assets	1,046,776	795,023
Total assets less current liabilities	6,055,841	5,411,459
Non-current liabilities		
Bank loans	(710,546)	(322,877)
Finance lease obligations	(937)	(1,505)
Loan from a minority shareholder	(27,574)	(23,828)
Deferred taxation	(50,052)	(101,225)
	(789,109)	(449,435)
Total net assets	5,266,732	4,962,024

Consolidated Balance Sheet (continued)

As at 31st December, 2007

	2007 \$'000	2006 \$'000
Capital and reserves		
Share capital	961,107	961,107
Share premium and reserves	4,190,206	3,985,346
Equity attributable to equity holders of the Company	5,151,313	4,946,453
Minority interests	115,419	15,571
Total equity	5,266,732	4,962,024

Independent Auditor's Report

Deloitte.

德勤

TO THE MEMBERS OF CHEUNG KONG (HOLDINGS) LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Cheung Kong (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 124 to 167, which comprise the consolidated and the Company balance sheets as at 31st December, 2007, and the consolidated profit and loss account, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December, 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

DELOITTE TOUCHE TOHMATSU

Certified Public Accountants

Hong Kong

27th March, 2008

Listed Affiliated Companies



Hutchison Whampoa Limited



The results of 2007 reflect another year of strong results from the Hutchison Whampoa Group's established businesses and the continuing steady improvement of the 3 Group. Looking ahead, all of the Hutchison Whampoa Group's diversified businesses around the world are all solid, financially sound and well positioned to continue to progress.



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





Listed Affiliated Companies (*continued*)

Cheung Kong Infrastructure Holdings Limited



CKI's high quality investments have delivered steady income streams and its portfolio of infrastructure assets, comprising a high proportion of regulated businesses, has achieved robust organic growth over the years. This trend of predictable and growing profit contribution is expected to be sustained by its existing businesses in the years to come.



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





Listed Affiliated Companies (*continued*)

Hongkong Electric Holdings Limited



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

With the signing of the new Scheme of Control Agreement, much of the recent uncertainty surrounding the electricity industry in Hong Kong has been removed and Hongkong Electric can now focus on planning for the future so as to continue contributing to the economic development of Hong Kong.





Corporate Information and Key Dates

Board of Directors

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

* Also alternate director to Simon MURRAY

Audit Committee

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

Remuneration Committee

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

Company Secretary

Eirene YEUNG

Qualified Accountant

MAN Ka Keung, Simon

Chief Financial Officer

Andrew John HUNTER

Authorised Representatives

IP Tak Chuen, Edmond
Eirene YEUNG

Principal Bankers

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Mizuho Corporate Bank, Ltd.
Hang Seng Bank Limited
Canadian Imperial Bank of Commerce
The Bank of East Asia, Limited
BNP Paribas
Fortis Bank NV/SA, Hong Kong Branch
Bank of Communications Co., Ltd., Hong Kong Branch

Auditor

Deloitte Touche Tohmatsu

Legal Advisers

Woo, Kwan, Lee & Lo

Registered Office

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

Share Registrars and Transfer Office

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

Stock Codes

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

Website

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

Key Dates

Annual Results Announcement	27th March, 2008
Closure of Register of Members	15th to 22nd May, 2008 (both days inclusive)
Record Date for Final Dividend	22nd May, 2008
Payment of Final Dividend	27th May, 2008

This annual report 2007 (“Annual Report”) is available in both English and Chinese. Shareholders who have received either the English or the Chinese version of the Annual Report may request a copy in the language different from that received in writing to the Company’s Registrars, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

This Annual Report (in both English and Chinese versions) has been posted on the Company’s website at <http://www.ckh.com.hk>. Shareholders who have chosen to rely on copies of the Company’s Corporate Communications (including but not limited to annual reports, summary financial reports (where applicable), interim reports, summary interim reports (where applicable), notices of meetings, listing documents, circulars and proxy forms) posted on the Company’s website in lieu of the printed copies thereof may request the printed copy of the Annual Report.

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

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

The FSC logo identifies products which contain wood and virgin fibre from well-managed forests certified in accordance with the rules of the Forest Stewardship Council.



