

# Progressing on Solid Foundations



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

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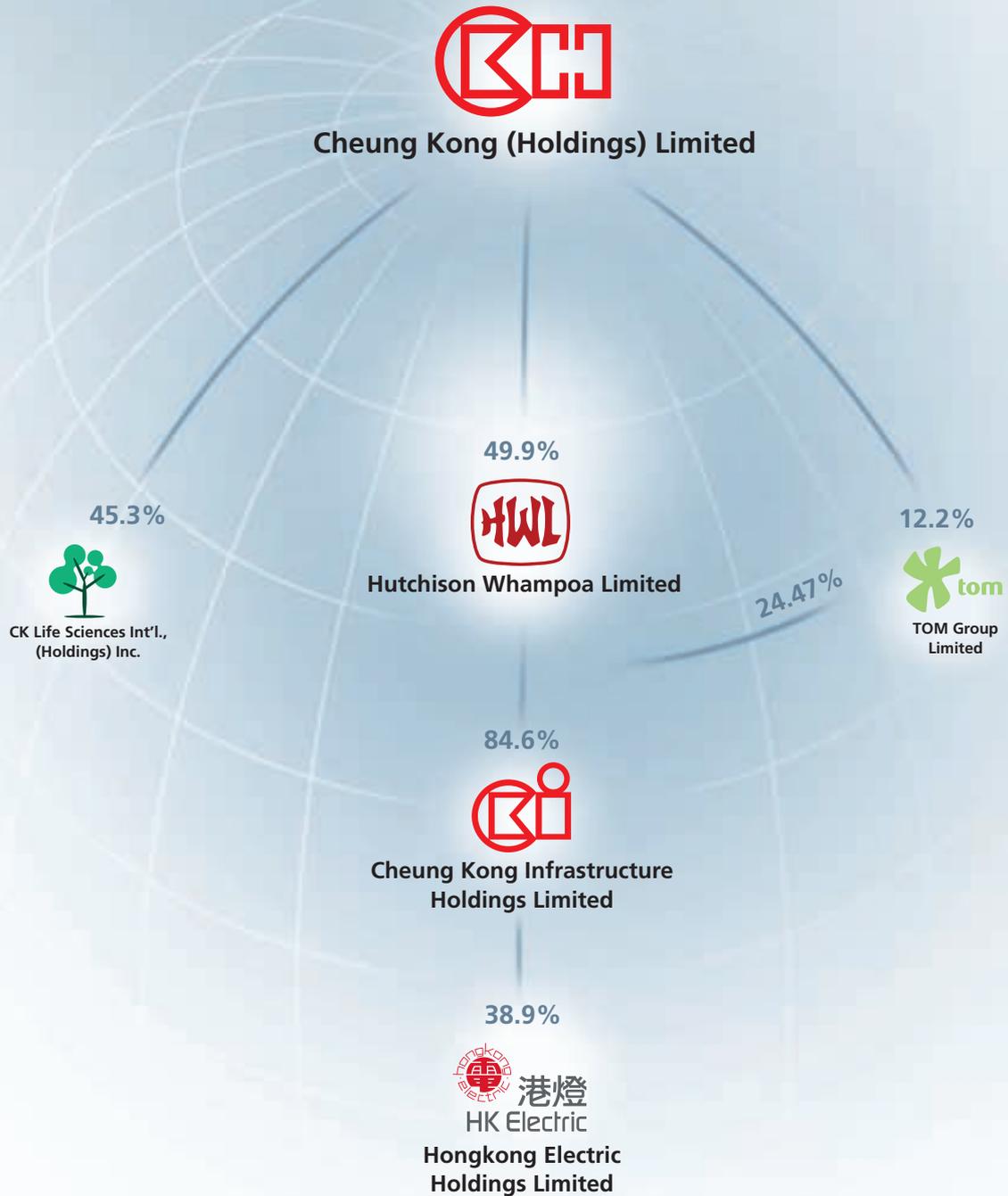
Annual Report 2008

# CONTENTS

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1	Group Structure
2	Group Financial Summary
3	Results Highlights
4	The Year at a Glance
10	Report of the Chairman and the Managing Director
16	Management Discussion and Analysis
24	Directors' Biographical Information
28	Senior Management's Biographical Information
34	Risk Factors
38	Report of the Directors
55	Corporate Governance Report
102	Highlights of Development Projects
108	Schedule of Major Properties
114	Financial Statements
153	Independent Auditor's Report
154	Listed Affiliated Companies
160	Corporate Information and Key Dates

# Group Structure



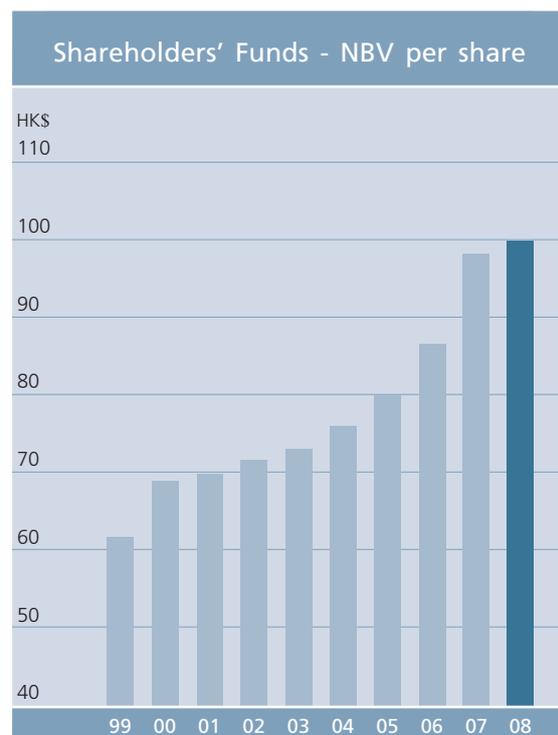
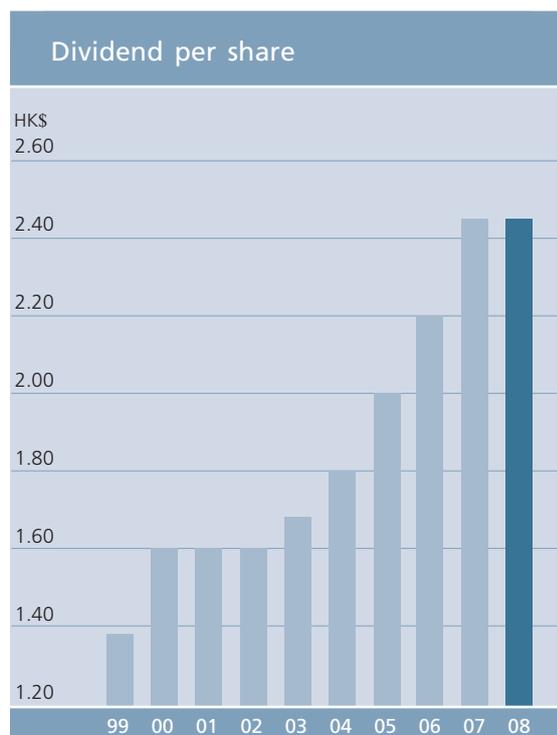
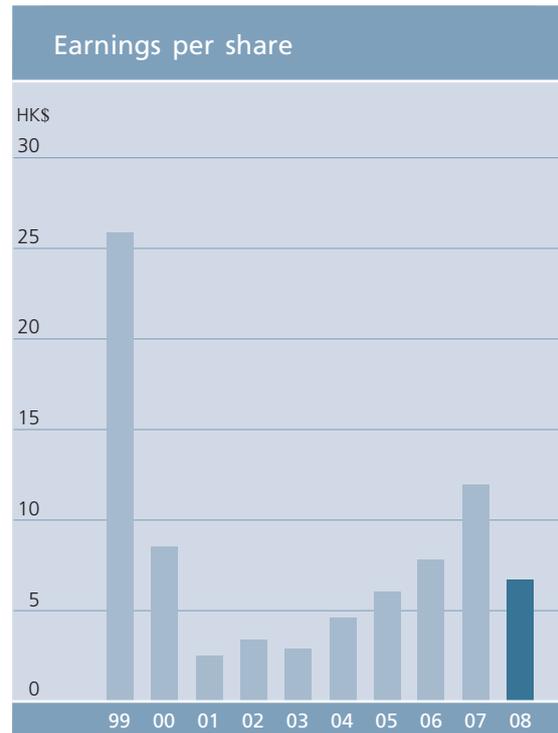
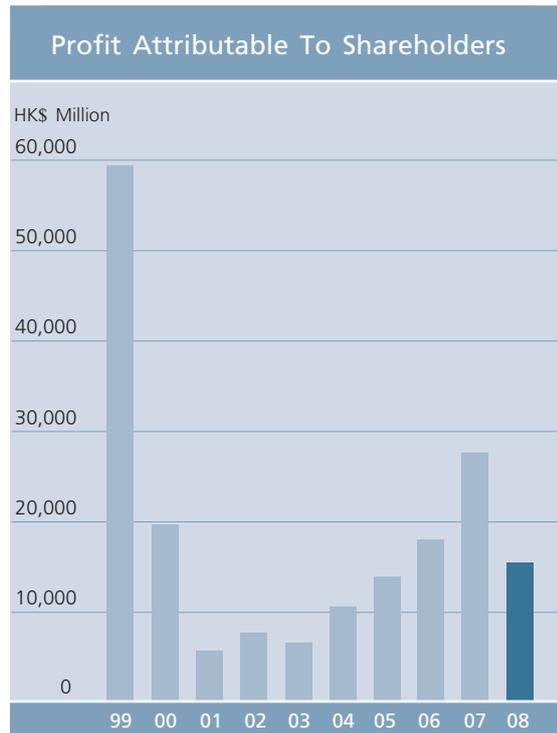
CHEUNG KONG GROUP  
TOTAL MARKET CAPITALISATION  
**HK\$519 Billion**

26th March, 2009

## Group Financial Summary

Consolidated Profit and Loss Account (HK\$ million)										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Turnover	8,193	9,341	7,486	9,122	14,336	18,431	14,358	15,346	15,442	16,436
Profit attributable to shareholders	59,405	19,678	5,792	7,835	6,724	10,700	13,995	18,075	27,678	15,518
Interim dividend paid	758	880	880	880	880	880	973	1,065	1,158	1,158
Final dividend proposed	2,412	2,826	2,826	2,826	3,011	3,289	3,659	4,031	4,517	4,517
Profit for the year retained	56,235	15,972	2,086	4,129	2,833	6,531	9,363	12,979	22,003	9,843
Consolidated Balance Sheet (HK\$ million)										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Fixed assets	9,530	3,167	3,274	6,762	6,987	7,385	9,612	10,222	10,560	11,624
Investment properties	11,760	12,039	11,476	11,999	9,876	10,545	11,710	14,508	15,497	15,670
Associates	103,518	117,264	118,657	121,387	121,617	124,444	126,281	134,358	146,109	151,008
Other non-current assets	24,544	29,769	33,805	31,270	30,673	30,123	30,421	33,055	34,630	35,162
Net current assets	9,376	14,554	17,979	18,359	20,435	26,784	31,126	46,067	52,768	56,659
Total assets less current liabilities	158,728	176,793	185,191	189,777	189,588	199,281	209,150	238,210	259,564	270,123
Bank and other loans	10,238	13,806	18,728	19,255	16,357	17,907	18,683	27,609	23,655	31,258
Loan from joint development partner	–	–	–	–	–	–	–	4,000	4,000	2,000
Deferred tax liabilities and others	138	194	189	316	354	428	544	920	1,300	1,359
Net assets	148,352	162,793	166,274	170,206	172,877	180,946	189,923	205,681	230,609	235,506
Representing:										
Share capital	1,149	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158
Share premium	7,856	9,331	9,331	9,331	9,331	9,331	9,331	9,331	9,331	9,331
Reserves	132,616	149,026	151,138	155,284	158,349	165,312	174,673	189,933	216,714	220,675
Shareholders' funds	141,621	159,515	161,627	165,773	168,838	175,801	185,162	200,422	227,203	231,164
Minority interests	6,731	3,278	4,647	4,433	4,039	5,145	4,761	5,259	3,406	4,342
Total equity	148,352	162,793	166,274	170,206	172,877	180,946	189,923	205,681	230,609	235,506
Shareholders' funds – NBV per share (HK\$)	61.64	68.87	69.78	71.57	72.90	75.90	79.94	86.53	98.09	99.80
Earnings per share (HK\$)	25.86	8.53	2.50	3.38	2.90	4.62	6.04	7.80	11.95	6.70
Dividend per share (HK\$)	1.38	1.60	1.60	1.60	1.68	1.80	2.00	2.20	2.45	2.45

## Results Highlights



## The Year at a Glance

## 1-3



2008 Annual Results Announcement

The Capitol, Tseung Kwan O



Grand Hyatt Beijing



Caring Companies

- ☞ The Group announced 2008 Annual Results on 26th March, 2009.
- ☞ Received the "Reader's Choice Awards – Best Hotel in Beijing" award for Grand Hyatt Beijing from *DestinAsian*.

- ☞ 74 members of the Cheung Kong Group were named Caring Companies – its fifth consecutive year to have the largest number of members being awarded.
- ☞ Release of The Capitol, Tseung Kwan O, the best-selling property in Hong Kong in 2008.

## 4-6

Participation in the Hong Kong leg of 2008 Beijing Olympics Torch Relay



2008 Reader's Digest Trusted Brand Awards



MTR Race Walking 2008



Donation to Elite Athlete Charitable Trust



-  Awarded the "Highest Fund Raising Corporate Team" in "MTR Race Walking 2008" organised by MTRC and Hong Kong Amateur Athletic Association.
-  Gold winner in the "2008 Reader's Digest Trusted Brand Awards – Property Developer category".

-  16 members of the Cheung Kong Group and Watsons Athletic Club participated in the Hong Kong leg of 2008 Beijing Olympics Torch Relay.
-  The Group donated HK\$100,000 to Elite Athlete Charitable Trust.

The Year at a Glance *(continued)*

## 4-6

Donation to aid earthquake relief efforts in Sichuan



Grand Hyatt Beijing

The Community Chest 2007/2008 Awards

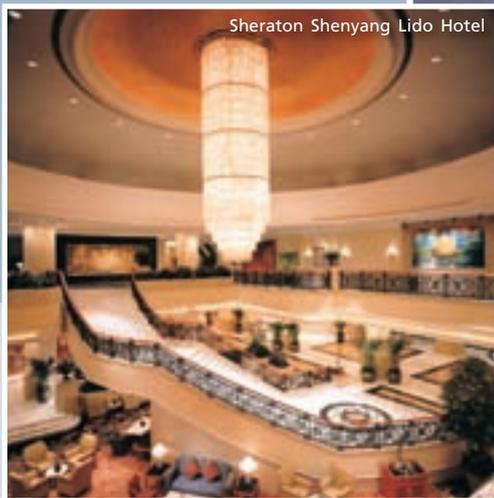


CKM The Group, Hutchison Whampoa Limited and the Li Ka Shing Foundation donated a total of approximately RMB160 million and HK\$5 million to aid earthquake relief efforts in Sichuan.

CKM Grand Hyatt Beijing was named "2008 Top 10 Most Favorite Business Hotels" in the 5th "Golden Pillow Award of China Hotels" by *21st Century Business Herald*.

CKM The Cheung Kong Group was ranked as the "Second Top Donor" in "The Community Chest 2007/2008 Awards" – its ninth consecutive year to be ranked amongst the top three donors.

## 4-6



- Ⓜ The Group received the “Hong Kong Enterprise Environmental Achievement Award” from the Hong Kong Environmental Protection Association.
- Ⓜ The Cheung Kong Group won the “Second Runner-up” of the Top Fund-raiser Award in The Community Chest Dress Special Day 2007.

- Ⓜ Launch of Celestial Heights, Ho Man Tin. It has the highest property sales turnover in Hong Kong in 2008 with the sales of HK\$12.2 billion.
- Ⓜ Sheraton Shenyang Lido Hotel was named “2008 the Most Favorite Business Hotel in Northeast China” in the 5th “Golden Pillow Award of China Hotels” by *21st Century Business Herald*.

The Year at a Glance *(continued)*

# 7-9

The Community Chest "Cheung Kong" Rainbow Fund

公益金「長江」及時雨基金  
捐款熱線 18282  
您捐幾多 長江集團捐幾多



- ☞ The Group has signed up to support the Government's carbon audit guidelines and become "Carbon Audit – Green Partners".
- ☞ The Cheung Kong Group continued its support to Community Chest "Cheung Kong" Rainbow Fund, an emergency relief plan initiated by the Community Chest.

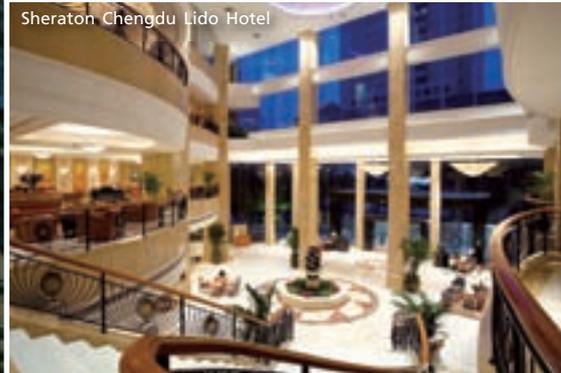


Carbon Audit – Green Partners

## 10-12



Grand Hyatt Beijing



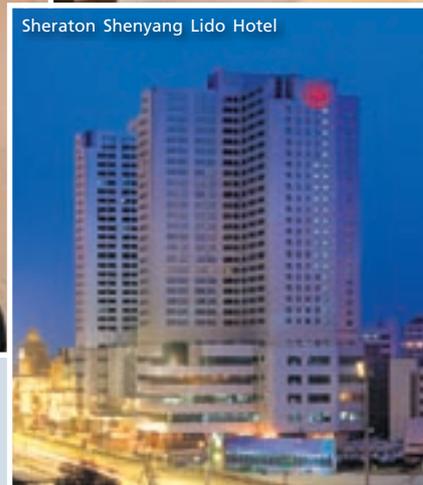
Sheraton Chengdu Lido Hotel



Grand Hyatt Beijing



HKIS Property Marketing Award



Sheraton Shenyang Lido Hotel

☞ Sausalito received “Top Ten Property Marketing Projects” and “Top Five Clubhouse Facilities Awards”, and Central Park Towers received “Top Ten Property Sales Brochures Awards” in HKIS Property Marketing Award Ceremony 2008.

☞ 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 “China Industry Awards 2008 – Best MICE Facility and Service Hotel” for Grand Hyatt Beijing from *Travel Weekly China*.

## Report of the Chairman and the Managing Director

Progressing  
on Solid Foundations



## HIGHLIGHTS

	<b>2008</b> <b>HK\$ Million</b>	2007 HK\$ Million	Change
Turnover*	<b>16,436</b>	15,442	+6%
Contribution from operating activities	<b>8,910</b>	7,501	+19%
Investment and finance	<b>268</b>	4,939	-95%
Increase in fair value of investment properties	<b>601</b>	2,413	-75%
Profit before share of results of Hutchison Whampoa Group	<b>6,693</b>	12,390	-46%
Share of profit of Hutchison Whampoa Group	<b>8,825</b>	15,288	-42%
Profit attributable to shareholders	<b>15,518</b>	27,678	-44%
Earnings per share	<b>HK\$6.70</b>	HK\$11.95	-44%
Dividend per share	<b>HK\$2.45</b>	HK\$2.45	

\* 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.

## PROFIT FOR THE YEAR

The Group's audited profit attributable to shareholders for the year ended 31st December, 2008 amounted to HK\$15,518 million (2007 – HK\$27,678 million). Earnings per share were HK\$6.70 (2007 – HK\$11.95).

The Group's audited profit attributable to shareholders amounted to HK\$15,518 million.

## DIVIDEND

The Directors recommend the payment of a final dividend of HK\$1.95 per share in respect of 2008, to shareholders whose names appear on the Register of Members of the Company on 21st May, 2009. This together with the interim dividend of HK\$0.50 per share gives a total of HK\$2.45 per share for the year (2007 – HK\$2.45 per share). The proposed final dividend will be paid on 26th May, 2009 following approval at the Annual General Meeting.

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

### PROSPECTS

#### **Solid Progress**

All of the Group's core operations progressed steadily in 2008 as we continue to achieve growth while minimising risks by adhering to our traditional philosophy of "advancing while maintaining stability, and maintaining stability while advancing". For the year ended 31st December, 2008, the Group's profit before share of results of the Hutchison Whampoa Group was HK\$6,693 million. We recorded increases in contribution from all of our operating activities, namely property sales, property rental, hotels and serviced suites, and property and project management. Returns from investment and finance reduced significantly compared to last year mainly as a result of the repercussions of the global financial crisis. The increase in the fair value of investment properties was substantially less than that of last year given current economic conditions.

With a sound balance sheet and low gearing, the Group has ample capacity to continue to build upon its position of strength in existing operations.

#### **Core Businesses**

The Group continued to enhance the value of its property portfolio in Hong Kong, the Mainland and in overseas markets. During the year under review, solid progress was made in all aspects of operation, covering land acquisition, project planning, design, development and marketing.

The global financial crisis, which gathered pace during the third quarter of 2008, has severely affected the world's economies. As an externally oriented economy, Hong Kong was no exception and a contraction in economic activities was recorded.

Property transactions and prices decreased as market sentiment was affected by the adverse impact of the global financial crisis. In the long run, however, the local property market will be on track for steady development as it is supported by long-term demand for residential properties and the government's effective land and housing policies, and will benefit from the solid and sustainable economic development in the Mainland. The Group will continue to seize suitable opportunities to acquire prime sites with good development potential at reasonable costs. Prospects for local property prices in the next two or three years are promising.

Revenue from property sales continues to be a key profit contributor and prime source of cash flow for the Group. The Group is well positioned to strengthen its property business with its optimal and balanced portfolio mix of diversified, high quality properties. Various development plans are progressing on schedule under a disciplined approach to investment, and in keeping with the long-standing policy of strengthening the Group's presence in Hong Kong, the Mainland, and in overseas markets. The Group's landbank in Hong Kong and the Mainland, comprising quality sites in prime locations with good accessibility, will underpin development plans over the next five to six years.

With regard to rental properties, the impact of the global financial crisis was reflected in the slowing leasing market in Hong Kong, but demand for premium properties remains solid. The Group will continue to enhance its existing portfolio and optimise its rental mix to ensure a steady stream of quality recurrent earnings.

### Listed Affiliated Companies

The Group continued to capitalise on the synergies created through strategic investments in listed affiliated companies. In 2008, all of the core businesses of those companies reported solid performances.

**The Hutchison Whampoa Group** The Hutchison Whampoa Group delivered a solid performance in 2008, with the operations of ports and related services, property and hotels, retail, energy and infrastructure, and Hutchison Telecommunications International achieving growth. The 3 Group reported improved results and reduced losses during the year. A decline in returns from finance and investment operations was recorded due to the higher profits on disposal of listed equity investments recognised in 2007. Profitability of the energy operations is expected to reduce significantly if oil prices stay at the current level. With a strong financial foundation and the solid progress made in 2008, the long-term prospects of the Hutchison Whampoa Group remain positive.

**CKI** Cheung Kong Infrastructure Holdings Limited ("CKI") delivered a steady performance in 2008, with an increase in profit contribution from operations over the previous year. The financial results were negatively impacted by mark-to-market adjustments arising from fluctuations in currency and financial markets. Upon the completion of the divestment of three power plants in the Mainland, CKI will realise the value of some of the mature projects in its portfolio, and its cash-rich position should further enhance its capacity to take advantage of acquisition opportunities in this challenging environment.

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

**HK Electric** Both the Hong Kong and international operations of Hongkong Electric Holdings Limited (“HK Electric”) delivered satisfactory operational performances in 2008. A new Scheme of Control Agreement was signed in 2008 and became effective on 1st January, 2009. This long-term regulatory framework will ensure a certain, steady stream of revenue for the shareholders of HK Electric over the next ten years, but HK Electric’s profitability will be affected as the permitted rate of return on average net fixed assets is now reduced to 9.99%. HK Electric will continue to look for international investment opportunities so as to increase the proportion of its earnings derived from its activities outside Hong Kong.

**CK Life Sciences** The 2008 performance of CK Life Sciences Int’l., (Holdings) Inc. (“CK Life Sciences”) has been significantly affected by external economic factors associated with the global financial crisis. Despite a satisfactory operational performance, profitability has been adversely impacted by treasury investments and by adverse fair value changes in financial instruments. CK Life Sciences will continue to strengthen its operating profit base and sustain its pace of expansion, which will, in turn, reduce its exposure to treasury activities.

### Looking Ahead

Global financial systems experienced unprecedented turbulence in the second half of 2008, and the magnitude of the repercussions has far exceeded general expectations. Looking ahead to 2009, global economies will continue to face a difficult year, and be overshadowed by the negative effects of the financial and credit crisis.

The Mainland, however, is well placed to recover at a faster pace than other countries. Its long-term economic prospects continue to be in good shape given its strong fundamentals, and the Central Government’s determination to maintain a GDP growth of about 8%, evidenced by huge capital spending programmes to revitalise the economy and various measures to be introduced shortly to boost the domestic demand.

Hong Kong will benefit from the positive China factor due to its close economic integration with the Mainland. While Hong Kong's economy is facing various challenges, the negative impact felt by the retail and hotel sectors was not as severe given the cushioning effect provided by the individual visit scheme introduced by the Mainland authorities. With the support of the Central Government's initiatives, the impact of external factors affecting Hong Kong will be mitigated to some extent, and Hong Kong is expected to sustain a degree of market stability. The local property market is poised to benefit from a new inflation cycle as soon as the current global economic stress eases.

The Group will address the various challenges in 2009 with prudence and diligence, and position itself to seize opportunities that emerge in these challenging times to develop and strengthen its businesses. Barring unforeseen circumstances, the Cheung Kong Group is expected to deliver satisfactory results. It has strong confidence in its long-term prospects.

Intelligent, creative, dedicated and loyal employees are the Group's most valuable assets in this extremely competitive and challenging global environment. 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, 26th March, 2009

# Management Discussion and Analysis

## BUSINESS REVIEW

### Major Business Activities

#### 1. Developments Completed during 2008:

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
Caribbean Coast La Mer	Tung Chung Town Lot No. 5	10,494	Joint Venture
Harbour Grand Hong Kong	Section A & extension of Inland Lot No. 7106 North Point	41,340	Joint Venture
The Capitol	Site F of The Remaining Portion of Tseung Kwan O Town Lot No. 70, 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%
Maison des Artistes Phases 1 to 3D and Commercial	Gubei, Shanghai	155,607	50%
Regency Park Phase VII	Pudong Huamu, Shanghai	23,688	50%
The Riverside Phase 2	Guangzhou	100,926	50%
Horizon Cove Phase 4	Zhuhai	99,791	50%
Kerry Everbright City Phase IIA	Zhabei District, Shanghai	94,006	24.75%

## 2. Developments in Progress and Scheduled for Completion in 2009:

<b>Name</b>	<b>Location</b>	<b>Total Gross Floor Area (sq. m.)</b>	<b>Group's Interest</b>
1881 Heritage	Kowloon Inland Lot No. 11161	13,023	100%
Celestial Heights	Kowloon Inland Lot No. 11124	159,804	90%
Harbour Plaza 8 Degrees	The Remaining Portion of Kowloon Inland Lot No. 4013	21,420	100%
Le Prestige	Site AB of The Remaining Portion of Tseung Kwan O Town Lot No. 70, Area 86 Tseung Kwan O	125,668	Joint Venture
MTR Tai Wai Station Residential Project Phase 1	Sha Tin Town Lot No. 529	100,372	Joint Venture
Regency Park Phase I	Jingyuetan, Changchun	61,277	50%
Regency Residence Phase 1A	Nanguan, Changchun	57,819	50%
Noble Hills Phases 1A and 1B	Changsha	101,474	50%
Le Parc Phase 1	Chengdu	192,106	50%
Cape Coral Phases 1A and 1B	Nanan, Chongqing	223,690	47.5%
The Riverside and Metropolitan Plaza Phases 1 and 3	Guangzhou	241,809	50%
Seasons Villas Phase 4A	Pudong Huamu, Shanghai	1,500	50%
Regency Park Phases VIA, VIII and VIIIA	Pudong Huamu, Shanghai	12,502	50%
Maqiao Project Phases 1A and 1B	Maqiao, Shanghai	19,945	42.5%

## Management Discussion and Analysis (continued)

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
Regency Park Phases 1 and 2	Guanlan, Shenzhen	97,275	50%
Le Sommet Phase 1	Shenzhen	63,382	50%
The Greenwich Phases 1A and 1B	Xian	257,082	50%
Kerry Everbright City Phase IIB	Zhabei District, Shanghai	55,150	24.75%

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

**Hong Kong**

- (1) 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 for conservation and residential purposes.
- (2) March 2008: A wholly owned subsidiary of the Group entered into a sale and purchase agreement with Nan Fung Development Limited ("Nan Fung") to dispose of the Group's 15% interest in the development at Site E of the Remaining Portion of Tseung Kwan O Town Lot No. 70 to Nan Fung. 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.
- (3) March 2008: A joint venture entered into by a wholly owned subsidiary of the Group and the owner of the land executed the particulars and conditions of exchange with the Government for the property at Tseung Kwan O Town Lot No. 90, Area 85, Tseung Kwan O. With an area of approximately 19,480 sq. m., the site is designated for a residential development estimated to have a developable gross floor area of about 97,400 sq. m.
- (4) August 2008: A wholly owned subsidiary of the Group entered into two participation agreements granting participation rights relating to the development of the sites at New Kowloon Inland Lot No. 5099 ("Site A") and at Section A of Inland Lot No. 711 ("Site B") respectively. With an area of approximately 4,265 sq. m. for Site A and approximately 592 sq. m. for Site B, both sites are designated for residential developments estimated to have a developable gross floor area of approximately 12,795 sq. m. and approximately 2,960 sq. m. respectively.

- (5) October 2008: A wholly owned subsidiary of the Group completed the acquisition of the site at 4-22 Alnwick Road, Kowloon Tong, New Kowloon Inland Lot No. 4782. With an area of approximately 4,229 sq. m., the site is designated for a residential development estimated to have a developable gross floor area of approximately 4,470 sq. m.
- (6) October 2008: The Company and a then wholly owned subsidiary of the Group entered into a development agreement with Tsuen Wan West TW7 Property Development Limited ("TW7"), with MTR Corporation Limited acting as TW7's agent, in respect of the development at Tsuen Wan Town Lot No. 403, Tsuen Wan, Hong Kong. With an aggregate area of approximately 23,742 sq. m., the site is earmarked for a residential development with a developable gross floor area of approximately 113,064 sq. m. In December 2008, the Group entered into a sale and purchase agreement with Nan Fung to dispose of the Group's 15% interest in the development to Nan Fung.
- (7) 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**

- (8) 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 gross floor area of about 329,000 sq. m. at the east of Ruilin Road and south of Huanbei Road, Jiading District, Shanghai, the Mainland for residential, commercial and office purposes.
- (9) 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 the east of Hongmei Park and north of Wuqing Road, Changzhou, the Mainland for development into residential properties.
- (10) March 2008: An indirect 50/50 joint venture company of the Group and the Hutchison Whampoa Group successfully bid for Land Parcel 727 at West Coast Crescent in Singapore with a site area of approximately 12,000 sq. m. for development into residential properties.
- (11) 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\$13,889 million (2007 – HK\$13,406 million), an increase of HK\$483 million when compared with last year, and comprised mainly the sale of the remaining residential units of four property projects completed in previous years, The Legend at Jardine's Lookout, Le Point, Central Park Towers Phase 1 and Sausalito in Hong Kong, and the sale of residential units of property projects completed during the year, including CASA 880, The Capitol and Seasons Monarch in Hong Kong, Maison des Artistes, Regency Park Phase VII and Kerry Everbright City Phase IIA in Shanghai, and The Riverside Phase 2 in Guangzhou.

Contribution from property sales, including share of results of jointly controlled entities, was HK\$6,547 million (2007 – HK\$5,630 million), an increase of HK\$917 million when compared with last year. Property sales slowed down in the second half year and property prices fell from their peaks as the economies of Hong Kong and the Mainland experienced a downturn in the wake of the global financial crisis.

Contribution from property sales for 2009 will mainly be derived from the sale of residential units of Celestial Heights Phases 1 and 2, MTR Tai Wai Station Residential Project Phase 1 and Le Prestige in Hong Kong, The Riverside Phase 3 in Guangzhou, Le Parc Phase 1 in Chengdu and several other property projects scheduled for completion.

The presale of residential units of Celestial Heights Phase 1 was launched during the year and almost all of the residential units available for presale were sold before the year end date.

### Property Rental

Turnover of the Group's property rental for the year was HK\$945 million (2007 – HK\$792 million), an increase of HK\$153 million when compared with last year as rental rates for retail shops and commercial office properties had since risen generally in Hong Kong before the global economic contraction casted a shadow on the local commercial leasing market in the fourth quarter of 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 52% 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\$1,449 million (2007 – HK\$1,231 million), an increase of HK\$218 million when compared with last year. During the first half year, demand for office space and retail shops at prime locations pushed rentals higher, and the Group's investment properties, including The Center and the commercial portion of Metro Town in Hong Kong, experienced rental income growth before the local economy was hit by the global financial crisis. An investment property project – 1881 Heritage, developed by the Group in Hong Kong, was completed in February 2009 and will soon make contribution to group profit.

At the balance sheet date, the Group accounted for an increase in the fair value of investment properties of HK\$134 million (2007 – HK\$1,815 million) based on a professional valuation, a decrease of HK\$935 million from the professional valuation at the interim balance sheet date, and shared an increase in the fair value of investment properties of HK\$467 million (2007 – HK\$598 million) of jointly controlled entities.

## Hotels and Serviced Suites

Turnover of the Group's hotels and serviced suites for the year was HK\$1,383 million (2007 – HK\$1,063 million), an increase of HK\$320 million when compared with last year as occupancy of Harbourview Horizon All-Suite Hotel and Harbourfront Horizon All-Suite Hotel increased gradually following their grand openings.

Contribution from hotels and serviced suites, including share of results of jointly controlled entities, was HK\$810 million (2007 – HK\$545 million), a significant increase of HK\$265 million when compared with last year as contribution from Harbourview Horizon All-Suite Hotel and Harbourfront Horizon All-Suite Hotel increased sharply with high occupancy, and other hotels and serviced suites properties, including those operated by jointly controlled entities, performed satisfactorily during the year although operating conditions have become difficult since the outbreak of the global financial crisis.

Harbour Grand Hong Kong, of which the Group has a joint development interest, was completed before the year end and will commence operation in 2009. Together with The Apex Horizon which has commenced operation recently, the Group's contribution from hotels and serviced suites will be uplifted. Furthermore, Harbour Plaza 8 Degrees, of which the Group has a 100% interest, is scheduled for completion in 2009 and the Group's portfolio of hotels and serviced suites properties in Hong Kong will be further expanded.

## Property and Project Management

Turnover of property and project management for the year was HK\$219 million (2007 – HK\$181 million), of which income from property management was HK\$157 million (2007 – HK\$150 million), an increase of HK\$7 million when compared with last year, and income from project related services was HK\$62 million (2007 – HK\$31 million), an increase of HK\$31 million when compared with last year.

Contribution from property management was HK\$98 million (2007 – HK\$93 million), an increase of HK\$5 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 84 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, 2008 of HK\$17,664 million (2007 – HK\$30,600 million).

The CK Life Sciences Group, another listed associate, reported loss attributable to shareholders for the year ended 31st December, 2008 of HK\$351,768,000 (2007 – profit of HK\$117,001,000).

## 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 in the total amount of HK\$2.3 billion with three-year, five-year and ten-year terms in Hong Kong under the retail note issuance programme and redeemed notes upon maturity in the total amount of HK\$2.7 billion.

In October 2008, the Group entered into a transaction with a financial institution whereby, for a total consideration of HK\$2.1 billion, certain overseas listed equity securities held by the Group were transferred to the other party at an inception price together with put options exercisable at 200% of the inception price at the end of a three-year period. It is expected that the price of the transferred equity securities is not likely to rise above the 200% level of the inception price within the three-year period and the put options will be exercised. Hence, the Group remains exposed to the risk of price fluctuation of the transferred equity securities below the 200% level of the inception price. Therefore, the total consideration received has been accounted for as a loan.

At the balance sheet date, the Group's bonds and notes, bank loans and other loans (including the financing transaction mentioned above and a loan from a joint development partner) amounted to HK\$8.3 billion, HK\$29.8 billion and HK\$6.1 billion respectively, and the Group's total borrowings were HK\$44.2 billion, an increase of HK\$7.7 billion from the end of last year. The maturity profile is spread over a period of ten years, with HK\$11 billion repayable within one year, HK\$32.1 billion within two to five years and HK\$1.1 billion beyond five years.

The Group's gearing ratio at the balance sheet date was approximately 16%, determined as the proportion of the Group's net borrowings (after deducting bank balances and deposits of HK\$7.2 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 81% 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\$1,097 million (2007 – HK\$1,318 million) to secure bank loan facilities utilised.

## Contingent Liabilities

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

- (1) guarantees provided for minimum share of revenue/profit receivable by other partners of joint development projects amounted to HK\$1,410 million (2007 – HK\$1,422 million); and
- (2) guarantees provided for bank loans utilised by jointly controlled entities amounted to HK\$1,534 million (2007 – HK\$3,404 million).

## Employees

At the balance sheet date, the Group employed approximately 7,900 employees for its principal businesses. The related employees' costs for the year (excluding directors' emoluments) amounted to approximately HK\$1,450 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 Léopold, Commandeur de la Légion d'Honneur, JP, aged 80, 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, a listed company, 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 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 44, 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 Deputy Chairman of Hutchison Whampoa Limited, the Chairman of Cheung Kong Infrastructure Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc., an Executive Director of Hongkong Electric Holdings Limited, Co-Chairman of Husky Energy Inc., all being listed companies, 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, the Greater Pearl River Delta Business Council and the Council for Sustainable Development of the Hong Kong Special Administrative Region, and Vice Chairman of the Hong Kong General Chamber of Commerce. He holds a Bachelor of Science degree in Civil Engineering and a Master of Science degree in Structural Engineering. Mr. Victor Li is a 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 a nephew of Mr. Kam Hing Lam, Deputy Managing Director of the Company.

**KAM Hing Lam**, aged 62, 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, all being listed companies. Mr. Kam is a member of the 11th 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 an 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 56, 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 ARA Asset Management Limited (an Asian real estate fund management company listed in Singapore), TOM Group Limited, CATIC International Holdings Limited, Excel Technology International Holdings Limited, Shougang Concord International Enterprises Company Limited and The Ming An (Holdings) Company Limited, all being listed companies, and a Director of ARA Asset Management (Singapore) Limited as the manager of Fortune REIT and ARA Trust Management (Suntec) Limited as the manager of Suntec REIT. Both Fortune REIT and Suntec REIT are listed in Singapore. 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 of the People's Republic of China.

**PAU Yee Wan, Ezra**, aged 53, 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 52, 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 58, 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 in Singapore), 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 in Singapore whereas Prosperity REIT is listed in Hong Kong. Mr. Chiu is also a director of ARA Fund Management (Asia Dragon) Limited as the manager of the ARA Asia Dragon Fund. Mr. Chiu has more than 29 years of international experience in real estate in Hong Kong and various countries. He is a member of the 11th Shanghai Committee of the Chinese People's Political Consultative Conference of the People's Republic of China and a Fellow of Hong Kong Institute of Real Estate Administrators, 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 77, 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 a cousin of Mr. Chow Kun Chee, Roland, a Non-executive Director of the Company.

**FOK Kin-ning, Canning**, aged 57, 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 Co-Chairman of Husky Energy Inc. All the companies mentioned above are listed companies. 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 57, is a Non-executive Director of the Company and has been a Director since 1991. He is the Non-executive 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. All the companies mentioned above are listed companies. 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 71, 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 a 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 73, 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, all being listed companies. He holds a Master's degree in Economics.

**KWOK Tun-li, Stanley**, aged 82, 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., a listed company, 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 85, 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, a listed company.

**Simon MURRAY**, CBE, aged 69, 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 an Independent Non-executive Director of a number of listed companies in Hong Kong including Arnhold Holdings Limited, Orient Overseas (International) Limited and USI Holdings Limited. He is also a director of Compagnie Financière Richemont SA, Sino-Forest Corporation and Vodafone Group Plc, all being listed companies.

**CHOW Nin Mow, Albert**, aged 59, 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 61, 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, Executive Committee 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 56, 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 11th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China, 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, a Non-executive Director of The Hongkong and Shanghai Banking Corporation Limited and a Director of 3 Italia S.p.A.

**CHEONG Ying Chew, Henry**, aged 61, 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. He is also an Independent Non-executive Director of Cheung Kong Infrastructure Holdings Limited, CNNC International 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. Mr. Cheong is an Executive Director and Deputy Chairman of Worldsec Limited, a company listed in London, and was previously an Independent Non-executive Director of FPP Japan Fund Inc (formerly known as FPP Golden Asia Fund Inc), a company listed in Ireland. Mr. Cheong is a member of the Securities and Futures Appeals Tribunal. Mr. Cheong holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management.

**KWAN Chiu Yin, Robert**, JP, aged 72, 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 51, 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 28 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 45, Senior Manager, joined the Group in October 1987. He has over 26 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 60, Manager, joined the Group in September 1993. She has over 36 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 53, Chief Manager, joined the Group in May 1990. He has over 31 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 50, Contracts Manager, joined the Group in November 1996. He has over 26 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 53, Contracts Manager, joined the Group in March 2000. He has over 30 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.

**Luk Wai Sang, Michael**, aged 47, Contracts Manager, joined the Group in June 1996. He has over 27 years of experience in quantity surveying. He holds a Diploma in Building Studies, a Diploma in Interior Design and a Diploma in Surveying (Quantity Surveying). He is a Registered Professional Surveyor, a PRC Registered Cost Engineer (H.K.), a professional member of The Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a member of Association of Cost Engineers, a member of Hong Kong Institute of Project Management and a member of Australian Institute of Project Management.

**Wong Tak On, Andy**, aged 45, Contracts Manager, joined the Group in May 1997. He has over 21 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 49, Contracts Manager, joined the Group in June 1987. He has over 27 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 46, Manager, joined the Group in February 1990. She has over 24 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 48, Manager & Secretary to Chairman, joined the Group in March 1993. She has over 29 years of experience in secretarial and office management. She holds a Bachelor of Social Sciences degree.

### China Department

#### Beijing

**Chan Yuet Ming, Louis**, aged 49, General Manager, Beijing Po Garden Real Estates Development Company Limited and Beijing Chang Le Real Estate Development Company Limited, joined the Group in October 1992. He is also the General Manager of CKH (China) Investment Company Limited. He has over 24 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 Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a member of the Hong Kong Institute of Architects and a member of the Chinese People's Political Consultative Conference (Dong Cheng District, Beijing).

**Leung Shau Yung, Fabian**, aged 46, Project Manager, Chang Le Project, joined the Group in May 1997. He has over 20 years of experience in project management. He holds a Bachelor of Science degree in Architecture and a Bachelor of Architecture degree. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of the Hong Kong Institute of Architects.

#### Beijing Office

**Wang Qi, James**, aged 45, Manager, Business Development, joined the Cheung Kong Group in September 1991. He has over 23 years of experience in business development. He is the Chief Representative of the Beijing Office of the Company. He is also the Deputy General Manager and Chief Corporate Affairs Officer of Beijing Oriental Plaza Company Limited. He holds a Master's degree in Management Science.

#### Guangzhou

**Tang Sek Wai, Max**, aged 49, Project Manager, Guangzhou Project, joined the Group in November 1986. He is the General Manager of Regal Lake Property Development Limited Guangzhou. He has over 23 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 51, Project Manager, Guangzhou Project, joined the Group in June 1994. He has over 31 years of experience in project management. He holds a Higher Certificate in Construction Technology.

**Wu Kwok Leung, Eddy**, aged 52, Finance Manager, Guangzhou Project, joined the Group in May 2008. He has over 32 years of experience in accounting. He holds a Diploma in Chinese Law and a Professional Diploma for Financial Controllers & Finance Directors of Foreign Investment & Foreign Enterprise in China.

#### Shanghai

**Lam Yuk, Bruce**, aged 40, Project Manager, Shanghai Project, joined the Group in June 1998. He is the General Manager of Shanghai Changrun Jianghe Property Development Company Limited. He has over 15 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 50, Project Manager, Shanghai Project, joined the Group in August 2007. She is the General Manager of Shanghai Cheung Tai Property Development Limited, 上海聯雅投資諮詢有限公司 and 上海和雅房地產開發有限公司. She has over 22 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 Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a member of The Royal Institute of British Architects and a member of the Hong Kong Institute of Architects.

**Au Hoe Kye, Quincy**, aged 53, Finance Manager, Shanghai Project, joined the Group in September 1994. He has over 21 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 59, E & M Manager, Shanghai Project, joined the Group in December 2006. He has over 34 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

**Hui Tung Keung, Tommy**, aged 46, Business Development Manager, China Hotels, joined the Group in January 1994. He is the General Manager of Lido Hotel Company Limited in Beijing. He has over 25 years of experience in accounting, hotel and property management. He holds a Master's degree in Business Administration.

**Lee Chi Kin, Casey**, aged 46, Business Development Manager, China Hotels, joined the Group in August 1998. He is responsible for the Group's business investment in Sheraton Shenyang Lido Hotel. He has over 24 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 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).

**Chu Yu Fai, Kenneth**, aged 56, Business Development Manager, China Hotels, joined the Group in July 1994. He is responsible for the Group's business investment in Sheraton Chengdu Lido Hotel. He has over 30 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.

**Cheung Sau Ying, Dorothy**, aged 47, Finance Manager, China Hotels, joined the Group in August 2000. She is the Deputy Director of Finance of Lido Hotel Company Limited in Beijing. She has over 26 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 53, Project Manager, China Hotels, joined the Group in June 1998. He is the Project Manager of Shenyang Lido Business Company Limited. He has over 34 years of experience in hotel construction, E & M engineering and property management.

#### Company Secretarial Department

**Yeung, Eirene**, aged 48, Director, Corporate Strategy Unit and Company Secretary, joined the Group in August 1994. She has over 24 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, the Group Managing Director of Cheung Kong Infrastructure Holdings Limited; the Company Secretary of Cheung Kong Infrastructure Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc.; and a Director of ARA Asset Management (Singapore) Limited. She is a 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.

**Pao Ting Ting, Nicole**, aged 35, Senior Manager, joined the Group in November 2008. She has over 10 years of experience in corporate finance and commercial legal work, listing, regulatory and compliance. She holds a Bachelor of Commerce in Accounting & Finance and a Master of Laws in Corporate & Financial Law. She is a Certified Practising Accountant of CPA Australia and a solicitor of the High Court of the Hong Kong Special Administrative Region.

**Tse Kwok Yee, Erica**, aged 34, Senior Manager, joined the Group in September 2002. She has over 11 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.

## Senior Management's Biographical Information (continued)

**Ng Chi Leung, Calvin**, aged 35, Manager, joined the Group in March 2007. He has over 10 years of experience in the legal field. He holds a Bachelor's degree in Laws and is a solicitor of the High Court of the Hong Kong Special Administrative Region.

**Chan Siu Yin, Bomie**, aged 38, Manager, joined the Group in April 2007. She has over 15 years of experience in company secretarial, accounting, finance and the auditing field. She holds a Master of Science degree in Accountancy and a Graduate Diploma in China Business Law. 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 37, Manager, joined the Group in September 2004. She has over 13 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.

**Chan Ho Choi, Bons**, aged 44, Manager, joined the Group in March 1997. He has over 18 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.

### Construction Audit & Quality Assurance Department

**Tsui Ying Kit, Simon**, aged 49, Manager, joined the Group in March 1976. He has over 28 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 48, 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 24 years of experience in public relations, marketing communications and corporate affairs. She holds a Bachelor's degree in Business Administration.

**Tsui Sau Yuen, Anita**, aged 45, Deputy Chief Manager, joined the Group in August 2005. She has over 20 years of experience in advertising and marketing communications. She holds a Diploma in Journalism.

**Cheong Yuen Mei, Winnie**, aged 40, Deputy Chief Manager, joined the Group in March 1999. She has over 18 years of experience in public relations and corporate affairs. She holds a Bachelor of Arts degree with Honours in Philosophy.

**Lai Man Yee, Emily**, aged 41, Senior Marketing Communications Manager, joined the Group in April 1995. She has over 17 years of experience in advertising and marketing communications. She holds a Bachelor of Business Administration degree with Honours.

**Cheung Yim Lam, Carolina**, aged 35, Corporate Affairs Manager, joined the Group in May 2003. She has over 12 years of experience in public relations and corporate affairs. She holds a Bachelor of Social Science degree with Honours in Journalism and Communication.

**Wong Lai Ting, Jessica**, aged 31, Marketing Communications Manager, joined the Group in October 2007. She has over 5 years of experience in the marketing communications field. She holds a Higher Diploma in Mathematics, Statistics & Computing and a Bachelor of Science in Statistics & Computing with Honours.

### Corporate Business Development

**Ma Lai Chee, Gerald**, aged 41, 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. He is also Alternate Director to Mr. Peter Wong, Executive Director of Hutchison Telecommunications International Limited and a Non-Executive Director of The Ming An (Holdings) Company Limited and ARA Asset Management (Prosperity) Limited as the manager of Prosperity Real Estate Investment Trust ("Prosperity REIT"). He is also Alternate Director to Mr. Ip Tak Chuen, Edmond in respect of certain of his directorships, namely, ARA Trust Management (Suntec) Limited as the manager of Suntec Real Estate Investment Trust ("Suntec REIT") and ARA Asset Management (Singapore) Limited as the manager of Fortune Real Estate Investment Trust ("Fortune REIT"). Prosperity REIT is listed on The Stock Exchange of Hong Kong Limited whereas Suntec REIT and Fortune REIT are listed on the Singapore Exchange Securities Trading Limited. He has over 19 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 and a member of the Finance Committee of The Scout Association of Hong Kong. He is also 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 38, 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 16 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 37, Senior Manager, joined the Cheung Kong Group in July 2000. He has over 14 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 29, Manager, joined the Cheung Kong Group in August 2000. She has over 8 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 40, Senior Manager, joined the Group in July 1995. She has over 15 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 41, Design Manager, joined the Group in November 2006. He has over 15 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 57, Chief Manager, Construction Management Division, joined the Group in September 1989. She has over 27 years of experience in project management. She holds a Bachelor of Arts degree in Sociology and a Bachelor of Architecture degree. She is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of the Hong Kong Institute of Architects.

**Chan Ho Kei, Kevin**, aged 36, Project Manager, joined the Group in June 2003. He has over 10 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Master's degree in Architecture. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of the Hong Kong Institute of Architects.

**Chan Hon Shing**, aged 47, Project Manager, joined the Group in December 1995. He has over 22 years of experience in architectural profession and project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Bachelor of Architecture degree. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of the Hong Kong Institute of Architects.

**Chan Kwok Keung, Dennis**, aged 41, Project Manager, joined the Group in May 1997. He has over 15 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architecture, a Master's degree in Architecture, and a Master's degree in Business Administration in Digital Technologies Management. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a member of the Hong Kong Institute of Architects, and a member of the Chartered Institute of Arbitrators.

**Chu Tak Kwong, Andy**, aged 48, Project Manager, joined the Group in June 1998. He has over 24 years of experience in architectural profession and project management. He holds a Bachelor's degree in Architecture. He is a Registered Architect, an Authorized 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 50, Project Manager, joined the Group in May 1995. He has over 25 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 41, Project Manager, joined the Group in November 2003. He has over 13 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 Authorized 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 45, Project Manager, joined the Group in January 1999. He has over 19 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Bachelor of Architecture degree. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a member of The Royal Institute of British Architects and the Hong Kong Institute of Architects and an associate member of The Chartered Institute of Arbitrators.

**Pun Wing Chiu, Anthony**, aged 45, Project Manager, Structural, joined the Group in September 1999. He has over 21 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 37, Project Manager, joined the Group in June 2001. He has over 12 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies, a Master's degree in Architecture and a Postgraduate Diploma in Construction Project Management. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a member of the Hong Kong Institute of Architects and a member of Hong Kong Institute of Construction Managers.

**Mak Kwok Keung, Charles**, aged 47, Senior Construction Manager, joined the Group in January 1994. He has over 26 years of experience in construction management. He holds a Postgraduate Diploma in Construction Management.

**Wong Yin Li, Raymond**, aged 52, Senior Construction Manager, joined the Group in November 1989. He has over 23 years of experience in construction management. He holds a Higher Diploma in Building Technology and Management.

#### E & M Department

**Lo Kin Hing, Isaac**, aged 47, Senior Manager, joined the Group in April 2003. He has over 22 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.

## Senior Management's Biographical Information (continued)

### Finance Department

**Andrew J. Hunter**, aged 50, 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 25 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 53, Chief Manager, joined the Group in September 2001. She has over 29 years of experience in human resources and administration management. She is a member of the Hong Kong Management Association and of the Hong Kong Institute of Human Resource Management.

**Pau Shiu Yung, Anita**, aged 52, Senior Manager, Administration, joined the Group in December 1977. She has over 31 years of experience in office administration management. She is a member of the Hong Kong Institute of Human Resource Management.

**Ng Po Lung**, aged 47, Manager, Administration, joined the Group in November 1993. He has over 24 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 40, Manager, Human Resources, joined the Group in April 2002. He has over 16 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 41, Senior Manager, joined the Cheung Kong Group in August 2000. He has over 17 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 38, System Manager, joined the Group in November 1994. He has over 14 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 53, Senior Manager, joined the Group in November 1987. He has over 31 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.

**Tse Chun Wai, Richard**, aged 42, Senior Manager, joined the Group in January 2009. He has over 17 years of experience in auditing. He holds a Master's degree in Business Administration, a Master of Science degree in Information Systems Management and a Master of Science degree in Investment Management. He is a fellow member of The Association of Chartered Certified Accountants, an associate member of The Chartered Institute of Management Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

### Leasing Department

**Wong See Hang, Resina**, aged 45, Deputy Chief Manager, Leasing, joined the Group in June 1990. She is a Director of Cheung Kong Real Estate Limited. She has over 23 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 48, Senior Leasing Manager, joined the Group in October 2003. She has over 27 years of experience in property leasing. She holds a Diploma in Business.

**Wong Ling Fei, Mable**, aged 47, Senior Leasing Manager, joined the Group in September 2002. She has over 20 years of experience in property leasing.

**Deng Chi Yung, Jonathan**, aged 38, Leasing Manager, joined the Group in April 2008. He has over 12 years of experience in property leasing. He holds a Bachelor of Business in Property and a Master's degree in Business Administration. He is an associate member of Australian Property Institute and a member of The Hong Kong Institute of Surveyors.

**Fung Kam Sun, Kam**, aged 48, Leasing Manager, joined the Group in June 2007. He has over 22 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 35, Leasing Manager, joined the Group in August 2007. He has over 12 years of experience in property leasing.

**Ng Kwok Leung, Christopher**, aged 47, Manager, E-Park, joined the Group in October 2007. He has over 16 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 56, Chief Manager, joined the Group in July 1985. He has over 25 years of experience in legal field. He holds a Diploma in Economics.

**Wong Fung King, Amy**, aged 49, Senior Legal Manager, joined the Group in June 1998. She has over 24 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 45, Manager, joined the Group in April 2000. He has over 19 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 42, Assistant Chief Manager, joined the Group in February 1997. She has over 19 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 46, Senior Manager, joined the Group in January 1994. He has over 19 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 45, Senior Manager, joined the Group in July 2005. 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 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 37, Manager, joined the Group in May 1996. He has over 14 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 50, Deputy Chief Manager, Sales, joined the Group in June 1981. He is a Director of Cheung Kong Real Estate Limited. He has over 30 years of experience in property sales.

**Kwok Tze Wai, William**, aged 43, Deputy Chief Manager, Sales, joined the Group in May 1989. He is a Director of Cheung Kong Real Estate Limited. He has over 20 years of experience in property sales. He holds a Bachelor of Science degree in Business Administration Marketing.

**Wong See Chung, Francis**, aged 47, Deputy Chief Manager, Sales, joined the Group in January 1994. He is a Director of Cheung Kong Real Estate Limited. He has over 13 years of experience in property sales. He holds a Master's degree in Business Administration.

**Yuen Tim Hung, Kenneth**, aged 51, Senior Sales Manager, joined the Group in March 1984. He has over 27 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 40, Sales Manager, joined the Group in May 1995. She has over 14 years of experience in property sales. She holds a Bachelor of Science degree in Business Administration.

**Fung Hoi Lun, Helen**, aged 38, Sales Manager, joined the Group in March 2001. She has over 15 years of experience in property sales. She holds a Higher Diploma in Hotel and Catering Management.

**Yang Chung Wing, Terence**, aged 40, Sales Manager, joined the Group in June 2002. He has over 15 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 45, Manager, Sales Administration, joined the Group in December 1990. She has over 22 years of experience in sales administration. She holds a Bachelor of Arts degree in History.

**Tai Mei Ling, Marinda**, aged 50, Manager, Customer Service, joined the Group in August 1985. She has over 23 years of experience in customer service.

**Wong Oi Ling, Irene**, aged 40, Manager, Sales Administration, joined the Group in May 1996. She has over 15 years of experience in sales administration. She holds a Bachelor of Arts degree.

### Sales Department – Building Management

**Ho Kwong Fai, Ellickey**, aged 46, 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 23 years of experience in building management and holds a Professional Diploma in Real Estate Administration.

**Wong Wo Muk, Philip**, aged 49, Manager, Building Management, joined the Group in May 1987 and is a Director of Goodwell-Fortune Property Services Limited. He has over 26 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 conditions, 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 conditions, 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.

### Global Financial and Credit Crisis

The global markets were severely hit by the financial and credit crisis triggered in 2008 by the U.S. subprime mortgage predicament, and the magnitude and indiscriminating nature of the adverse fallout across various countries and economic sectors was unprecedented. The negative repercussions of a tight global credit market have resulted in increased stock market volatility, worsening unemployment, and a contraction of economic activities in emerging markets as well as major developed economies. The Group has diversified operations in 54 countries around the world. Any continuing adverse economic conditions in those countries and places in which the Group operates may therefore impact on the Group's financial position or potential income, asset value and liabilities.

### 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 vacant properties 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 when 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 conditions or results of operations. In addition, there is the possibility of other losses caused by wars 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 conditions 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 conditions or results of operations. The volatilities in the financial markets 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 conditions 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 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 ventures and also on the repatriation of earnings, equity investments and loans may therefore impact on the Group's performance. Although currency exposures have 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 conditions or results of operations.

## Risk Factors (continued)

### 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 fulfill their obligations under the joint ventures, which may affect the Group's financial conditions or results of operations.

### Impact of Local, National and International Regulations

The local business risks in different countries and cities in which the Group operates could have a material impact on the financial conditions, 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 revenue and profit.

### Impact of New Accounting Standards

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has from time to time issued new and revised Hong Kong Financial Reporting Standards ("HKFRS"). As accounting standards continue to develop, HKICPA may in the future issue more new and revised HKFRS and the Group may be required to adopt new accounting policies which 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 Conditions 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 conditions and results of operations may be affected by the local market conditions and the economy of the places where business operations are located as well as any litigation against them. The Group’s financial conditions and results of operations are materially affected by the financial conditions 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 the Hutchison Whampoa Group is facing.

## 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 of the Group for the year ended 31st December, 2008 on pages 114 to 152.

### 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, 2008 are set out in the consolidated profit and loss account on page 114.

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 10th October, 2008, 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 117 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 108 to 113.

### Directors

The Directors of the Company are listed on page 160. 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. Kam Hing Lam, Ms. Woo Chia Ching, Grace, Mr. Fok Kin-ning, Canning, Mr. Frank John Sixt, Mr. George Colin Magnus, Mr. Kwok Tun-li, Stanley and Ms. Hung Siu-lin, Katherine 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, 2008, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the 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	-	-	74,249,000 (Note 1)	857,794,744 (Note 2)	932,043,744	40.24%
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	–	–	49,177,000 (Note 1)	2,141,698,773 (Note 3)	2,190,875,773	51.38%
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 & interest of child or spouse	60,000	40,000	–	–	100,000	0.002%
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 9)	1,912,109,945	84.82%
Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	1,912,109,945 (Note 9)	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	–	–	–	4,355,634,570 (Note 10)	4,355,634,570	45.31%
Li Tzar Kuoi, Victor	Beneficial owner & beneficiary of trusts	2,250,000	–	–	4,355,634,570 (Note 10)	4,357,884,570	45.34%
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%
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%

## Report of the Directors (continued)

## Other Associated Corporations

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interest	Family Interest	Corporate Interest	Other Interest		
Beautiland Company Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	100,000,000 (Note 13)	100,000,000	100%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	100,000,000 (Note 13)	100,000,000	100%
Jabrin Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	10,000 (Note 13)	10,000	100%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	10,000 (Note 13)	10,000	100%
Kobert Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	4,900 (Note 13)	4,900	100%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	4,900 (Note 13)	4,900	100%
Tsing-Yi Realty, Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	3,150,000 (Note 13)	3,150,000	100%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	3,150,000 (Note 13)	3,150,000	100%
Tosbo Limited	Li Ka-shing	Interest of controlled corporations & founder of discretionary trusts	-	-	4 (Note 1)	6 (Note 14)	10	100%
Hutchison Harbour Ring Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	6,399,728,952 (Note 12)	6,399,728,952	71.50%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	6,399,728,952 (Note 12)	6,399,728,952	71.50%
	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 15)	609,290,000	20.96%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	609,290,000 (Note 15)	609,290,000	20.96%

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interest	Family Interest	Corporate Interest	Other Interest		
Hutchison Telecommunications International Limited	Li Ka-shing	Interest of controlled corporations & founder of discretionary trusts	-	-	266,621,499 (Note 1)	2,958,068,120 (Note 16)	3,224,689,619	66.98%
	Li Tzar Kuoi, Victor	Interest of controlled corporations & beneficiary of trusts	-	-	2,519,250 (Note 4)	2,958,068,120 (Note 16)	2,960,587,370	61.49%
	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%

## 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	
Cheung Kong Infrastructure Holdings Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	2 (Note 11)	2
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	2 (Note 11)	2
Hutchison Telecommunications International Limited	Frank John Sixt	Beneficial owner	255,000 (Note 17)	-	-	-	255,000
Partner Communications Company Ltd.	Fok Kin-ning, Canning	Interest of controlled corporation	-	-	225,000 (Note 18)	-	225,000
	George Colin Magnus	Beneficial owner	25,000 (Note 19)	-	-	-	25,000

## Report of the Directors (continued)

## 3. 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 Finance (CI) Limited	Li Ka-shing	Interest of controlled corporations	–	–	US\$30,200,000 6.988% Notes due 2037 (Note 1)	–	US\$30,200,000 6.988% Notes due 2037
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

## 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.

**Report of the Directors (continued)**

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) 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.
- (10) The two references to 4,355,634,570 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.

- (11) 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.

- (12) 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.

- (13) 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.

- (14) 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.

- (15) 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.

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

(a) 2,957,914,840 ordinary shares of which 52,092,587 ordinary shares and 2,905,822,253 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 interests 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.

- (17) 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.

**Report of the Directors (continued)**

(18) 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.

(19) 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, 2008, 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, 2008, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time during the year was the Company or subsidiary a party to any arrangements which enabled any Director to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate.

No other contracts of significance to which the Company or a subsidiary was a party and in which a Director has a material interest subsisted at the balance sheet date or at any time during the year.

None of the Directors has any service contract with the Company or any of its subsidiaries.

## Interests and Short Positions of Shareholders

So far as is known to any Director or chief executive of the Company, as at 31st December, 2008, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

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

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

Note: The three references to 857,794,744 shares relate to the same block of shares in the Company. Each of TUT1 as trustee of UT1, TDT1 as trustee of DT1 and TDT2 as trustee of another discretionary trust is taken to have a duty of disclosure in relation to the said shares of the Company as described in Note (2) under the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" under the SFO.

Save as disclosed above, as at 31st December, 2008, 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 Transactions

On 16th December, 2005, the Company entered into a tenancy agreement (“Previous 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, 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 (“Premises”) 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 (both days inclusive) at a monthly rent of HK\$3,968,932 (exclusive of Government rates and other charges). The aggregate rent and service charges payable under the Previous Tenancy Agreement are subject to an annual cap of HK\$59,000,000 taking into account the possible adjustment on the service charges.

On 18th November, 2008, the Company entered into a tenancy agreement (“Tenancy Agreement”) with Turbo Top to renew the Previous Tenancy Agreement for the lease of the Premises for a term of three years commencing from 1st September, 2008 to 31st August, 2011 (both days inclusive). The aggregate rent and service charges payable under the Tenancy Agreement are subject to the proposed annual caps of Hong Kong dollars HK\$40,000,000 for the period from 1st September, 2008 to 31st December, 2008, HK\$121,000,000 for the year ending 31st December, 2009, HK\$122,000,000 for the year ending 31st December, 2010, and HK\$82,000,000 for the period from 1st January, 2011 to 31st August, 2011 which were calculated with reference to the monthly rent of HK\$8,869,120 (exclusive of Government rates and other charges) and monthly service charges of HK\$942,344 (subject to adjustment by Turbo Top).

During the year, rent and service charges amounting to HK\$39,290,208 for the period from 1st January, 2008 to 31st August, 2008 and HK\$39,245,856 for the period from 1st September, 2008 to 31st December, 2008 were payable by the Company to Turbo Top pursuant to the Previous Tenancy Agreement and the Tenancy Agreement respectively. The above transactions of the Group constituted continuing connected transactions (“Continuing Connected Transactions”) under the Listing Rules during the financial year ended 31st December, 2008.

Announcements (“Announcements”) were published on 19th December, 2005 and 18th November, 2008 regarding the Continuing Connected Transactions in accordance with the Listing Rules.

The Continuing Connected Transactions have been reviewed by the Independent Non-executive Directors of the Company who have confirmed that for the year 2008 the Continuing Connected Transactions have 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 agreements governing them 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 Transactions 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 has reported the factual findings on these procedures to the Board of Directors and confirmed that for the year 2008 the Continuing Connected Transactions (i) have received approval of the Board of Directors of the Company; (ii) have been entered into in accordance with the terms of the agreements governing the transactions; and (iii) have not exceeded the respective cap amounts for the financial year ended 31st December, 2008 as set out in the Announcements.

## Connected Transactions

1. On 12th March 2008, the Group entered into a sale and purchase agreement (the "TKO S&P Agreement") with Nan Fung Development Limited ("Nan Fung") to dispose of 15% issued share capital of Wit Profits Limited, which indirectly held interest in the development at Site E of The Remaining Portion of Tseung Kwan O Town Lot No. 70, to Nan Fung for a consideration of US\$15. At completion of the TKO S&P Agreement, a shareholders' agreement (the "TKO Shareholders' Agreement") was 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 TKO S&P Agreement and the TKO Shareholders' Agreement constituted a connected transaction for the Company under the Listing Rules.
2. On 3rd December 2008, the Group entered into a sale and purchase agreement (the "TW S&P Agreement") with Nan Fung to dispose of the entire issued share capital of Marathon Joy Limited, which indirectly held 15% interest in the development at Tsuen Wan Town Lot No. 403, to Nan Fung for a consideration of US\$1. At completion of the TW S&P Agreement, a shareholders' agreement (the "TW Shareholders' Agreement") was entered into by the parties which governs 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 TW S&P Agreement and the TW 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
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.
28th March, 2008	Billion Rise Limited ("Billion Rise")	50% of the obligations under the acquisition of the lease and the development of a parcel of land at West Coast Crescent in Singapore at a total consideration of S\$110,440,000 by Billion Rise. The acquisition was made through the joint venture arrangements between the Group and the HWL Group by the establishment of Billion Rise and/or a project company. The financial assistance provided or to be provided by each of the Group and the HWL Group to Billion Rise and/or the project company by way of contribution to the acquisition consideration and any payment would be made in proportion to their respective equity interests in Billion Rise and the project company.

## Report of the Directors (*continued*)

### Major Customers and Suppliers

During the year, 78% of the Group's purchases were attributable to the Group's five largest suppliers with the largest supplier accounting for 60% 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.

#### 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 CK Life Sciences Int'l., (Holdings) Inc.	Executive Director Chairman	(4) & (5) (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 CK Life Sciences Int'l., (Holdings) Inc.	Executive Director President and Chief Executive Officer	(4) & (5) (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	(4)
	The Ming An (Holdings) Company Limited	Non-executive Director	(1) & (4)

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
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)
	ARA Asian Dragon Limited	Chairman	(1) & (3)
	Al Islami Far Eastern Real Estate Fund Limited	Chairman	(3) & (4)
Leung Siu Hon	ARA Asset Management (Prosperity) Limited	Chairman	(3)
	Rich Surplus Limited	Director and Substantial Shareholder	(1) & (2)
Fok Kin-ning, Canning	Rich More Enterprises Limited	Director and Substantial Shareholder	(1)
	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)
George Colin Magnus	TOM Group Limited	Non-executive Chairman	(4) & (5)
	Hutchison Telecommunications International Limited	Non-executive Director	(5)
	Hutchison Whampoa Limited	Non-executive Director	(1), (2), (3), (4) & (5)
George Colin Magnus	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

During the year ended 31st December, 2008, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### 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\$5,000,000 were made by the Group to various charitable organisations.

### Audit Committee

The Group's annual report for the year ended 31st December, 2008 has been reviewed by the audit committee (the "Audit Committee"). Information on the work of Audit Committee and its composition are set out in the Corporate Governance Report on pages 71 to 75.

### 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, 26th March, 2009

## 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 to 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, 2008.

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.	<b>DIRECTORS</b>																																		
A.1	<b>The Board</b>																																		
	<b>Corporate Governance Principle</b> <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 should be held at least four times a year involving active participation, either in person or through other electronic means of communication, of majority of directors.	√	<ul style="list-style-type: none"> <li>The Board meets regularly and held meetings in March, May, August and November 2008.</li> <li>Details of Directors’ attendance records in 2008: <table border="1"> <thead> <tr> <th>Members of the Board</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Executive Directors</b></td> </tr> <tr> <td>LI Ka-shing (<i>Chairman</i>)</td> <td>4/4</td> </tr> <tr> <td>LI Tzar Kuoi, Victor (<i>Managing Director and Deputy Chairman</i>)</td> <td>4/4</td> </tr> <tr> <td>KAM Hing Lam</td> <td>4/4</td> </tr> <tr> <td>IP Tak Chuen, Edmond</td> <td>4/4</td> </tr> <tr> <td>CHUNG Sun Keung, Davy</td> <td>3/4</td> </tr> <tr> <td>PAU Yee Wan, Ezra</td> <td>4/4</td> </tr> <tr> <td>WOO Chia Ching, Grace</td> <td>3/4</td> </tr> <tr> <td>CHIU Kwok Hung, Justin</td> <td>4/4</td> </tr> <tr> <td colspan="2"><b>Non-executive Directors</b></td> </tr> <tr> <td>LEUNG Siu Hon</td> <td>4/4</td> </tr> <tr> <td>FOK Kin-ning, Canning</td> <td>4/4</td> </tr> <tr> <td>Frank John SIXT</td> <td>4/4</td> </tr> <tr> <td>CHOW Kun Chee, Roland</td> <td>4/4</td> </tr> <tr> <td>George Colin MAGNUS</td> <td>4/4</td> </tr> </tbody> </table> </li> </ul>	Members of the Board	Attendance	<b>Executive Directors</b>		LI Ka-shing ( <i>Chairman</i> )	4/4	LI Tzar Kuoi, Victor ( <i>Managing Director and Deputy Chairman</i> )	4/4	KAM Hing Lam	4/4	IP Tak Chuen, Edmond	4/4	CHUNG Sun Keung, Davy	3/4	PAU Yee Wan, Ezra	4/4	WOO Chia Ching, Grace	3/4	CHIU Kwok Hung, Justin	4/4	<b>Non-executive Directors</b>		LEUNG Siu Hon	4/4	FOK Kin-ning, Canning	4/4	Frank John SIXT	4/4	CHOW Kun Chee, Roland	4/4	George Colin MAGNUS	4/4
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## Corporate Governance Report (continued)

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		<ul style="list-style-type: none"> <li>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.</li> </ul>																					
A.1.2	All directors are given an opportunity to include matters in the agenda for regular board meetings.	√	<ul style="list-style-type: none"> <li>All Directors are consulted as to whether they may want to include any matter in the agenda before the agenda for each regular Board meeting is issued.</li> </ul>																				
A.1.3	<ul style="list-style-type: none"> <li>At least 14 days notice for regular board meetings</li> <li>Reasonable notice for other board meetings</li> </ul>	√	<ul style="list-style-type: none"> <li>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 the meetings.</li> <li>At least 14 days formal notice would be given before each regular meeting.</li> <li>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.</li> </ul>																				
		√																					
A.1.4	All directors should have access to the advice and services of the company secretary with a view to ensuring that board procedures, and all applicable rules and regulations, are followed.	√	<ul style="list-style-type: none"> <li>Directors have access to the Company Secretary and key officers of the Company Secretarial Department who are responsible to the Board for ensuring that Board procedures, and all applicable rules and regulations, are followed.</li> <li>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.</li> </ul>																				

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.1.5	<ul style="list-style-type: none"> <li>– Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary of the meeting.</li> <li>– Such minutes should be open for inspection at any reasonable time on reasonable notice by any director.</li> </ul>	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> <li>• The Company Secretary prepares written resolutions or minutes and keeps records of matters discussed and decisions resolved at all Board and Board Committee meetings.</li> <li>• Board 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.</li> <li>• Board and Board Committee minutes/resolutions are available for inspection by Directors/Board Committee members.</li> </ul>
A.1.6	<ul style="list-style-type: none"> <li>– Minutes of board meetings and meetings of board committees should record in sufficient detail the matters considered by the board and decisions reached.</li> <li>– Draft and final versions of board minutes for all directors to comment and to keep records within a reasonable time after the board meeting</li> </ul>	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> <li>• Minutes record in sufficient detail the matters considered by the Board/Board Committees and decisions reached.</li> <li>• Directors are given an opportunity to comment on draft Board minutes.</li> <li>• Final version of Board minutes is placed on record within a reasonable time after the Board meeting.</li> </ul>
A.1.7	<ul style="list-style-type: none"> <li>– A procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the company's expense</li> <li>– The board should resolve to provide separate independent professional advice to directors to assist the relevant director or directors to discharge his/their duties to the company.</li> </ul>	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> <li>• Directors have been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should such advice be considered necessary by any Director.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.1.8	<ul style="list-style-type: none"> <li>– If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should not be dealt with by way of circulation or by a committee but a board meeting should be held.</li> <li>– Independent non-executive directors who, and whose associates, have no material interest in the transaction should be present at such board meeting.</li> </ul>	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> <li>• Important matters are usually dealt with by way of written resolutions so that all Directors (including Independent Non-executive Directors) can note and comment, as appropriate, the matters before approval is granted.</li> <li>• Director must declare his/her interest in the matters to be passed in the resolution, if applicable.</li> <li>• If a substantial shareholder or a Director has a conflict of interest in a matter to be considered 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.</li> </ul>
<b>A.2</b>	<b>Chairman and Chief Executive Officer</b>		
	<p><b>Corporate Governance Principle</b>  <i>There should be a clear division of responsibilities between the Chairman and the Managing Director of the Company to ensure a balance of power and authority.</i></p>		
A.2.1	<ul style="list-style-type: none"> <li>– Separate roles of chairman and chief executive officer not to be performed by the same individual</li> <li>– Division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.</li> </ul>	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> <li>• The positions of the Chairman of the Board and the Managing Director are currently held by separate individuals.</li> <li>• The Chairman determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management.</li> <li>• The Managing Director, with the support of the Executive Directors, is responsible for strategic planning of different business functions and day-to-day management and operation of the Group.</li> </ul>
A.2.2	The chairman should ensure that all directors are properly briefed on issues arising at board meetings.	√	<ul style="list-style-type: none"> <li>• 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.</li> </ul>

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices																																				
A.2.2 (cont'd)			<ul style="list-style-type: none"> <li>In addition to regular Board meetings, the Chairman had meetings with the Non-executive Directors (including the Independent Non-executive Directors) without the presence of the Executive Directors in May and November 2008. Details of the attendance records of the meetings are as follows:               <table border="1" data-bbox="719 547 1366 1263"> <thead> <tr> <th colspan="2" data-bbox="719 547 1366 582"><b>Attendance</b></th> </tr> <tr> <th colspan="2" data-bbox="719 582 1366 616"><b>Chairman</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="719 616 1305 672">LI Ka-shing</td> <td data-bbox="1305 616 1366 672">2/2</td> </tr> <tr> <th colspan="2" data-bbox="719 672 1366 707"><b>Non-executive Directors</b></th> </tr> <tr> <td data-bbox="719 707 1305 741">LEUNG Siu Hon</td> <td data-bbox="1305 707 1366 741">2/2</td> </tr> <tr> <td data-bbox="719 741 1305 776">FOK Kin-ning, Canning</td> <td data-bbox="1305 741 1366 776">2/2</td> </tr> <tr> <td data-bbox="719 776 1305 810">Frank John SIXT</td> <td data-bbox="1305 776 1366 810">2/2</td> </tr> <tr> <td data-bbox="719 810 1305 845">CHOW Kun Chee, Roland</td> <td data-bbox="1305 810 1366 845">2/2</td> </tr> <tr> <td data-bbox="719 845 1305 879">George Colin MAGNUS</td> <td data-bbox="1305 845 1366 879">2/2</td> </tr> <tr> <th colspan="2" data-bbox="719 879 1366 914"><b>Independent Non-executive Directors</b></th> </tr> <tr> <td data-bbox="719 914 1305 948">KWOK Tun-li, Stanley</td> <td data-bbox="1305 914 1366 948">2/2</td> </tr> <tr> <td data-bbox="719 948 1305 983">YEH Yuan Chang, Anthony</td> <td data-bbox="1305 948 1366 983">2/2</td> </tr> <tr> <td data-bbox="719 983 1305 1017">Simon MURRAY</td> <td data-bbox="1305 983 1366 1017">1/2</td> </tr> <tr> <td data-bbox="719 1017 1305 1052">CHOW Nin Mow, Albert</td> <td data-bbox="1305 1017 1366 1052">2/2</td> </tr> <tr> <td data-bbox="719 1052 1305 1086">HUNG Siu-lin, Katherine</td> <td data-bbox="1305 1052 1366 1086">2/2</td> </tr> <tr> <td data-bbox="719 1086 1305 1121">WONG Yick-ming, Rosanna</td> <td data-bbox="1305 1086 1366 1121">1/2</td> </tr> <tr> <td data-bbox="719 1121 1305 1155">CHEONG Ying Chew, Henry</td> <td data-bbox="1305 1121 1366 1155">2/2</td> </tr> <tr> <td data-bbox="719 1155 1305 1190">KWAN Chiu Yin, Robert</td> <td data-bbox="1305 1155 1366 1190">2/2</td> </tr> </tbody> </table> <p data-bbox="719 1280 1366 1414">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> </li> </ul>	<b>Attendance</b>		<b>Chairman</b>		LI Ka-shing	2/2	<b>Non-executive Directors</b>		LEUNG Siu Hon	2/2	FOK Kin-ning, Canning	2/2	Frank John SIXT	2/2	CHOW Kun Chee, Roland	2/2	George Colin MAGNUS	2/2	<b>Independent Non-executive Directors</b>		KWOK Tun-li, Stanley	2/2	YEH Yuan Chang, Anthony	2/2	Simon MURRAY	1/2	CHOW Nin Mow, Albert	2/2	HUNG Siu-lin, Katherine	2/2	WONG Yick-ming, Rosanna	1/2	CHEONG Ying Chew, Henry	2/2	KWAN Chiu Yin, Robert	2/2
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A.2.3	The chairman should be responsible for ensuring that directors receive adequate information, which must be complete and reliable, in a timely manner.	√	<ul style="list-style-type: none"> <li>The Board papers including supporting analysis and related background information are normally sent to the Directors at least three days before Board meetings.</li> <li>Communications between Non-executive Directors (including Independent Non-executive Directors) on the one hand, and the Company Secretary as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and further supporting information and/or documentation is provided if appropriate.</li> </ul>																																				

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
<p><b>A.3 Board composition</b></p> <p><b>Corporate Governance Principle</b>  <i>The Board should have a balance of skills and experience appropriate for the requirements of the business of the Company and should include a balanced composition of Executive and Non-executive Directors so that independent judgement can effectively be exercised.</i></p>			
A.3.1	Independent non-executive directors should be expressly identified as such in all corporate communications that disclose the names of directors of the company.	√	<ul style="list-style-type: none"> <li>• The composition of the Board, by category and position of Directors including the names of the Chairman, the Executive Directors, the Non-executive Directors and the Independent Non-executive Directors, is disclosed in all corporate communications.</li> <li>• The Board consists of a total of twenty-one Directors, comprising eight Executive Directors, five Non-executive Directors and eight Independent Non-executive Directors. More than one-third of the Board are Independent Non-executive Directors of which more than one have appropriate professional qualifications, or accounting or related financial management expertise.</li> <li>• Details of the composition of the Board are set out on page 160.</li> <li>• The Directors' biographical information and the relationships among the Directors are set out on pages 24 to 27.</li> <li>• Review of the Board composition is made regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.</li> </ul>
<p><b>A.4 Appointments, re-election and removal</b></p> <p><b>Corporate Governance Principle</b>  <i>There should be a formal, considered and transparent procedure for the appointment of new Directors and plans in place for orderly succession for appointments to the Board. All Directors should be subject to re-election at regular intervals.</i></p>			
A.4.1	Non-executive directors should be appointed for a specific term, subject to re-election.	√	<ul style="list-style-type: none"> <li>• All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Articles of Association and the Code on CG Practices.</li> </ul>

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.4.2	<ul style="list-style-type: none"> <li data-bbox="327 319 619 620">– All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment.</li> <li data-bbox="327 648 619 918">– Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.</li> </ul>	<p data-bbox="655 319 683 353">√</p> <p data-bbox="655 648 683 683">√</p>	<ul style="list-style-type: none"> <li data-bbox="735 319 1359 556">• 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> <li data-bbox="735 584 1359 1026">• 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> <li data-bbox="735 1054 1359 1215">• All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Articles of Association and the Code on CG Practices.</li> <li data-bbox="735 1244 1359 1513">• The structure, size and composition of the Board are reviewed from time to time to ensure the Board has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company. The independence of the Independent Non-executive Directors is assessed according to the relevant rules and requirements under the Listing Rules.</li> <li data-bbox="735 1541 1359 1811">• Each of the Independent Non-executive Directors makes an annual confirmation of independence pursuant to the requirements of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in the relevant requirements of the Listing Rules and are independent in accordance with the terms of the guidelines.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
<b>A.5</b>	<b>Responsibilities of directors</b> <b>Corporate Governance Principle</b> <i>Every Director is required to keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.</i>		
A.5.1	<ul style="list-style-type: none"> <li>– Every newly appointed director of the company should receive a comprehensive, formal and tailored induction on the first occasion of his appointment, and subsequently such briefing and professional development as is necessary.</li> <li>– To ensure that he has a proper understanding of the operations and business of the company and that he is fully aware of his responsibilities under statute and common law, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the company</li> </ul>	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> <li>• The Company Secretary and key officers of the Company Secretarial Department liaise closely with newly appointed Directors both immediately before and after his/her appointment to acquaint the newly appointed Directors with the duties and responsibilities as a Director of the Company and the business operation of the Company.</li> <li>• A package compiled and reviewed by the Company's legal advisers setting out such duties and responsibilities under the Listing Rules, Companies Ordinance and other related ordinances and relevant regulatory requirements of Hong Kong is provided to each newly appointed Director. A revised information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. The "Non-statutory Guidelines on Directors' Duties" issued by the Companies Registry of Hong Kong has been forwarded to each Director for his/her information and ready reference.</li> <li>• 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 (<i>Note 1</i>).</li> <li>• Seminars are organised from time to time at which distinguished professionals are invited to present to the Directors on subjects relating to directors' duties and corporate governance, etc.</li> </ul>

Note

1. The Directors have been advised of the amendments to the Listing Rules effective from 1st January, 2009.

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
A.5.2	<p>The functions of non-executive directors include:</p> <ul style="list-style-type: none"> <li>– bring independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct at board meetings</li> <li>– take the lead on potential conflicts of interests</li> <li>– serve on the audit, remuneration, nomination and other governance committees, if invited</li> <li>– scrutinise the company's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance</li> </ul>	<p>√</p> <p>√</p> <p>√</p> <p>√</p>	<ul style="list-style-type: none"> <li>• The Non-executive Directors exercise their independent judgement and advise on the future business direction and strategic plans of the Company.</li> <li>• Non-executive Directors review the financial information and operational performance of the Company on a regular basis.</li> <li>• Independent Non-executive Directors are invited to serve on the Audit and Remuneration Committees of the Company.</li> </ul>
A.5.3	<p>Every director should ensure that he can give sufficient time and attention to the affairs of the company and should not accept the appointment if he cannot do so.</p>	<p>√</p>	<ul style="list-style-type: none"> <li>• There is satisfactory attendance at Board meetings during the year. Please refer to A.1.1 of Part I for details of attendance records.</li> <li>• Every Executive Director has hands-on knowledge and expertise in the areas and operation in which he/she is charged with. Appropriate attention to the affairs of the Company is measured in terms of time as well as the quality of such attention and the ability of the Directors to contribute with reference to his/her necessary knowledge and expertise.</li> </ul>
A.5.4	<ul style="list-style-type: none"> <li>– Directors must comply with the Model Code.</li> <li>– Board should establish written guidelines on no less exacting terms than the Model Code for relevant employees.</li> </ul>	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> <li>• The Company has adopted the model code for securities transactions by directors of listed issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions effective from 31st March, 2004 (Note 2).</li> <li>• 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, 2008.</li> <li>• 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.</li> </ul>

Note

2. A revised Model Code has been adopted by the Company to comply with the new requirements set out in Appendix 10 to the Listing Rules effective from 1st April, 2009.

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
<b>A. 6</b>	<b>Supply of and access to information</b>		
	<b>Corporate Governance Principle</b> <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>		
A.6.1	<ul style="list-style-type: none"> <li>– Send agenda and full board papers to all directors at least 3 days before regular board or board committee meeting</li> <li>– So far as practicable for other board or board committee meetings</li> </ul>	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
A.6.2	<ul style="list-style-type: none"> <li>– Management has an obligation to supply the board and its committees with adequate information in a timely manner to enable it to make informed decisions.</li> <li>– The board and each director should have separate and independent access to the company's senior management for making further enquiries where necessary.</li> </ul>	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> <li>• The Company Secretary and the Qualified Accountant attend all regular Board meetings to advise on corporate governance, statutory compliance, and accounting and financial matters, as appropriate.</li> <li>• Communications between Directors on the one hand, and the Company Secretary, who acts as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and that further supporting information is provided if appropriate.</li> </ul>
A.6.3	<ul style="list-style-type: none"> <li>– All directors are entitled to have access to board papers and related materials.</li> <li>– Steps must be taken to respond as promptly and fully as possible to queries raised by directors.</li> </ul>	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> <li>• Please see A.6.1 and A.6.2 of Part I above.</li> </ul>

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices								
<b>B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT</b>											
<b>B.1 The level and make-up of remuneration and disclosure</b>											
<i><b>Corporate Governance Principle</b></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"> <li>• In accordance with the Code on CG Practices, the Company has set up a remuneration committee ("Remuneration Committee") with a majority of the members being Independent Non-executive Directors.</li> <li>• The Company established its Remuneration Committee on 1st January, 2005.</li> <li>• The Remuneration Committee comprises the Chairman of the Board, Mr. Li Ka-shing (Chairman of the Remuneration Committee), and two Independent Non-executive Directors, namely, Mr. Kwok Tun-li, Stanley and Dr. Wong Yick-ming, Rosanna.</li> <li>• Since the publication of the Company's 2007 annual report in April 2008, meetings of the Remuneration Committee were held in November 2008 and January 2009. Details of the attendance records of the members of the Remuneration Committee are as follows: <table border="1" data-bbox="762 1192 1366 1375"> <thead> <tr> <th data-bbox="762 1192 1241 1226">Members of the Remuneration Committee</th> <th data-bbox="1241 1192 1366 1226">Attendance</th> </tr> </thead> <tbody> <tr> <td data-bbox="762 1241 1241 1306">LI Ka-shing (Chairman of the Remuneration Committee)</td> <td data-bbox="1241 1241 1366 1276">2/2</td> </tr> <tr> <td data-bbox="762 1306 1241 1341">KWOK Tun-li, Stanley</td> <td data-bbox="1241 1306 1366 1341">2/2</td> </tr> <tr> <td data-bbox="762 1341 1241 1375">WONG Yick-ming, Rosanna</td> <td data-bbox="1241 1341 1366 1375">1/2</td> </tr> </tbody> </table> </li> </ul> <p data-bbox="762 1397 1366 1500">Note: The members of the Remuneration 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"> <li>• The following is a summary of the work for the Remuneration Committee during the said meetings: <ol style="list-style-type: none"> <li>1. Review of the remuneration policy for 2008/2009;</li> <li>2. Review of the remuneration of Non-executive Directors;</li> <li>3. Review of the annual performance bonus policy; and</li> <li>4. Approval of remuneration packages of Executive Directors.</li> </ol> </li> </ul>	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	1/2
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	1/2										

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
B.1.2	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.	√	<ul style="list-style-type: none"> <li>The Remuneration Committee has consulted the Chairman and/or the Managing Director about proposals relating to the remuneration packages and other human resources issues of the Directors and senior management, including, without limitation, succession plan and key personnel movements as well as policies for recruiting and retaining qualified personnel.</li> <li>The emoluments of Directors are based on the skill, knowledge, involvement in the Company's affairs and the performance of each Director, together with reference to the profitability of the Company, remuneration benchmarks in the industry, and prevailing market conditions.</li> <li>To enable them to better advise on the Group's future remuneration policy and related strategies, the Remuneration Committee has been advised of the Group's existing remuneration policy and succession plan, such as guidelines on designing employees' remuneration packages and related market trends and information.</li> </ul>
B.1.3	<p>Terms of reference of the remuneration committee should include:</p> <ul style="list-style-type: none"> <li>determine the specific remuneration packages of all executive directors and senior management</li> <li>review and approve performance-based remuneration and the compensation payable on loss or termination of office or appointment</li> <li>ensure that no director or any of his associates is involved in deciding his own remuneration</li> </ul>	√	<ul style="list-style-type: none"> <li>The terms of reference of the Remuneration Committee, which follow closely the requirements of the Code Provisions and have been adopted by the Board, are posted on the Company's website.</li> </ul>
B.1.4	The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.	√	<ul style="list-style-type: none"> <li>The terms of reference of the Remuneration Committee are posted on the Company's website.</li> </ul>

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
B.1.4 (cont'd)			<ul style="list-style-type: none"> <li>The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration of Directors and senior management, and reviewing the specific remuneration packages of all Executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.</li> </ul>
B.1.5	The remuneration committee should be provided with sufficient resources to discharge its duties.	√	<ul style="list-style-type: none"> <li>The Human Resources Department provides administrative support and implements the approved remuneration packages and other human resources related decisions approved by the Remuneration Committee.</li> </ul>
<b>C. ACCOUNTABILITY AND AUDIT</b>			
<b>C.1 Financial reporting</b>			
<p><b>Corporate Governance Principle</b>  <i>The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.</i></p>			
C.1.1	Management should provide such explanation and information to the board as will enable the board to make an informed assessment of the financial and other information put before the board for approval.	√	<ul style="list-style-type: none"> <li>Directors are provided with a review of the Group's major business activities and key financial information on a quarterly basis.</li> </ul>
C.1.2	<ul style="list-style-type: none"> <li>The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts.</li> <li>There should be a statement by the auditors about their reporting responsibilities in the auditors' report on the financial statements.</li> </ul>	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> <li>The Directors annually acknowledge in writing their responsibility for preparing the financial statements of the Group.</li> <li>Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern as referred to in C.1.2 of the Code on CG Practices.</li> <li>With the assistance of the Accounts Department which is under the supervision of the Qualified Accountant of the Company, the Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards (Note 3).</li> </ul>

Note

3. Pursuant to the amendments to the Listing Rules effective from 1st January, 2009, the requirement for a qualified accountant has been removed. Please refer to Note 4 for the corresponding amendments to Code Provision C.2.1.

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.1.2 (cont'd)	<ul style="list-style-type: none"> <li data-bbox="363 310 644 758">– Unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary.</li> <li data-bbox="363 780 644 1341">– When the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt upon the company's ability to continue as a going concern, such uncertainties should be clearly and prominently set out and discussed at length in the Corporate Governance Report.</li> </ul>	<p data-bbox="699 310 719 340">√</p> <p data-bbox="699 780 730 810">N/A</p>	<ul style="list-style-type: none"> <li data-bbox="790 310 1401 413">• The Directors also ensure the publication of the financial statements of the Group is in a timely manner.</li> <li data-bbox="790 435 1401 573">• 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 page 153.</li> </ul>
C.1.3	<p data-bbox="363 1353 644 1880">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>	<p data-bbox="699 1353 719 1384">√</p>	<ul style="list-style-type: none"> <li data-bbox="790 1353 1401 1491">• The Board aims to present a clear, balanced and understandable assessment of the Group's performance and position in all shareholder communications.</li> <li data-bbox="790 1513 1401 1880">• The Board is aware of the requirements under the applicable rules and regulations about timely disclosure of price-sensitive information or matters regarding the Company and will authorise the publication of such announcements as and when the occasion arises. The Company Secretary and key officers of the Company Secretarial Department work closely and in consultation with legal advisers to review the materiality and sensitivity of transactions and proposed transactions and advise the Board accordingly.</li> </ul>

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.2	<p><b>Internal controls</b></p> <p><b><i>Corporate Governance Principle</i></b>  <i>The Board should ensure that the Company maintains sound and effective internal controls to safeguard the shareholders' investment and the Company's assets.</i></p>		
C.2.1	<ul style="list-style-type: none"> <li data-bbox="328 504 612 886">– Directors to review the effectiveness of system of internal control of the company and its subsidiaries at least annually and to report that they have done so in the Corporate Governance Report</li> <li data-bbox="328 907 612 1177">– The review should cover all material controls, including financial, operational and compliance controls and risk management functions.</li> </ul>	<p data-bbox="659 504 683 536">√</p> <p data-bbox="659 907 683 940">√</p>	<ul style="list-style-type: none"> <li data-bbox="740 504 1358 1058">• The Board has overall responsibility for maintaining sound and effective internal control system of the Group. The Group's system of internal control includes a defined management structure with limits of authority, is designed to help the achievement of business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.</li> </ul> <p data-bbox="767 1080 1161 1112"><b><i>Internal Control Environment</i></b></p> <ul style="list-style-type: none"> <li data-bbox="767 1116 1358 1213">• An organisational structure with operating policies and procedures, lines of responsibility and delegated authority has been established.</li> <li data-bbox="767 1235 1358 1375">• The relevant Executive Directors and senior management are delegated with respective levels of authorities with regard to key corporate strategy and policy and contractual commitments.</li> <li data-bbox="767 1397 1358 1634">• Operational budgets are prepared by operational departments and reviewed by the responsible Directors prior to being adopted. There are procedures for the appraisal, review and approval of major capital and recurrent expenditure. Results of operations against budgets are reported regularly to the Executive Directors.</li> <li data-bbox="767 1655 1358 1925">• Proper controls are in place for the recording of complete, accurate and timely accounting and management information. Regular reviews and audits are carried out to ensure that the preparation of financial statements is carried out in accordance with generally accepted accounting principles, the Group's accounting policies and applicable laws and regulations.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.2.1 (cont'd)	(Note 4)		<ul style="list-style-type: none"> <li>• The Internal Control Self Assessment process is established that requires the senior management in each material business unit to annually assess the effectiveness of controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations and the related risks.</li> <li>• The Internal Audit Department provides an independent appraisal of the Group's financial and operational activities, and makes constructive recommendations to the relevant management for necessary actions.</li> </ul> <p>The Internal Audit Department carries out annual risk assessment on each audit area and derives a yearly audit plan according to their risk ratings. The audit plan is reviewed and endorsed by the audit committee of the Company ("Audit Committee"). In addition to its agreed schedule of work, the Internal Audit Department conducts other review and investigative work as may be required. The results of internal audit reviews and agreed action plans in response to the Internal Audit Department's recommendations are reported to the Executive Directors and Audit Committee periodically. The Internal Audit Department also follows up the corrective actions to ensure that satisfactory controls are maintained.</p> <ul style="list-style-type: none"> <li>• The 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 (Note 5).</li> </ul>

Notes

4. According to a new Code Provision effective from 1st January, 2009, the board's annual review should, in particular, consider the adequacy of resources, qualifications and experience of staff of the company's accounting and financial reporting function, and their training programmes and budget.
5. Pursuant to the change referred to in Note 4, the Board, through the Audit Committee with the appraisal performed by the Internal Audit Department, reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget at the Board meeting held in March 2009 and noted that the Company is in compliance with the new Code Provision. Please also refer to Note 7 of C.3.3 of Part I.



## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.3.1 (cont'd)			<ul style="list-style-type: none"> <li>• After due and careful consideration of reports from management and the internal and external auditors, the Audit Committee was of the view that no suspected fraud or irregularities, significant internal control deficiencies, or suspected infringement of laws, rules, or regulations had been found, and concluded at the meeting held on 24th March, 2009 that the system of internal controls was adequate and effective.</li> <li>• On 24th March, 2009, the Audit Committee met to review the Group's 2008 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 2008 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, 2008.</li> <li>• The Audit Committee also recommended to the Board the re-appointment of Messrs. Deloitte Touche Tohmatsu ("Deloitte") as the Company's external auditor for 2009 and that the related resolution shall be put forth for shareholders' consideration and approval at the 2009 annual general meeting.</li> <li>• The Group's Annual Report for the year ended 31st December, 2008 has been reviewed by the Audit Committee.</li> </ul>
C.3.2	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.	√	<ul style="list-style-type: none"> <li>• No member of the Audit Committee is a former partner of the existing auditing firm of the Company during the one year after he/she ceases to be a partner of the auditing firm.</li> </ul>

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.3.3	<p>Terms of reference of the audit committee should include:</p> <ul style="list-style-type: none"> <li>– recommendation to the board on the appointment and removal of external auditors and approval of their terms of engagement</li> <li>– review and monitor external auditors' independence and effectiveness of audit process</li> <li>– review of financial information of the company</li> <li>– oversight of the company's financial reporting system and internal control procedures</li> </ul> <p>(Note 6)</p>	√	<ul style="list-style-type: none"> <li>• Terms of reference of the Audit Committee, which follow closely the requirements of the Code Provisions and have been adopted by the Board, are posted on the Company's website (Note 7).</li> </ul>

#### Notes

6. According to the amended Code Provision C.3.3 effective from 1st January, 2009, the terms of reference of the audit committee are required to oversee the adequacy of resources, qualifications and experience of staff of the company's accounting and financial reporting function, and their training programmes and budget.
7. The terms of reference of the Audit Committee have been modified in accordance with the amended Code Provision and adopted by the Board effective from 1st January, 2009.

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.3.4	The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.	√	<ul style="list-style-type: none"> <li>• The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company established the Audit Committee in December 1998 with reference to “A Guide for the Formation of an Audit Committee” issued by the Hong Kong Institute of Certified Public Accountants.</li> <li>• In accordance with the requirements of the Code on CG Practices, the terms of reference of the Audit Committee were revised from time to time in terms substantially the same as the provisions set out in the Code on CG Practices. The latest version of the terms of reference of the Audit Committee is available on the Company’s website.</li> <li>• The principal duties of the Audit Committee include the review and supervision of the Group’s financial reporting system and internal control procedures, review of the Group’s financial information and review of the relationship with the external auditor of the Company. Regular meetings have been held by the Audit Committee since its establishment.</li> <li>• 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.</li> </ul>
C.3.5	Where the board disagrees with the audit committee’s view on the selection, appointment, resignation or dismissal of the external auditors, the company should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the board has taken a different view.	N/A	<ul style="list-style-type: none"> <li>• The Audit Committee recommended to the Board that, subject to shareholders’ approval at the forthcoming annual general meeting, Deloitte be re-appointed as the Company’s external auditor for 2009.</li> <li>• For the year ended 31st December, 2008, the external auditor of the Company received approximately HK\$6 million for audit services and HK\$1 million for tax and other services.</li> </ul>

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
C.3.6	The audit committee should be provided with sufficient resources to discharge its duties.	√	<ul style="list-style-type: none"> <li>The Audit Committee has been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should the seeking of such advice be considered necessary by the Audit Committee.</li> </ul>
<b>D. DELEGATION BY THE BOARD</b>			
<b>D.1 Management functions</b>			
<p><b>Corporate Governance Principle</b>  <i>The Company should have a formal schedule of matters specifically reserved to the Board and those delegated to management.</i></p>			
D.1.1	When the board delegates aspects of its management and administration functions to management, it must at the same time give clear directions as to the powers of management, in particular, with respect to the circumstances where management should report back and obtain prior approval from the board before making decisions or entering into any commitments on behalf of the company.	√	<ul style="list-style-type: none"> <li>Executive Directors are in charge of different businesses and functional divisions in accordance with their respective areas of expertise.</li> <li>Please refer to the Management Structure Chart set out on page 101.</li> <li>For matters or transactions of a material nature, the same will be referred to the Board for approval.</li> <li>For matters or transactions of a magnitude requiring disclosure under the Listing Rules or other applicable rules or regulations, appropriate disclosure will be made and where necessary, circular will be prepared and shareholders' approval will be obtained in accordance with the requirements of the applicable rules and regulations.</li> </ul>
D.1.2	Formalise functions reserved to the board and those delegated to management and to review those arrangements on a periodic basis to ensure that they remain appropriate to the needs of the company.	√	<ul style="list-style-type: none"> <li>The Board, led by the Chairman, is responsible for the Group's future development directions; overall strategies and policies; evaluation of the performance of the Group and the management; and approval of matters that are of a material or substantial nature.</li> <li>Under the leadership of the Managing Director, management is responsible for the day-to-day operations of the Group.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
D.2	<b>Board Committees</b>  <i><b>Corporate Governance Principle</b></i> <i>Board Committees should be formed with specific written terms of reference which deal clearly with the committees' authority and duties.</i>		
D.2.1	Where board committees are established to deal with matters, the board should prescribe sufficiently clear terms of reference to enable such committees to discharge their functions properly.	√	<ul style="list-style-type: none"> <li>Two Board Committees, namely, Audit Committee and Remuneration Committee have been established with specific terms of reference as mentioned in C.3.3 and B.1.3 of Part I above.</li> </ul>
D.2.2	The terms of reference of board committees should require such committees to report back to the board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).	√	<ul style="list-style-type: none"> <li>Board Committees report to the Board of their decisions and recommendations at the Board meetings.</li> </ul>
<b>E. COMMUNICATION WITH SHAREHOLDERS</b>			
E.1	<b>Effective communication</b>  <i><b>Corporate Governance Principle</b></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"> <li>Separate resolutions are proposed at the general meeting on each substantially separate issue, including the election of individual directors.</li> </ul>

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
E.1.2	<p>– The chairman of the board should attend the annual general meeting and arrange for the chairmen of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee to be available to answer questions at the annual general meeting.</p> <p>– The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval.</p> <p>(Note 8)</p>	<p>√</p> <p>√</p>	<ul style="list-style-type: none"> <li>• In 2008, the Chairman of the Board, Chairman of the Audit Committee and Chairman of the Remuneration Committee attended the annual general meeting and were available to answer questions.</li> <li>• The Company establishes different communication channels with shareholders and investors, including (i) printed copies of corporate 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.</li> </ul> <p>(Note 9)</p>

#### Notes

8. According to a new Code Provision effective from 1st January, 2009, the company should arrange for the notice to shareholders to be sent in the case of annual general meeting at least 20 clear business days before the meeting and to be sent at least 10 clear business days in the case of all other general meetings.
9. The Company's notice to shareholders for the annual general meeting of the Company scheduled for 21st May, 2009 has complied with the new Code Provision.

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
E.2	<p><b>Voting by poll</b></p> <p><i><b>Corporate Governance Principle</b></i>  <i>The Company should regularly inform shareholders of the procedure for voting by poll and ensure compliance with the requirements about voting by poll contained in the Listing Rules and the constitutional documents of the Company.</i></p>		
E.2.1	<ul style="list-style-type: none"> <li>– The chairman of a meeting should ensure disclosure in the circulars of the procedures for and the rights of shareholders to demand a poll.</li> </ul>	√	<ul style="list-style-type: none"> <li>• In 2008, the right to demand a poll was set out in the circular containing the notice of annual general meeting.</li> <li>• In 2008, the Chairman of the annual general meeting exercised his power under the Articles of Association of the Company to put each resolution set out in the notice to be voted by way of a poll.</li> </ul>
	<ul style="list-style-type: none"> <li>– The chairman of a meeting and/or directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at a particular meeting shall demand a poll in certain circumstances where, on a show of hands, a meeting votes in the opposite manner to that instructed in those proxies.</li> </ul>	√	
	<ul style="list-style-type: none"> <li>– 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.</li> </ul>	√	

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices
E.2.2	<ul style="list-style-type: none"> <li>– 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> <li>– The company should ensure that votes cast are properly counted and recorded.</li> </ul>	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> <li>• Representatives of the Share Registrars of the Company were appointed as scrutineers to monitor and count the poll votes cast at the annual general meeting.</li> <li>• Poll results were announced at the adjourned meeting and were posted on the websites of the Company and the Stock Exchange.</li> </ul>
E.2.3	<p>The chairman of a meeting should at the commencement of the meeting ensure that an explanation is provided of:</p> <ul style="list-style-type: none"> <li>– the procedures for demanding a poll by shareholders before putting a resolution to the vote on a show of hands; and</li> <li>– the detailed procedures for conducting a poll and then answer any questions from shareholders whenever voting by way of a poll is required.</li> </ul> <p>(Note 10)</p>	<p style="text-align: center;">√</p> <p style="text-align: center;">√</p>	<ul style="list-style-type: none"> <li>• At the 2008 annual general meeting, the Chairman of the meeting explained the detailed procedures for conducting a poll, which had also been set out in the circular containing the notice of annual general meeting, and then answered any questions from shareholders.</li> <li>• At the 2008 annual general meeting, the Chairman of the meeting exercised his power under the Articles of Association of the Company to put each resolution set out in the notice to be voted by way of a poll.</li> </ul> <p>(Note 11)</p>

#### Notes

10. According to the amendments to the Listing Rules effective from 1st January, 2009, any vote of shareholders at a general meeting must be taken by poll.

11. All the resolutions put to vote at the Company's general meetings in the past few years were already taken by poll.

## Corporate Governance Report (continued)

## II. Recommended Best Practices

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
<b>A. DIRECTORS</b>			
<b>A.1</b>	<b>The Board</b>  <b>Corporate Governance Principle</b> <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"> <li>The Company has arranged appropriate Directors and Officers liability insurance coverage for its Directors and officers since 1st July, 1991 including the year 2008/2009.</li> </ul>
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 should be held 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"> <li>The Company has an Audit Committee and a Remuneration Committee.</li> <li>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.</li> <li>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.</li> </ul>

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.1.10 (cont'd)	<p data-bbox="352 717 635 896">A.1.2 All directors are given an opportunity to include matters in the agenda for regular board meetings.</p> <p data-bbox="352 922 635 1159">A.1.3 – At least 14 days notice for regular board meetings – Reasonable notice for other board meetings</p> <p data-bbox="352 1392 635 1720">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.</p> <p data-bbox="352 1746 635 2030">A.1.5 – Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary of the meeting.</p>	<p data-bbox="683 717 703 745">C</p> <p data-bbox="683 961 703 989">C</p> <p data-bbox="683 1090 703 1118">C</p> <p data-bbox="683 1392 703 1420">C</p> <p data-bbox="683 1780 703 1808">C</p>	<ul style="list-style-type: none"> <li data-bbox="762 362 1356 692">• The Remuneration Committee held two meetings in respect of the year of 2008. The meeting held in November 2008 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 2009 was to review, consider and endorse the remuneration packages proposed for the Executive Directors of the Company.</li> <li data-bbox="762 717 1356 858">• 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.</li> <li data-bbox="762 922 1356 1101">• 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 the meetings.</li> <li data-bbox="762 1127 1356 1192">• At least 14 days formal notice would be given before each Board Committee meeting.</li> <li data-bbox="762 1218 1356 1358">• 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.</li> <li data-bbox="762 1392 1356 1601">• 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</li> <li data-bbox="762 1746 1356 1886">• The Company Secretary prepares minutes/written resolutions and keeps records of substantive matters discussed and decisions resolved at Board Committee meetings.</li> </ul>

## Corporate Governance Report (continued)

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

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.1.10 (cont'd)	<ul style="list-style-type: none"> <li>– 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.</li> </ul>	C	
A.1.8	<ul style="list-style-type: none"> <li>– If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should not be dealt with by way of circulation or by a committee but a board meeting should be held.</li> </ul>	C	<ul style="list-style-type: none"> <li>• Board Committee members must declare his/her interest in the matters to be considered by the Board Committee, if applicable.</li> </ul>
	<ul style="list-style-type: none"> <li>– Independent non-executive directors who, and whose associates, have no material interest in the transaction should be present at such board meeting.</li> </ul>	C	<ul style="list-style-type: none"> <li>• In case of conflict of interests, relevant Directors refrain from voting. Mr. Li Ka-shing, the Chairman of the Board, is also the Chairman of the Remuneration Committee. He refrained from voting at decisions made in respect of his own remuneration package.</li> </ul>

## Corporate Governance Report (continued)

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.2	<p><b>Chairman and Chief Executive Officer</b></p> <p><b><i>Corporate Governance Principle</i></b>  <i>There should be a clear division of responsibilities between the Chairman and the Managing Director of the Company to ensure a balance of power and authority.</i></p>		
A.2.4	<ul style="list-style-type: none"> <li>– Chairman to provide leadership for the board</li> <li>– 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.</li> <li>– 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.</li> </ul>	<p>C</p> <p>C</p> <p>C</p>	<ul style="list-style-type: none"> <li>• The Chairman of the Board is an Executive Director who is responsible for the leadership and effective running of the Board.</li> <li>• 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.</li> <li>• The Board meets regularly and held meetings in March, May, August and November 2008.</li> <li>• 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.</li> <li>• 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.</li> </ul>

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"> <li>The Board as a whole and the management of the Company are committed to the maintenance of good corporate governance practices and procedures.</li> </ul>
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"> <li>Please refer to A.2.4 and A2.5 of Part II for the details.</li> </ul>
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"> <li>In addition to regular Board meetings, the Chairman had meetings with the Non-executive Directors (including the Independent Non-executive Directors) without the presence of the Executive Directors in May and November 2008. Details of the attendance records of the meetings are set out on page 59.</li> </ul>
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"> <li>The Company establishes different communication channels with shareholders and investors as set out in E.1.2 of Part I.</li> </ul>
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"> <li>Please refer to A.2.4 and A2.5 of Part II for the details.</li> </ul>



Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.4	<p><b>Appointments, re-election and removal</b></p> <p><i><b>Corporate Governance Principle</b></i>  <i>There should be a formal, considered and transparent procedure for the appointment of new Directors and plans in place for orderly succession for appointments to the Board. All Directors should be subject to re-election at regular intervals.</i></p>		
A.4.3	<ul style="list-style-type: none"> <li>– If an independent non-executive director serves more than 9 years, any further appointment of such independent non-executive director should be subject to a separate resolution to be approved by shareholders.</li> <li>– The board should set out to shareholders in the papers accompanying a resolution to elect such an independent non-executive director the reasons they believe that the individual continues to be independent and why he should be re-elected.</li> </ul>	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> <li>• Each Independent Non-executive Director who was subject to retirement by rotation was appointed by a separate resolution in the Company's annual general meeting. Each Independent Non-executive Director who was eligible for re-election at the annual general meeting had made a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company had expressed the view in its circular that each Independent Non-executive Director who was eligible for re-election had met the independence guidelines set out in Rule 3.13 of the Listing Rules and was independent in accordance with the terms of the guidelines. While in accordance with the recommended best practices, the Company has to include its own recommendation in the circular to explain why a particular candidate should be re-elected, as their relevant credentials have been included in the circular for the shareholders' information, the Company opines that it is more important for the shareholders themselves to make their own independent decision on whether to approve a particular re-election or not.</li> </ul>

## Corporate Governance Report (continued)

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"> <li>– The company should establish a nomination committee. A majority of the members of the nomination committee should be independent non-executive directors.</li> <li>– The nomination committee should be established with specific written terms of reference which deal clearly with the committee's authority and duties.</li> <li>– It is recommended that the nomination committee should discharge the following duties:               <ul style="list-style-type: none"> <li>(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;</li> </ul> </li> </ul>	E	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>

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"> <li>• 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 adopts 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.</li> <li>• 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.</li> </ul>

## 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)	<ul style="list-style-type: none"> <li>– The nomination committee should make available its terms of reference explaining its role and the authority delegated to it by the board.</li> <li>– The nomination committee should be provided with sufficient resources to discharge its duties.</li> <li>– 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.</li> </ul>		<ul style="list-style-type: none"> <li>• Please refer to A.4.3 of Part II for the details.</li> </ul>

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.5	<p><b>Responsibilities of directors</b></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"> <li>• 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.</li> <li>• 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 "Non-statutory Guidelines on Directors' Duties" issued by the Companies Registry of Hong Kong has been forwarded to each Director for his/her information and ready reference.</li> <li>• 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.</li> <li>• Seminars are organised from time to time at which distinguished professionals are invited to present to the Directors on subjects relating to directors' duties and corporate governance, etc.</li> </ul>

## Corporate Governance Report (continued)

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"> <li>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.</li> </ul>
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"> <li>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.</li> <li>Extent of participation and contribution should be viewed both quantitatively and qualitatively.</li> </ul>
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"> <li>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.</li> </ul>

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.6	<p><b>Supply of and access to information</b></p> <p><i><b>Corporate Governance Principle</b></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>		
There is no recommended best practice under Section A.6 in the Code on CG Practices.			
<p><b>B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT</b></p>			
B.1	<p><b>The level and make-up of remuneration and disclosure</b></p> <p><i><b>Corporate Governance Principle</b></i>  <i>There should be a formal and transparent procedure for setting policy on Executive Directors' remuneration and for fixing the remuneration packages for all Directors.</i></p>		
B.1.6	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"> <li>A significant proportion of Executive Directors' remuneration has been structured so as to link rewards to corporate and individual performance in 2008. Please refer to note (4) in the Notes to Financial Statements for details of discretionary bonus.</li> </ul>
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"> <li>The remuneration payable to senior management represents only a small portion of the turnover and 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.</li> </ul>
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"> <li>The Board has never approved any remuneration or compensation arrangements which have previously been rejected by the Remuneration Committee.</li> </ul>



Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
<b>C.2</b>	<p><b>Internal controls</b></p> <p><b>Corporate Governance Principle</b></p> <p><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.2.2	<p>The board's annual review should, in particular, consider:</p> <ul style="list-style-type: none"> <li>– 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;</li> <li>– 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> <li>– 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> </ul>	<p>C</p> <p>C</p> <p>C</p>	<ul style="list-style-type: none"> <li>• 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"> <li>– 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;</li> <li>– 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> <li>– 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> <li>– 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> <li>– the effectiveness of the Company's processes relating to financial reporting and Listing Rules compliance.</li> </ul> </li> </ul>

## Corporate Governance Report (continued)

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>– 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> <li>– the effectiveness of the company's processes relating to financial reporting and Listing Rule compliance.</li> </ul>	C	
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"> <li>– the process that the company has applied for identifying, evaluating and managing the significant risks faced by it;</li> </ul>	C	<ul style="list-style-type: none"> <li>• 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"> <li>– 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;</li> </ul> </li> </ul>

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.3 (cont'd)	<ul style="list-style-type: none"> <li>– any additional information to assist understanding of the company's risk management processes and system of internal control;</li> <li>– an acknowledgement by the board that it is responsible for the company's system of internal control and for reviewing its effectiveness;</li> <li>– the process that the company has applied in reviewing the effectiveness of the system of internal control; and</li> <li>– 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.</li> </ul>	<p>C</p> <p>C</p> <p>C</p> <p>C</p>	<ul style="list-style-type: none"> <li>– the Board acknowledges that it is responsible for the system of internal control and for reviewing its effectiveness at least once annually;</li> <li>– 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</li> <li>– 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.</li> </ul>
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"> <li>• The Company aims to ensure disclosures provide meaningful information and do not give a misleading impression.</li> </ul>
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"> <li>• Please refer to C.2 of Part I for the details.</li> </ul>

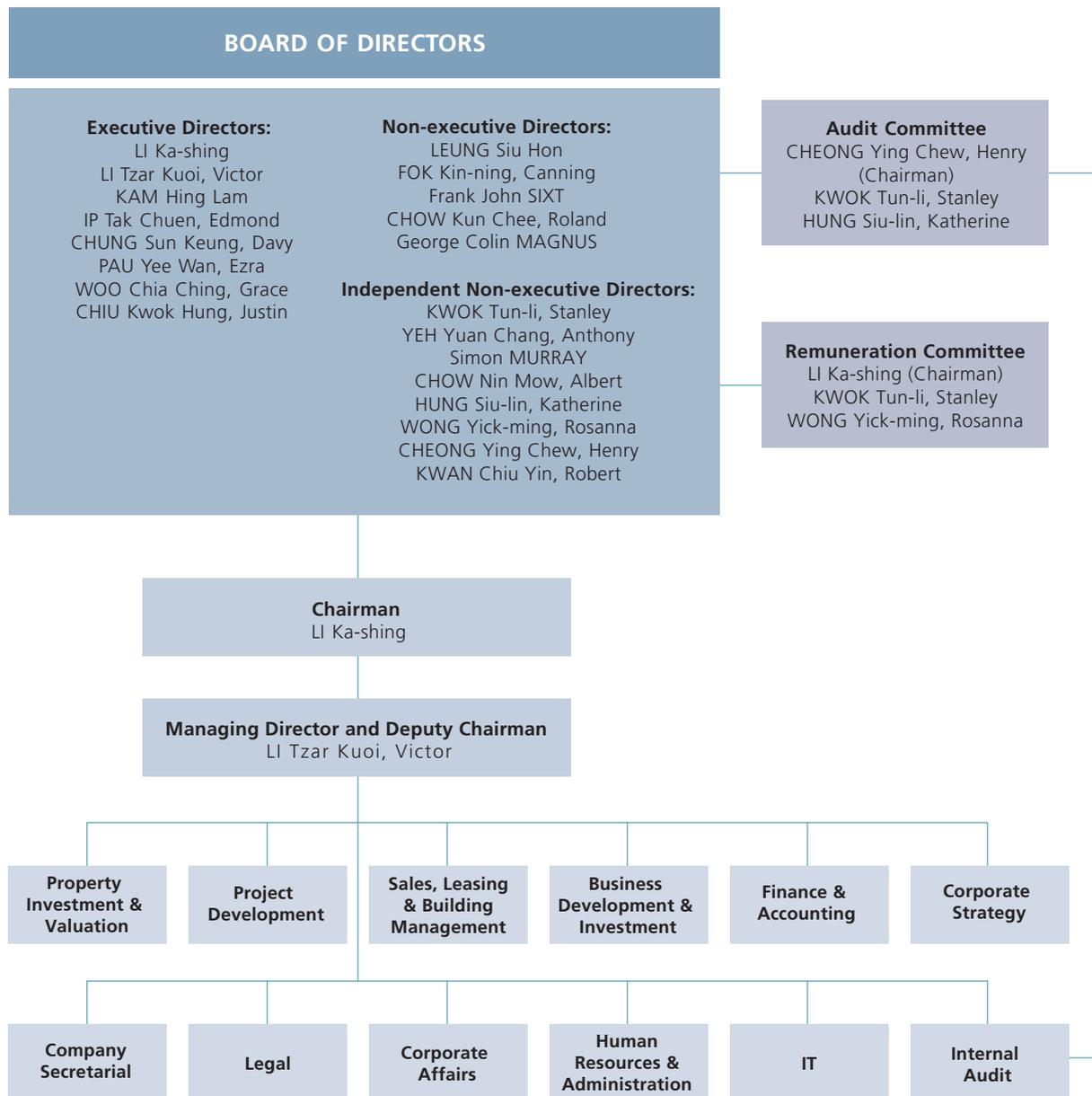


Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
<b>D. DELEGATION BY THE BOARD</b>			
<b>D.1 Management functions</b>  <b><i>Corporate Governance Principle</i></b> <i>The Company should have a formal schedule of matters specifically 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"> <li>Please refer to the Management Structure Chart set out on page 101.</li> </ul>
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"> <li>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.</li> </ul>

## Corporate Governance Report (continued)

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.2	<b>Board Committees</b>  <b>Corporate Governance Principle</b> <i>Board Committees should be formed with specific written terms of reference which deal clearly with the committees' authority and duties.</i>		
There is no recommended best practice under Section D.2 in the Code on CG Practices.			
<b>E. COMMUNICATION WITH SHAREHOLDERS</b>			
E.1	<b>Effective communication</b>  <b>Corporate Governance Principle</b> <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>		
There is no recommended best practice under Section E.1 in the Code on CG Practices.			
E.2	<b>Voting by poll</b>  <b>Corporate Governance Principle</b> <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>		
There is no recommended best practice under Section E.2 in the Code on CG Practices.			

## Management Structure Chart

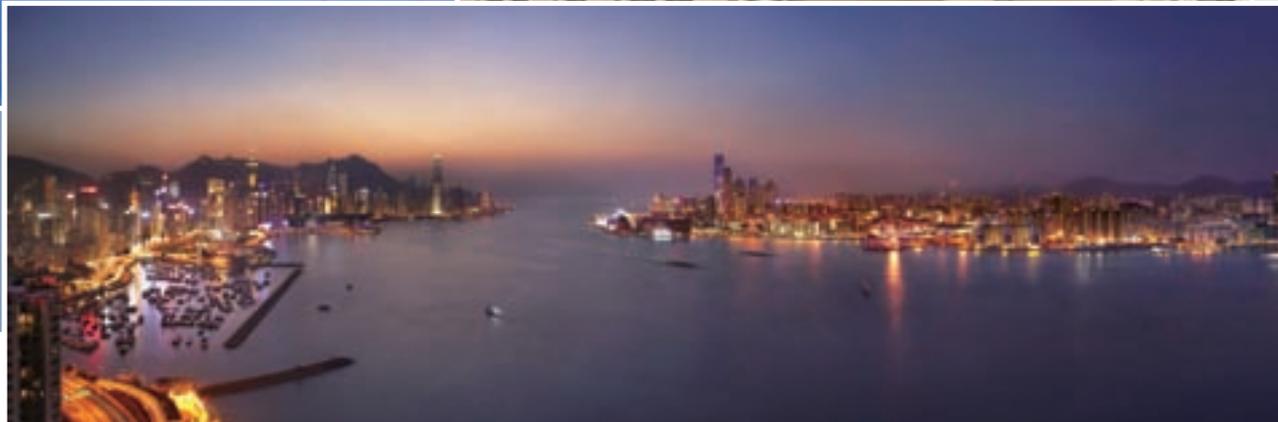


## Highlights of Development Projects

# Harbour Grand Hong Kong

## North Point

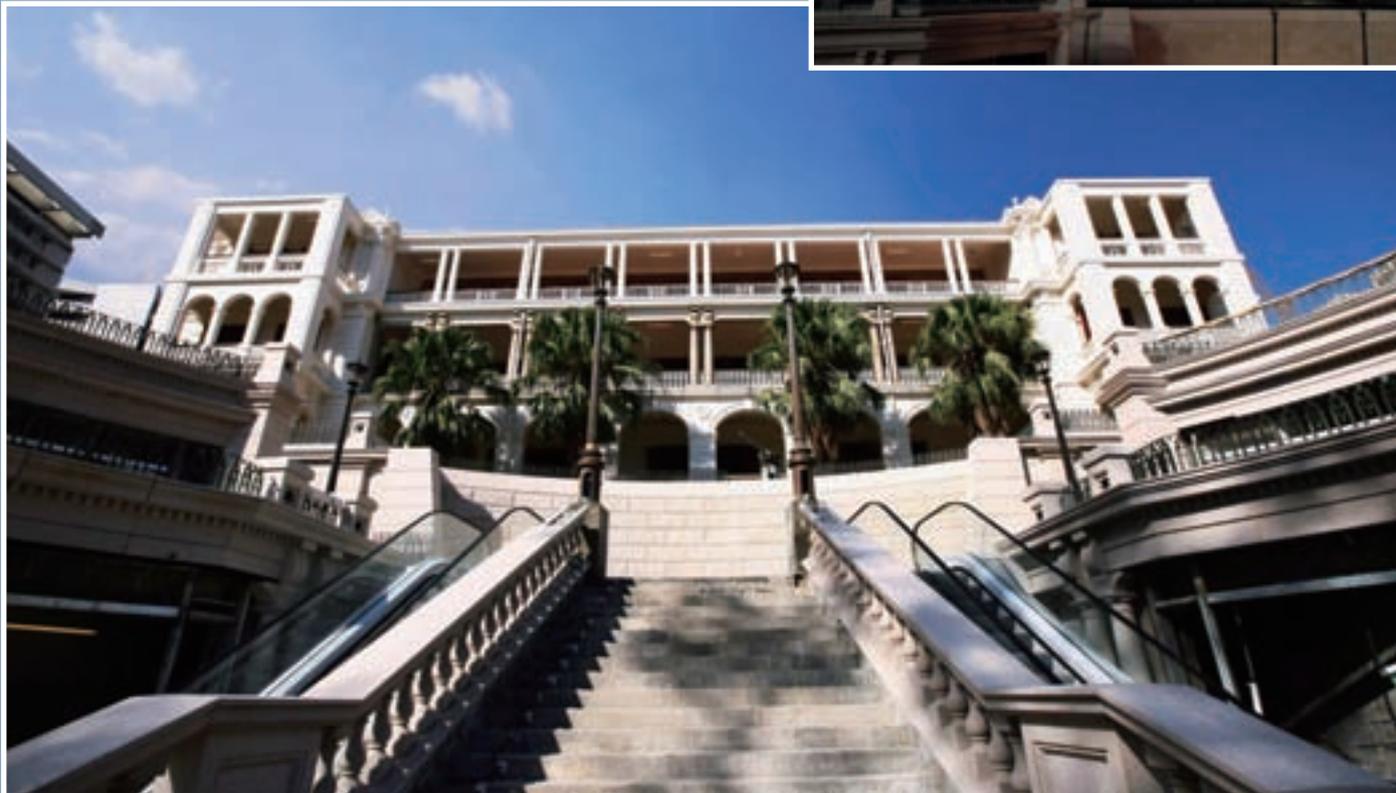
*This prestigious 41-storey hotel is ideally located in the heart of Hong Kong Island with panoramic views of Victoria Harbour, Kowloon peninsular skyline and Central District of Hong Kong.*



# 1881 Heritage

Tsim Sha Tsui

*Blending the classic architecture of the former marine police headquarters and contemporary design, this hotel and commercial development with a heritage exhibition centre is set to be a new heritage revitalisation landmark for cultural tourism, shopping and leisure in Hong Kong.*



Highlight of Development Projects (*continued*)

# The Capitol

Tseung Kwan O

*The Capitol, conveniently located atop the MTR LOHAS Park Station and nestled in green surroundings, offers residents an ideal habitat to explore a new way of urban living.*



# Le Prestige

Tseung Kwan O

*This latest phase of LOHAS Park epitomises quality living in a 13-hectare lush and recreational area, and has easy MTR access to all major commercial, shopping and entertainment hubs.*



Highlight of Development Projects (*continued*)

# Celestial Heights

## Ho Man Tin

*This exclusive residence featuring the first-ever high-rise "private house" concept is prestigiously located at Ho Man Tin with ultra-luxury status.*



# MTR Tai Wai Station Residential Project

*This large-scale residential development atop the MTR Tai Wai Station is conveniently connected to every part of Hong Kong, and offers all the right ingredients for a vibrant metropolitan lifestyle.*



## Schedule of Major Properties

Dated the 31st day of December, 2008

### A. PROPERTIES FOR/UNDER DEVELOPMENT

Location	Lot Number	Group's Interest	Approx. Site Area (sq. m.)
<b>Hong Kong</b>			
Celestial Heights, Ho Man Tin	K.I.L. 11124	90.0%	17,756
1881 Heritage, Tsim Sha Tsui	K.I.L. 11161	100.0%	12,289
Harbour Plaza 8 Degrees, 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
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 Ma On Shan	S.T.T.L. 548	100.0%	16,440
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 Kowloon Tong	N.K.I.L. 4782	100.0%	4,229
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%	167,913
Various sites at Yuen Long	Various lots	100.0%	195,515
Various sites at Tai Po	Various lots	100.0%	12,400
<b>The Mainland</b>			
Kerry Everbright City, Shanghai	–	24.8%	49,589
The Greenwich, Xian	–	50.0%	480,925
Le Parc, Chengdu	–	50.0%	681,816
The Riverside and Metropolitan Plaza, Guangzhou	–	50.0%	61,057
Regency Park, Shanghai	–	50.0%	46,117
Le Sommet, Shenzhen	–	50.0%	223,692
Regency Park, Shenzhen	–	50.0%	375,845
Cape Coral, Chongqing	–	47.5%	128,212
Regency Park, Changchun	–	50.0%	920,673
Regency Residence, Changchun	–	50.0%	205,696
Maqiao, Shanghai	–	42.5%	260,556
Noble Hills, Changsha	–	50.0%	556,420
Regency Oasis, Chengdu	–	50.0%	373,326

Approx. Floor Area Attributable to the Group (sq. m.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
91,891	Residential/Commercial	Interior finishing	January, 2009
51,933	Residential	Interior finishing	September, 2009
13,023	Commercial/Hotel	Exterior finishing	February, 2009
21,420	Hotel	Interior finishing	June, 2009
2,961	Residential	Superstructure in progress	March, 2010
68,394	Residential	Superstructure in progress	June, 2010
24,938	Residential	Foundation work	November, 2010
82,200	Residential	Foundation work completed	December, 2010
12,795	Residential	Foundation work	June, 2011
4,026	Residential	Foundation work	December, 2011
4,475	Residential	Planning	–
87,356	Residential	Planning	–
23,996	Residential/Commercial	Planning	–
–	Industrial	Demolition work	–
–	Industrial	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
13,650	Residential	Interior finishing	January, 2009
25,369	Residential/Commercial	Planning	February, 2012
58,953	Residential	Superstructure in progress	April, 2009
69,586	Residential/Commercial	Superstructure in progress	December, 2009
397,044	Residential/Commercial	Planning	September, 2012
96,052	Residential	Superstructure in progress	May, 2009
158,711	Residential	Superstructure in progress	August, 2010
741,309	Residential/Commercial	Planning	–
43,508	Commercial	Interior finishing	June, 2009
77,394	Residential	Superstructure in progress	September, 2009
6,251	Commercial	Superstructure in progress	June, 2009
4,958	Residential/Commercial/Hotel	Superstructure in progress	April, 2010
31,690	Residential/Commercial	Superstructure in progress	June, 2009
113,772	Residential/Commercial	Site formation	September, 2011
28,707	Residential	Superstructure in progress	June, 2009
19,930	Residential	Superstructure in progress	September, 2009
30,167	Residential	Site formation	March, 2010
106,251	Residential/Commercial	Superstructure in progress	September, 2009
73,729	Residential/Commercial	Foundation work	December, 2012
30,638	Residential	Superstructure in progress	October, 2009
54,322	Residential/Commercial	Superstructure in progress	December, 2010
115,458	Residential/Commercial	Planning	October, 2012
28,909	Residential/Commercial	Superstructure in progress	December, 2009
31,952	Residential/Commercial	Superstructure in progress	December, 2010
75,772	Residential/Commercial	Planning	October, 2011
8,477	Residential	Foundation work	December, 2009
10,348	Residential	Planning	June, 2011
50,736	Residential/Commercial	Superstructure in progress	December, 2009
273,909	Residential/Commercial	Planning	June, 2012
69,494	Residential	Superstructure in progress	March, 2010
94,219	Residential/Commercial	Foundation work	June, 2011
81,348	Residential	Planning	November, 2012

## Schedule of Major Properties (continued)

## A. PROPERTIES FOR/UNDER DEVELOPMENT (continued)

Location	Lot Number	Group's Interest	Approx. Site Area (sq. m.)
<b>The Mainland (continued)</b>			
Metropolitan, Tianjin	–	40.0%	19,617
Huaqiangbei, Futian, Shenzhen	–	40.0%	17,105
La Grande Ville, Beijing	–	100.0%	741,823
The Greenwich, Beijing	–	50.0%	179,343
Tianning, Changzhou	–	50.0%	80,598
Nanhui Zhoupu, Shanghai	–	42.5%	263,412
Zhongxin Town, Luogang, Guangzhou	–	40.0%	225,548
Noble Hills, Shenzhen	–	50.0%	85,183
Laguna Verona, Dongguan	–	49.8%	2,508,698
Century Avenue, Pudong, Shanghai	–	25.0%	51,280
Lujiazui, Pudong, Shanghai	–	50.0%	9,298
Shisanling, Beijing	–	50.0%	256,327
Xin Zha Road, Shanghai	–	30.0%	14,528
Aotou, Daya Bay, Huizhou	–	50.0%	80,051
Qiao Island, Zhuhai	–	50.0%	199,996
Cape Coral, Guangzhou	–	50.0%	294,739
Noble Hills, Chongqing	–	50.0%	447,020
International Toys & Gifts Center, Guangzhou	–	30.0%	321,261
Zengcheng, Guangzhou	–	50.0%	2,112,632
Laopu Pian, Jiangnan, Wuhan	–	50.0%	35,213
Yinhuwan, Jiangmen	–	45.0%	1,333,308
Hualou Jie, Jiangnan, Wuhan	–	50.0%	105,934
Xiao Gang Wan, Qingdao	–	45.0%	311,774
Zhen Ru Fu Zhong Xin, Putuo, Shanghai	–	36.8%	177,262
Yangjiashan, Chongqing	–	47.5%	1,041,341
Caidian, Wuhan	–	50.0%	770,590
<b>Overseas</b>			
Marina Bay, Singapore	–	16.7%	53,331
Lots Road & Chelsea Harbour, London, United Kingdom	–	47.5%	35,693
Land Parcel at West Coast Crescent, Singapore	–	50.0%	12,000
Convoys Wharf, London, United Kingdom	–	50.0%	161,876

Approx. Floor Area Attributable to the Group (sq. m.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
29,505	Commercial	Superstructure in progress	June, 2010
64,601	Residential/Commercial	Foundation work	September, 2010
74,802	Residential/Commercial	Superstructure in progress	September, 2010
95,477	Residential	Superstructure in progress	December, 2010
104,337	Residential	Site formation	December, 2012
245,280	Residential	Site formation	December, 2014
44,431	Residential	Planning	December, 2010
75,167	Residential	Planning	March, 2012
14,715	Residential	Planning	December, 2010
15,360	Residential	Planning	September, 2011
81,119	Residential	Planning	December, 2012
29,868	Residential	Planning	December, 2010
114,351	Residential/Commercial	Planning	March, 2012
18,489	Residential/Commercial	Planning	March, 2011
74,255	Residential/Commercial	Planning	December, 2013
72,544	Residential/Commercial	Planning	June, 2011
119,183	Residential	Planning	September, 2011
230,173	Residential/Commercial	Planning	June, 2012
526,173	Residential/Commercial	Planning	–
54,613	Commercial/Hotel	Planning	September, 2011
40,000	Commercial	Planning	September, 2011
39,999	Residential	Planning	October, 2011
17,373	Commercial	Planning	December, 2011
20,404	Residential	Planning	December, 2011
32,676	Residential	Planning	September, 2012
66,277	Residential	Planning	September, 2013
28,674	Residential	Planning	December, 2011
15,336	Residential	Planning	June, 2012
73,954	Residential	Planning	–
161,413	Residential/Commercial	Planning	March, 2012
205,202	Residential/Commercial	Planning	December, 2012
51,402	Commercial	Planning	December, 2012
165,992	Residential/Commercial	Planning	June, 2013
80,311	Residential/Commercial	Planning	September, 2013
73,624	Residential/Commercial/Hotel	Planning	December, 2013
115,237	Residential	Planning	–
183,332	Residential/Commercial	Planning	December, 2014
413,879	Residential/Commercial	Planning	–
265,140	Residential/Commercial/Hotel	Planning	–
1,467,610	Residential/Commercial	Planning	–
749,431	Residential/Commercial/Hotel	Planning	–
40,667	Residential/Commercial	Superstructure in progress	April, 2010
32,333	Residential/Commercial	Superstructure in progress	June, 2012
37,454	Residential/Commercial	Demolition work	March, 2013
16,800	Residential	Planning	September, 2013
154,884	Residential/Commercial	Planning	–

## Schedule of Major Properties (continued)

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

Location	Lot Number	Approx. Site Area (sq. m.)
<b>Hong Kong</b>		
Le Prestige, Tseung Kwan O	T.K.O.T.L. 70	31,490
MTR Tai Wai Station	S.T.T.L. 529	70,597
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
MTR Tsuen Wan West Station	T.W.T.L. 403	23,742

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

Location	Lot Number	Group's Interest
<b>Hong Kong</b>		
The Center (portion), Central	–	100.0%
United Centre (portion), Admiralty	–	100.0%
Hampton Loft, Tai Kok Tsui	–	100.0%
Kingswood Ginza, Tin Shui Wai	T.S.W.T.L. 4	98.5%
Metro Town, Tiu Keng Leng	T.K.O.T.L. 73	80.0%
Victoria Mall, Tsim Sha Tsui	–	42.5%
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%
Harbour Grand Hong Kong, North Point	I.L. 7106 s.A & Extension	Development interest
Conic Investment Building, Hung Hom	–	100.0%
8 Tung Yuen Street, Yau Tong	Y.T.M.L. 69	100.0%
<b>The Mainland</b>		
Sheraton Shenyang Lido Hotel, Shenyang	–	99.0%
Sheraton Chengdu Lido Hotel, Chengdu	–	70.0%
Harbour Plaza, Chongqing	–	50.0%
Metropolitan Plaza, Chongqing	–	50.0%
Westgate Mall, Shanghai	–	30.0%
Lido Place, Beijing	–	40.0%
Oriental Plaza, Beijing	–	33.4%
Kerry Everbright City, Shanghai	–	24.8%
Seasons Villas, Pudong, Shanghai	–	50.0%

**Notes to Schedule of Major Properties:**

- Properties which are insignificant, including overseas properties, agricultural land and completed properties for sales, are not included.
- Properties owned by listed and unlisted associates are not included.
- 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 revenue/development profits/properties after completion in accordance with the terms and conditions of the joint development agreements.

Approx. Floor Area of the Development (sq. m.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
125,668	Residential	Superstructure in progress	November, 2009
100,760	Residential	Superstructure in progress	May, 2010
83,268	Residential	Superstructure in progress	December, 2011
100,372	Residential	Superstructure in progress	December, 2009
100,372	Residential	Superstructure in progress	September, 2010
113,211	Residential	Planning	December, 2011
97,400	Residential	Foundation work	June, 2011
128,544	Residential	Foundation work	June, 2012
113,064	Residential	Planning	December, 2013

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
–	6,943	Commercial	Medium Term Lease
–	49,211	Commercial	Medium Term Lease
–	13,440	Commercial	Medium Term Lease
–	6,634	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
6,816	41,341	Hotel	Medium Term Lease
–	30,409	Industrial	Medium Term Lease
2,108	7,170	Godown	Medium Term Lease
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
–	30,640	Commercial	Medium Term Lease
–	67,090	Commercial/Hotel/Serviced apartment	Medium Term Lease
–	191,232	Commercial/Hotel/Serviced apartment	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, 2008

	Note	2008 \$ Million	2007 \$ Million
Group turnover		12,856	13,277
Share of property sales of jointly controlled entities		3,580	2,165
Turnover	(3)	16,436	15,442
<b>Group turnover</b>		<b>12,856</b>	<b>13,277</b>
Investment and other income		466	5,485
Operating costs			
Property and related costs		(6,035)	(6,521)
Salaries and related expenses		(944)	(825)
Interest and other finance costs		(454)	(984)
Other expenses		(498)	(457)
		(7,931)	(8,787)
Share of net profit of jointly controlled entities		2,355	1,697
Increase in fair value of investment properties		134	1,815
Operating profit		7,880	13,487
Share of net profit of associates		8,698	15,682
<b>Profit before taxation</b>	(4)	<b>16,578</b>	<b>29,169</b>
Taxation	(5)	(859)	(1,197)
<b>Profit for the year</b>		<b>15,719</b>	<b>27,972</b>
Profit attributable to minority interests		(201)	(294)
<b>Profit attributable to shareholders</b>	(6)	<b>15,518</b>	<b>27,678</b>
<b>Dividends</b>			
Interim dividend paid at \$0.50 (2007 – \$0.50) per share		1,158	1,158
Final dividend proposed at \$1.95 (2007 – \$1.95) per share		4,517	4,517
		5,675	5,675
<b>Earnings per share</b>	(7)	<b>\$6.70</b>	<b>\$11.95</b>

## Consolidated Balance Sheet

As at 31st December, 2008

	Note	2008 \$ Million	2007 \$ Million
<b>Non-current assets</b>			
Fixed assets	(8)	11,624	10,560
Investment properties	(9)	15,670	15,497
Associates	(11)	151,008	146,109
Jointly controlled entities	(12)	29,391	23,614
Investments available for sale	(13)	4,678	10,060
Long term loan receivables		1,093	956
		<b>213,464</b>	<b>206,796</b>
<b>Current assets</b>			
Stock of properties	(14)	61,211	58,418
Debtors, deposits and prepayments	(15)	3,904	4,066
Investments held for trading	(16)	858	1,439
Derivative financial instruments		22	294
Bank balances and deposits		7,173	5,609
		<b>73,168</b>	<b>69,826</b>
<b>Current liabilities</b>			
Bank and other loans	(17)	8,991	8,872
Creditors and accruals	(18)	3,878	6,889
Loan from joint development partner	(19)	2,000	–
Derivative financial instruments		872	437
Provision for taxation		768	860
		<b>56,659</b>	<b>52,768</b>
<b>Net current assets</b>		<b>56,659</b>	<b>52,768</b>
<b>Total assets less current liabilities</b>		<b>270,123</b>	<b>259,564</b>
<b>Non-current liabilities</b>			
Bank and other loans	(17)	31,258	23,655
Loan from joint development partner	(19)	2,000	4,000
Deferred tax liabilities	(20)	1,359	1,300
		<b>34,617</b>	<b>28,955</b>
<b>Net assets</b>		<b>235,506</b>	<b>230,609</b>
<b>Representing:</b>			
Share capital	(21)	1,158	1,158
Share premium		9,331	9,331
Reserves		220,675	216,714
<b>Shareholders' funds</b>		<b>231,164</b>	<b>227,203</b>
Minority interests		4,342	3,406
<b>Total equity</b>		<b>235,506</b>	<b>230,609</b>

Li Ka-shing  
Director

Ip Tak Chuen, Edmond  
Director

## Balance Sheet

As at 31st December, 2008

	Note	2008 \$ Million	2007 \$ Million
<b>Non-current assets</b>			
Fixed assets	(8)	11	12
Subsidiaries	(10)	30,549	30,422
Associates	(11)	50	50
Jointly controlled entities	(12)	462	248
Long term loan receivables		2	3
		<b>31,074</b>	<b>30,735</b>
<b>Current assets</b>			
Stock of properties	(14)	3	3
Debtors, deposits and prepayments	(15)	99	357
Bank balances and deposits		722	587
		<b>824</b>	<b>947</b>
<b>Current liabilities</b>			
Creditors and accruals	(18)	141	169
Provision for taxation		–	32
		<b>683</b>	<b>746</b>
<b>Net current assets</b>			
		<b>31,757</b>	<b>31,481</b>
<b>Net assets</b>			
<b>Representing:</b>			
Share capital	(21)	1,158	1,158
Share premium		9,331	9,331
Reserves	(22)	21,268	20,992
<b>Total equity</b>			
		<b>31,757</b>	<b>31,481</b>

Li Ka-shing  
Director

Ip Tak Chuen, Edmond  
Director

## Consolidated Statement of Changes in Equity

For the year ended 31st December, 2008

	Share capital and premium \$ Million	Capital reserve \$ Million	Investment revaluation reserve \$ Million	Exchange reserve \$ Million	Retained profits \$ Million	Minority interests \$ Million	Total \$ Million
Balance at 1st January, 2007	10,489	345	1,277	1,109	187,202	5,259	205,681
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
Income and expense recognised directly in equity	-	-	3,150	1,142	-	14	4,306
Profit for the year	-	-	-	-	27,678	294	27,972
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
Change in fair value of investments available for sale	-	-	(6,579)	-	-	(3)	(6,582)
Fair value gain of investments available for sale transferred to profit and loss account	-	-	(1,174)	-	-	-	(1,174)
Impairment of investments available for sale transferred to profit and loss account	-	-	1,139	-	-	-	1,139
Exchange translation differences	-	-	-	151	-	8	159
Share of reserves of jointly controlled entities/unlisted associates	-	-	(41)	622	-	-	581
Income and expense recognised directly in equity	-	-	(6,655)	773	-	5	(5,877)
Profit for the year	-	-	-	-	15,518	201	15,719
Total recognised income and expense	-	-	(6,655)	773	15,518	206	9,842
Change in minority interests	-	-	-	-	-	907	907
Dividend paid to minorities	-	-	-	-	-	(177)	(177)
Dividend paid to shareholders	-	-	-	-	(5,675)	-	(5,675)
Balance at 31st December, 2008	10,489	345	(2,228)	3,024	219,534	4,342	235,506

## Consolidated Cash Flow Statement

For the year ended 31st December, 2008

	Note	2008 \$ Million	2007 \$ Million
<b>Operating activities</b>			
Cash generated from operations	(a)	661	962
Investment in/advance to jointly controlled entities		(2,887)	(1,561)
Dividend/repayment from jointly controlled entities		519	2,705
Dividend from associates		3,725	3,825
Dividend from investments in securities		751	975
Interest received		406	407
Dividend paid to shareholders		(5,675)	(5,189)
Dividend paid to minorities		(177)	(179)
Profits tax paid		(914)	(1,222)
<b>Net cash from/(used in) operating activities</b>		<b>(3,591)</b>	<b>723</b>
<b>Investing activities</b>			
Net cash acquired upon associates becoming subsidiaries		–	74
Investment in/advance to associates		(54)	(26)
Repayment from associates		140	116
Disposal of associates		–	415
Investment in/advance to jointly controlled entities		(586)	(1,708)
Repayment from jointly controlled entities		–	1,904
Disposal of jointly controlled entities		–	2,593
Purchase of investments available for sale		(4,373)	(1,133)
Disposal/redemption of investments available for sale		3,379	4,448
Addition of investment properties		(25)	(4)
Addition of fixed assets		(898)	(505)
<b>Net cash from/(used in) investing activities</b>		<b>(2,417)</b>	<b>6,174</b>
<b>Financing activities</b>			
Borrowing of bank and other loans		15,911	7,353
Repayment of bank and other loans		(8,204)	(10,030)
Increase/(decrease) in funding from minorities		907	(622)
Interest and other finance costs paid		(1,042)	(1,771)
<b>Net cash from/(used in) financing activities</b>		<b>7,572</b>	<b>(5,070)</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,564</b>	<b>1,827</b>
Cash and cash equivalents at 1st January		5,609	3,782
<b>Cash and cash equivalents at 31st December</b>	(b)	<b>7,173</b>	<b>5,609</b>

## Notes:

## (a) Cash generated from operations

	2008 \$ Million	2007 \$ Million
Profit before taxation	16,578	29,169
Interest income	(400)	(434)
Interest and other finance costs	454	984
Dividend income from investments in securities	(762)	(980)
Share of net profit of jointly controlled entities	(2,355)	(1,697)
Share of net profit of associates	(8,698)	(15,682)
Profit on disposal of jointly controlled entities	–	(1,972)
Profit on disposal of associates	–	(412)
Increase in fair value of investment properties	(134)	(1,815)
Gain on investments available for sale	(35)	(1,309)
Depreciation	284	257
Increase in long term loan receivables	(254)	(705)
(Increase)/decrease in investments held for trading	581	(200)
Increase in stock of properties	(3,601)	(10,676)
Increase/(decrease) in customers' deposits received	1,521	(192)
Decrease in debtors, deposits and prepayments	82	3,444
(Increase)/decrease in derivative financial instruments	707	(151)
Increase/(decrease) in creditors and accruals	(3,254)	3,190
Exchange difference and other items	(53)	143
	<b>661</b>	<b>962</b>

## (b) Cash and cash equivalents

	2008 \$ Million	2007 \$ Million
Bank balances and deposits	7,173	5,609

## 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 160 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(l), 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, 2008, the adoption has no significant impact on the Group's results and financial position; and for the following HKFRSs which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position.

Effective for the year ending 31st December, 2009:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRSs (Amendments)	Improvements to HKFRSs
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 8	Operating Segments
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation

Effective for the year ending 31st December, 2010:

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners
HK(IFRIC)-Int 18	Transfers of Assets from Customers

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

### (b) Consolidation

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

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

### (c) Subsidiaries

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

### (d) Jointly controlled entities

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

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.

Notes to Financial Statements (*continued*)**2. Principal Accounting Policies (*continued*)****(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; and for investments available for sale, changes in fair value are dealt with in the reserves. For equity securities available for sale where there are significant or prolonged declines in fair value below costs and for debt securities available for sale where there are observable evidences that the debt securities cannot be recovered in full, impairment is charged to the profit and loss account and is not reversible unless increase in fair value of debt securities in a subsequent period can be objectively related to events occurring after the impairment is recognised.

**(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) Loan receivables**

Loan receivables are non-derivative financial assets with fixed or determinable payments. Loan receivables are recognised initially at fair values and subsequently carried at amortised costs using the effective interest method 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.

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

### (k) Debtors

Debtors are recognised initially at fair values and subsequently carried at amortised costs less provision for impairment.

### (l) 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.

### (m) Bank and other loans

Bank and other loans are recognised initially at fair values and subsequently carried at amortised costs.

### (n) Creditors

Creditors are recognised initially at fair values and subsequently carried at amortised costs.

### (o) 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.

### (p) 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 translation of the financial statements of subsidiaries, jointly controlled entities and associates denominated in foreign currencies into presentation currency of the Company, 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, and if the average rates are not reasonable approximations of the exchange rates at the transaction dates, then the exchange rates at the transaction dates are used. Exchange differences are dealt with in the reserves.

Notes to Financial Statements (*continued*)**2. Principal Accounting Policies (*continued*)****(q) Taxation**

Hong Kong profits tax is provided for, using the enacted rate at the balance sheet date, 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 at the balance sheet date, 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.

**(r) Borrowing costs**

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

**3. Turnover and Contribution**

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

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

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

	2008 \$ Million	2007 \$ Million
Property sales	10,309	11,241
Property rental	945	792
Hotels and serviced suites	1,383	1,063
Property and project management	219	181
Group turnover	12,856	13,277
Share of property sales of jointly controlled entities	3,580	2,165
Turnover	16,436	15,442

During the year, the Group's overseas operating activities (including property sales of jointly controlled entities) were mainly in the Mainland which accounted for approximately 23% of the turnover.

### 3. Turnover and Contribution *(continued)*

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

	Company and subsidiaries		Jointly controlled entities		Total	
	2008 \$ Million	2007 \$ Million	2008 \$ Million	2007 \$ Million	2008 \$ Million	2007 \$ Million
Property sales	4,466	5,114	2,081	516	6,547	5,630
Property rental	829	678	620	553	1,449	1,231
Hotels and serviced suites	470	244	340	301	810	545
Property and project management	104	95	–	–	104	95
	<b>5,869</b>	6,131	<b>3,041</b>	1,370	<b>8,910</b>	7,501
Investment and finance					268	4,939
Interest and other finance costs					(454)	(984)
Increase in fair value of investment properties						
Subsidiaries					134	1,815
Jointly controlled entities					467	598
Others					48	369
Taxation (excluding share of taxation of major listed associates)					(2,322)	(1,606)
Profit attributable to minority interests					(201)	(294)
					<b>6,850</b>	12,338
Share of net profit/(loss) of major listed associates						
Hutchison Whampoa Limited					8,825	15,288
CK Life Sciences Int'l., (Holdings) Inc.					(157)	52
Profit attributable to shareholders					<b>15,518</b>	27,678

## Notes to Financial Statements (continued)

## 4. Profit before Taxation

	2008 \$ Million	2007 \$ Million
Profit before taxation is arrived at after charging:		
Interest and other finance costs		
Bank loans and other loans repayable within 5 years	1,088	1,711
Other loans not repayable within 5 years	39	31
(Gain)/loss on loan hedging	(50)	8
	1,077	1,750
Less: Amount capitalised (see note (a))	(623)	(766)
	454	984
Directors' emoluments (see note (b))		
Salaries, allowances and benefits in kind	101	96
Pension scheme contribution	10	9
Discretionary bonus	50	56
	161	161
Less: Amount paid back	(9)	(10)
	152	151
Auditors' remuneration	6	6
Costs of properties sold	5,324	5,036
Depreciation	284	257
Impairment of investments available for sale	1,139	260
Operating lease charges – properties	96	81
and after crediting:		
Net rental income	920	714
Interest income from banks	84	171
Interest income from jointly controlled entities/associates	96	159
Income from listed investments in securities		
Dividend income from equity securities	753	975
Interest income from debt securities	–	4
Income from unlisted investments in securities		
Dividend income from equity securities	9	5
Interest income from debt securities	69	28
Gain on disposal of investments available for sale	1,174	1,569
(Loss)/gain on investments held for trading	(752)	162
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 an average annual rate of approximately 3.5% (2007 – 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 (2007 – \$120,000) each; and for those acting as members of the Audit Committee and/or Remuneration Committee, additional annual fee of \$130,000 (2007 – \$130,000) each is paid for the former and \$60,000 (2007 – \$60,000) 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	Salaries, Allowances and Benefits in Kind	Pension Scheme Contribution	Discretionary Bonus	Inducement or Compensation Fee	2008 Total	2007 Total
	\$ Million	\$ Million	\$ Million	\$ Million	\$ Million	\$ Million	\$ Million
Li Ka-shing <sup>(1)</sup>	0.01	–	–	–	–	0.01	0.01
Li Tzar Kuoi, Victor <sup>(2)</sup>	0.12	33.11	3.31	9.09	–	45.63	45.14
Kam Hing Lam <sup>(3)</sup>	0.12	16.16	1.62	0.45	–	18.35	17.55
Ip Tak Chuen, Edmond <sup>(4)</sup>	0.12	13.26	1.32	4.95	–	19.65	19.50
Chung Sun Keung, Davy	0.12	8.23	0.82	9.45	–	18.62	19.25
Pau Yee Wan, Ezra	0.12	9.33	0.93	7.47	–	17.85	18.20
Woo Chia Ching, Grace	0.12	9.33	0.93	9.45	–	19.83	20.40
Chiu Kwok Hung, Justin	0.12	8.37	0.83	9.45	–	18.77	19.39
Leung Siu Hon	0.12	–	–	–	–	0.12	0.12
Fok Kin-ning, Canning	0.12	–	–	–	–	0.12	0.12
Frank John Sixt	0.12	–	–	–	–	0.12	0.12
Chow Kun Chee, Roland	0.12	–	–	–	–	0.12	0.12
George Colin Magnus	0.12	–	–	–	–	0.12	0.12
Kwok Tun-li, Stanley	0.31	–	–	–	–	0.31	0.31
Yeh Yuan Chang, Anthony	0.12	–	–	–	–	0.12	0.12
Simon Murray	0.12	–	–	–	–	0.12	0.12
Chow Nin Mow, Albert	0.12	–	–	–	–	0.12	0.12
Hung Siu-lin, Katherine	0.25	–	–	–	–	0.25	0.25
Wong Yick-ming, Rosanna	0.18	–	–	–	–	0.18	0.18
Cheong Ying Chew, Henry	0.25	–	–	–	–	0.25	0.25
Kwan Chiu Yin, Robert	0.12	–	–	–	–	0.12	0.09
<b>Total for the year 2008</b>	<b>2.92</b>	<b>97.79</b>	<b>9.76</b>	<b>50.31</b>	<b>–</b>	<b>160.78</b>	
Total for the year 2007	2.89	93.16	9.30	56.13	–		161.48

- (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 \$1,425,000 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 director's fee of \$75,000 received by him from CK Life Sciences Int'l., (Holdings) Inc. were paid back to the Company.

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

	2008 \$ Million	2007 \$ Million
Hong Kong profits tax	793	806
Overseas tax	7	11
Deferred tax	59	380
	<b>859</b>	<b>1,197</b>

Hong Kong profits tax has been provided for at the rate of 16.5% (2007 – 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:

	2008 \$ Million	2007 \$ Million
Adjusted operating profit at Hong Kong tax rate of 16.5% (2007 – 17.5%)	1,539	2,426
Effect of tax rate differences at overseas locations	871	202
Effect of tax rate changes at overseas locations on deferred tax liabilities	(2)	(143)
Effect of tax rate changes in Hong Kong on deferred tax liabilities	(84)	–
Profit on disposal of jointly controlled entities	–	(345)
Profit on disposal of associates	–	(72)
Dividend income	(101)	(172)
Increase in fair value of investment properties	(1)	(14)
Profit on disposal of properties held for rental	(17)	(12)
Net effect of tax losses and deductible temporary differences utilised/not recognised	(50)	(109)
Net effect of non-assessable/deductible items	158	(173)
Others	(9)	(18)
	<b>2,304</b>	<b>1,570</b>
Less: Share of taxation of jointly controlled entities	<b>(1,445)</b>	<b>(373)</b>
	<b>859</b>	<b>1,197</b>

**6. Profit Attributable to Shareholders**

Profit attributable to shareholders dealt with in the profit and loss account of the Company is \$5,951 million (2007 – \$6,217 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 (2007 – 2,316,164,338 shares) in issue during the year.

## 8. Fixed Assets

Group	Land and	Hotels and		Other	Total
	buildings in	in	outside		
	Hong Kong	Hong Kong	Hong Kong	assets	
	\$ Million	\$ Million	\$ Million	\$ Million	\$ Million
<b>Cost</b>					
At 1st January, 2007	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
Translation difference	–	–	89	15	104
Additions/transfers	294	814	6	157	1,271
Disposals	–	–	–	(14)	(14)
At 31st December, 2008	934	10,679	1,546	1,217	14,376
<b>Accumulated depreciation/ provisions</b>					
At 1st January, 2007	–	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
Translation difference	–	–	14	12	26
Depreciation	–	157	34	93	284
Written back on disposals	–	–	–	(13)	(13)
At 31st December, 2008	–	1,676	274	802	2,752
<b>Net book value</b>					
At 31st December, 2008	934	9,003	1,272	415	11,624
At 31st December, 2007	640	8,346	1,225	349	10,560

At the balance sheet date:

- certain properties in Hong Kong with aggregate carrying value of \$9,598 million (2007 – \$8,771 million) and certain properties outside Hong Kong with aggregate carrying value of \$1,272 million (2007 – \$1,225 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 \$748 million (2007 – \$719 million) were pledged to secure bank loan facilities of these subsidiaries.

## Notes to Financial Statements (continued)

## 8. Fixed Assets (continued)

Company	Other assets	
	2008 \$ Million	2007 \$ Million
Cost		
At 1st January	189	194
Additions	5	4
Disposals	(3)	(9)
At 31st December	191	189
Accumulated depreciation		
At 1st January	177	180
Depreciation	6	6
Written back on disposals	(3)	(9)
At 31st December	180	177
Net book value at 31st December	11	12

## 9. Investment Properties

	2008 \$ Million	2007 \$ Million
Investment properties in Hong Kong		
At 1st January	15,497	14,508
Additions	39	4
Transfer to properties for/under development	–	(830)
Increase in fair value	134	1,815
At 31st December	15,670	15,497

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 \$15,060 million (2007 – \$14,908 million) and \$610 million (2007 – \$589 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 \$813 million (2007 – \$638 million) and \$14 million (2007 – \$37 million) respectively.

## 10. Subsidiaries

	2008 \$ Million	2007 \$ Million
Unlisted investments in subsidiaries	2,071	2,071
Amounts due from subsidiaries	30,146	38,002
Amounts due to subsidiaries	(1,668)	(9,651)
	<b>30,549</b>	<b>30,422</b>

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

## 11. Associates

	Group		Company	
	2008 \$ Million	2007 \$ Million	2008 \$ Million	2007 \$ Million
Listed investments in associates	28,712	28,676	–	–
Unlisted investments in associates	81	83	50	50
Share of results and reserves	122,004	117,033	–	–
	<b>150,797</b>	<b>145,792</b>	<b>50</b>	<b>50</b>
Amounts due from associates	211	317	–	–
	<b>151,008</b>	<b>146,109</b>	<b>50</b>	<b>50</b>
Market value of investments in associates				
– listed in Hong Kong	<b>84,288</b>	192,562	–	–

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	
	2008 \$ Million	2007 \$ Million	2008 \$ Million	2007 \$ Million
Unlisted investments in jointly controlled entities	8,787	6,380	–	–
Share of results and reserves	8,576	5,688	–	–
	17,363	12,068	–	–
Amounts due from jointly controlled entities	12,028	11,546	462	248
	29,391	23,614	462	248

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:

	2008 \$ Million	2007 \$ Million
Non-current assets	18,041	14,599
Current assets	26,608	21,352
Current liabilities	(5,658)	(4,128)
Non-current liabilities	(8,136)	(7,158)
Income	6,515	4,945
Expenses	(2,671)	(2,832)

## 13. Investments Available for Sale

	2008 \$ Million	2007 \$ Million
Listed investments		
Equity securities – listed in Hong Kong	1,748	7,082
Equity securities – listed overseas	2,437	2,316
	4,185	9,398
Unlisted investments		
Equity securities	72	92
Debt securities	421	570
	493	662
	4,678	10,060

## 14. Stock of Properties

	Group		Company	
	2008 \$ Million	2007 \$ Million	2008 \$ Million	2007 \$ Million
Properties for/under development	27,835	25,952	–	–
Joint development projects	34,785	29,364	–	–
Properties for sale	1,653	4,643	3	3
	<b>64,273</b>	<b>59,959</b>	<b>3</b>	<b>3</b>
Less: Customers' deposits received	3,062	1,541	–	–
	<b>61,211</b>	<b>58,418</b>	<b>3</b>	<b>3</b>

At the balance sheet date, properties for/under development and joint development projects amounting to \$39,325 million (2007 – \$50,993 million) were not scheduled for completion within twelve months.

## 15. Debtors, Deposits and Prepayments

	Group		Company	
	2008 \$ Million	2007 \$ Million	2008 \$ Million	2007 \$ Million
Trade debtors	1,207	1,429	–	–
Loan receivables	2,001	1,855	–	–
Deposits, prepayments and others	696	782	99	357
	<b>3,904</b>	<b>4,066</b>	<b>99</b>	<b>357</b>

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, loan receivables included mortgage loans amounting to \$349 million (2007 – \$599 million) which were pledged to secure the financing bank loans.

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

	2008 \$ Million	2007 \$ Million
Current to one month	1,181	1,395
Two to three months	20	25
Over three months	6	9
	<b>1,207</b>	<b>1,429</b>

## Notes to Financial Statements (continued)

## 16. Investments Held for Trading

	2008 \$ Million	2007 \$ Million
Listed investments		
Equity securities – listed in Hong Kong	121	363
Equity securities – listed overseas	692	196
	813	559
Unlisted investments		
Debt securities	45	880
	858	1,439

## 17. Bank and Other Loans

	2008 \$ Million	2007 \$ Million
Bank loans repayable		
within 1 year	7,613	6,172
after 1 year but not exceeding 2 years	5,997	4,170
after 2 years but not exceeding 5 years	16,168	13,445
	29,778	23,787
Other loans repayable		
within 1 year	1,378	2,700
after 1 year but not exceeding 2 years	2,909	1,382
after 2 years but not exceeding 5 years	5,034	4,008
after 5 years	1,150	650
	10,471	8,740
	40,249	32,527
Less: Amounts classified under current liabilities	8,991	8,872
Amounts classified under non-current liabilities	31,258	23,655

During the year, the Group entered into a transaction with a financial institution whereby, for a total consideration of \$2.1 billion, certain overseas listed equity securities held by the Group were transferred to the other party at an inception price together with put options exercisable at 200% of the inception price at the end of a three-year period.

It is expected that the price of the transferred equity securities is not likely to rise above the 200% level of the inception price within the three-year period and the put options will be exercised. Hence, the Group remains exposed to the risk of price fluctuation of the transferred equity securities below the 200% level of the inception price. Therefore, the total consideration received has been accounted for as a loan and amortised at an annual rate of 2.7% approximately, and the transferred equity securities have remained as the Group's investments available for sale and included in note (13).

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

At the balance sheet date:

- (a) the amortised cost of the total consideration received and the carrying value of the transferred equity securities mentioned above were \$2,069 million and \$975 million respectively;
- (b) bank loans amounting to \$482 million (2007 – \$786 million) were secured by certain assets of the Group;
- (c) 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)
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- (ii) issued by Cheung Kong Bond Finance Limited in Hong Kong:

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)
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HK\$	500,000,000	4.4% due April 2015 (issued in 2005)
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HK\$	150,000,000	5.1% due April 2016 (issued in 2006)
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HK\$	500,000,000	3.18% due May 2011 (issued in 2008)
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HK\$	800,000,000	3.48% due April 2013 (issued in 2008)
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HK\$	500,000,000	3.9% due May 2013 (issued in 2008)
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HK\$	500,000,000	4.88% due August 2018 (issued in 2008)
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- (iii) issued by Joynote Ltd and listed on the Singapore Stock Exchange:

SGD	200,000,000	3.655% due October 2009 (issued in 2006)
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SGD	200,000,000	3.76% due October 2011 (issued in 2006)
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- (iv) issued by Cheung Kong Finance Japan Limited in Japan:

JPY	33,000,000,000	0.95% due August 2010 (issued in 2005)
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and swaps arrangements were in place to convert the rates and the related terms of the fixed rate or equity linked bonds and notes to a floating rate basis and Japanese Yen to US\$. The aggregate fair value of the derivative financial instruments used for hedging purposes amounted to a net asset of \$877 million (2007 – a net liability of \$6 million);

- (d) after hedging where appropriate, bank and other loans approximated their fair value and carried interest at effective rates generally based on inter-bank offered rate of the relevant currency plus a margin less than 1% per annum.

## Notes to Financial Statements (continued)

## 18. Creditors and Accruals

	Group		Company	
	2008 \$ Million	2007 \$ Million	2008 \$ Million	2007 \$ Million
Trade creditors	388	3,239	–	–
Accruals and other creditors	3,490	3,650	141	169
	<b>3,878</b>	<b>6,889</b>	<b>141</b>	<b>169</b>

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

	2008 \$ Million	2007 \$ Million
Current to one month	349	3,186
Two to three months	25	24
Over three months	14	29
	<b>388</b>	<b>3,239</b>

## 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:

- deferred tax liabilities amounting to \$598 million (2007 – \$517 million) and \$761 million (2007 – \$783 million) were provided on temporary differences arising from accelerated tax depreciation and changes in fair value of investment properties respectively; and
- tax losses and deductible temporary differences amounting to \$3,411 million (2007 – \$3,338 million), of which \$96 million (2007 – \$60 million) expire within 5 years, were not recognised.

## 21. Share Capital

	2008 No. of shares	2007 No. of shares	2008 \$ Million	2007 \$ Million
Authorised:				
Shares of \$0.5 each	3,800,000,000	3,800,000,000	1,900	1,900
Issued and fully paid:				
Shares of \$0.5 each	2,316,164,338	2,316,164,338	1,158	1,158

## 22. Reserves

	Capital reserve \$ Million	Retained profits \$ Million	2008 Total \$ Million	2007 Total \$ Million
At 1st January	199	20,793	20,992	19,964
Profit for the year	–	5,951	5,951	6,217
Dividend paid	–	(5,675)	(5,675)	(5,189)
At 31st December	199	21,069	21,268	20,992

The Company's reserves available for distribution to shareholders, including the proposed final dividend, amounted to \$21,069 million (2007 – \$20,793 million). Proposed final dividend for 2007 was approved by shareholders on 22nd May, 2008 and paid on 27th May, 2008.

## 23. Operating Lease

Analysis of future minimum lease income receivable by the Group under non-cancellable operating leases, mainly on 2 to 3 year terms, for property rental at the balance sheet date is as follows:

	Group	
	2008 \$ Million	2007 \$ Million
Future minimum lease income receivable		
not later than 1 year	787	717
later than 1 year and not later than 5 years	590	646
later than 5 years	4	2
	<b>1,381</b>	<b>1,365</b>

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	
	2008 \$ Million	2007 \$ Million	2008 \$ Million	2007 \$ Million
Future minimum lease charges				
payable not later than 1 year	136	51	108	33
later than 1 year and not later than 5 years	203	16	178	2
	<b>339</b>	<b>67</b>	<b>286</b>	<b>35</b>

## Notes to Financial Statements (continued)

## 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, 2008				
Property development	64,248	14,905	79,153	(5,601)
Property investment	16,640	10,914	27,554	(320)
Hotels and serviced suites	10,837	3,473	14,310	(895)
Property and project management	177	–	177	(62)
Total segment assets/(liabilities)			121,194	(6,878)
Investments in listed associates			150,174	–
Cash and investments in securities			10,680	–
Bank and other loans			–	(40,249)
Other assets/(liabilities)			4,584	(3,999)
Total assets/(liabilities)			286,632	(51,126)
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)

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	
	2008 \$ Million	2007 \$ Million	2008 \$ Million	2007 \$ Million
Hong Kong	91,586	87,880	1,247	496
The Mainland	26,055	20,570	13	15
Asia	2,515	2,238	–	–
Europe	1,035	968	–	–
North America	3	3	–	–
	121,194	111,659	1,260	511

## 24. Segment Information *(continued)*

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

	Depreciation		Capital Expenditure	
	2008 \$ Million	2007 \$ Million	2008 \$ Million	2007 \$ Million
Property investment	–	–	319	186
Hotels and serviced suites	261	237	932	317
Property and project management	13	12	9	8
	274	249	1,260	511

## 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 – \$353 million (2007 – \$943 million)
    - jointly controlled entities – \$1,447 million (2007 – \$809 million)
    - others – \$91 million (2007 – \$334 million)
  - (ii) authorised but not contracted for
    - fixed assets – \$12 million (2007 – \$12 million)
    - jointly controlled entities – Nil (2007 – \$849 million)
- (b) the Group's share of capital commitments of the jointly controlled entities were as follows:
  - (i) contracted but not provided for – \$838 million (2007 – \$785 million)
  - (ii) authorised but not contracted for – \$3,780 million (2007 – \$3,072 million)
- (c) the minimum share of revenue/profit guaranteed by the Company to be received by other partners of joint development projects amounted to \$1,410 million (2007 – \$1,422 million); and
- (d) the Company provided guarantees for loan financing as follows:
  - (i) bank and other loans utilised by subsidiaries – \$39,056 million (2007 – \$31,421 million)
  - (ii) loan from joint development partner to a subsidiary – \$4,000 million (2007 – \$4,000 million)
  - (iii) bank loans utilised by jointly controlled entities – \$45 million (2007 – \$935 million) and certain subsidiaries provided guarantees for bank loans utilised by jointly controlled entities amounted to \$1,489 million (2007 – \$2,469 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 \$85 million (2007 – \$73 million) and forfeited contributions in the amount of \$4 million (2007 – \$4 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 by the Group at the balance sheet date were disclosed as amount due from associates and jointly controlled entities in notes (11) and (12). Guarantees provided by the Group for bank loans utilised by jointly controlled entities at the balance sheet date were disclosed in note (25).

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

### 28. Financial Risks and Management

Financial assets and financial liabilities of the Group include investments in securities, cash balances maintained for liquidity, loan and other 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 81% 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.

## 28. Financial Risks and Management *(continued)*

### (a) Treasury policies *(continued)*

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. At the balance sheet date, overdue loan receivables and trade debtors amounted to less than 1% of the Group's net assets and regular review and follow-up actions are carried out on the 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.

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. At the balance sheet date, the Group's investment revaluation reserve recorded a deficit of \$2,228 million (2007 – a surplus of \$4,427 million) due to decreases in fair value of the Group's investments available for sale below costs amid volatile market conditions. 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 \$210 million (2007 – \$503 million) and the effect on the Group's profit for the year would be less than 1%, assuming that the cumulative investment revaluation reserve deficit would not give rise to impairment losses.

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

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 \$382 million (2007 – \$325 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 \$221 million (2007 – \$142 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:

	2008 \$ Million	2007 \$ Million
Within 1 year	11,939	10,018
After 1 year but not exceeding 2 years	9,567	8,433
After 2 years but not exceeding 5 years	24,007	20,451
After 5 years	1,254	738
	<b>46,767</b>	<b>39,640</b>

## 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:

	2008 \$ Million	2007 \$ Million
Bank and other loans	40,249	32,527
Loan from joint development partner	4,000	4,000
Total borrowings	44,249	36,527
Less: Bank balances and deposits	(7,173)	(5,609)
Net borrowings	37,076	30,918
Shareholders' fund	231,164	227,203
Gearing ratio	16.0%	13.6%

## 30. Approval of Financial Statements

The financial statements reported in Hong Kong dollars and set out on pages 114 to 152 were approved by the board of directors on 26th March, 2009.

## 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		Effective percentage held by the Company		Principal Activities
	Nominal Value		Directly	Indirectly	
AMTD Group Company Limited (British Virgin Islands)	US\$	10,000		44.90	Financial planning, direct marketing, mortgage servicing & corporate insurance
Bermington Investment Limited	HK\$	2		100	Hotels & serviced suites
Biro Investment Limited	HK\$	10,000		100	Property development
Chaview Holdings Limited (British Virgin Islands)	US\$	1		100	Investment holding
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
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
Glass Bead Limited (British Virgin Islands)	US\$	1		100	Property investment
Global Coin Limited	HK\$	2		100	Property investment
Goodwell Property Management Limited	HK\$	100,000		100	Property management
Harbour Grand Hong Kong Limited (formerly known as Super Winner Development Limited)	HK\$	2		100	Hotels & serviced suites
Harbour Plaza 8 Degrees Limited (formerly known as Charming Sky Enterprises Limited)	HK\$	2		100	Property development
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
Jetmark Limited	HK\$	2		100	Property development

Name	Issued Ordinary Share Capital Nominal Value	Effective percentage held by the Company		Principal Activities
		Directly	Indirectly	
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
New City Investments Limited	HK\$ 1		100	Property development
New Profit Resources Limited	HK\$ 2		98.47	Property development
New Vision Development Limited	HK\$ 1		100	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 development
Pofield Investments Limited (British Virgin Islands)	US\$ 1		100	Property investment
Queensway Investments Limited	HK\$ 1		85	Property development
Rainbow Elite Investments Limited	HK\$ 1		100	Property development
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
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		85	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
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)		45.3	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
Billion Rise 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
Glory Sense Limited		50	Property development
Golden Castle Management Limited (British Virgin Islands)		50	Property development
Harbour Plaza Metropolis Limited (British Virgin Islands)		50	Hotels & serviced suites
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 investment
Mapleleaf Developments Limited (British Virgin Islands)		25	Property development
Matrica Limited		30	Property investment
Mighty General Limited		50	Property development
Montoya (HK) Limited		50	Property development
New China Sheen Limited		50	Property development

Principal Jointly Controlled Entities (*continued*)

Name	Effective percentage of Ownership Interest held by the Company		Principal Activities
	Directly	Indirectly	
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
True Ample Developments Limited (British Virgin Islands)		50	Property development
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
Billion Rise Limited	Singapore
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
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
True Ample Developments 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 2008 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, 2008

	2008 \$ Million	2007 \$ Million
Company and subsidiary companies:		
Revenue	235,461	218,726
Cost of inventories sold	(77,460)	(73,977)
Staff costs	(32,053)	(29,325)
3 Group telecommunications expensed customer acquisition costs	(3,457)	(5,732)
Depreciation and amortisation	(37,447)	(38,872)
Other operating expenses	(67,300)	(56,448)
Change in fair value of investment properties	672	1,988
Profit (loss) on disposal of investments and others	3,458	(11,182)
Share of profits less losses after tax of:		
Associated companies before profit on disposal of investments and others	12,522	12,002
Jointly controlled entities	5,286	3,338
Associated company's profit on disposal of an investment and others	3,122	35,820
	42,804	56,338
Interest and other finance costs	(17,286)	(19,054)
<b>Profit before tax</b>	<b>25,518</b>	<b>37,284</b>
Current tax charge	(3,444)	(2,768)
Deferred tax credit (charge)	2,576	(1,651)
<b>Profit after tax</b>	<b>24,650</b>	<b>32,865</b>
Allocated as: Profit attributable to minority interests	(6,986)	(2,265)
<b>Profit attributable to shareholders of the Company</b>	<b>17,664</b>	<b>30,600</b>

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

At 31st December, 2008

	2008 \$ Million	2007 \$ Million
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	173,246	181,342
Investment properties	41,282	43,680
Leasehold land	34,745	36,272
Telecommunications licences	72,175	91,897
Telecommunications postpaid customer acquisition and retention costs	12,022	8,771
Goodwill	30,318	31,520
Brand names and other rights	10,486	10,901
Associated companies	76,478	75,545
Interests in joint ventures	45,865	39,725
Deferred tax assets	13,248	17,619
Other non-current assets	8,904	5,082
Liquid funds and other listed investments	30,735	69,192
	<b>549,504</b>	<b>611,546</b>
<b>Current assets</b>		
Cash and cash equivalents	57,286	111,307
Trade and other receivables	54,767	55,374
Inventories	18,528	20,999
	<b>130,581</b>	<b>187,680</b>
<b>Current liabilities</b>		
Trade and other payables	82,497	90,029
Bank and other debts	23,945	50,255
Current tax liabilities	1,275	2,336
	<b>107,717</b>	<b>142,620</b>
<b>Net current assets</b>	<b>22,864</b>	<b>45,060</b>
<b>Total assets less current liabilities</b>	<b>572,368</b>	<b>656,606</b>
<b>Non-current liabilities</b>		
Bank and other debts	234,141	260,086
Interest bearing loans from minority shareholders	13,348	12,508
Deferred tax liabilities	13,616	17,957
Pension obligations	2,541	1,468
Other non-current liabilities	4,586	5,929
	<b>268,232</b>	<b>297,948</b>
<b>Net assets</b>	<b>304,136</b>	<b>358,658</b>
<b>CAPITAL AND RESERVES</b>		
Share capital	1,066	1,066
Reserves	270,510	308,948
<b>Total shareholders' funds</b>	<b>271,576</b>	<b>310,014</b>
Minority interests	32,560	48,644
<b>Total equity</b>	<b>304,136</b>	<b>358,658</b>

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

### Appendix V

Extracts of the 2008 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, 2008

	2008 \$'000	2007 \$'000 (Restated)
Turnover	2,991,797	2,091,592
Cost of sales	(2,084,217)	(1,355,539)
	907,580	736,053
Other income, gains and losses	(275,863)	45,788
Staff costs	(344,459)	(298,148)
Depreciation	(31,876)	(28,934)
Amortisation of intangible assets	(50,412)	(37,138)
Other operating expenses	(442,233)	(349,699)
Revaluation deficit on building	(11,420)	–
Gain on disposal of associates	–	2,712
Gain on disposal of a subsidiary	–	2,100
Finance costs	(66,982)	(34,232)
Share of results of associates	(9,878)	(5,510)
(Loss)/profit before taxation	(325,543)	32,992
Taxation	(27,540)	82,319
(Loss)/profit for the year	(353,083)	115,311
Attributable to:		
Equity holders of the Company	(351,768)	117,001
Minority interests	(1,315)	(1,690)
	(353,083)	115,311

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

**Consolidated Balance Sheet**

As at 31st December, 2008

	2008 \$'000	2007 \$'000 (Restated)
<b>Non-current assets</b>		
Property, plant and equipment	432,803	504,467
Prepaid lease for land	12,074	12,388
Intangible assets	3,722,997	3,884,548
Interests in associates	44,472	59,164
Convertible debentures issued by an associate	58,885	24,895
Available-for-sale investments	209,343	150,101
Investments at fair value through profit or loss	58,430	323,230
Deferred taxation	19,076	50,272
	<b>4,558,080</b>	<b>5,009,065</b>
<b>Current assets</b>		
Debt investment	59,474	–
Investments at fair value through profit or loss	139,351	55,104
Derivative financial instruments	15,780	18,428
Tax recoverable	3,629	–
Inventories	463,711	382,841
Receivables and prepayments	615,195	667,525
Deposits with financial institutions	44,952	40,131
Bank balances and deposits	303,554	766,891
	<b>1,645,646</b>	<b>1,930,920</b>
<b>Current liabilities</b>		
Payables and accruals	(588,995)	(672,262)
Derivative financial instruments	(99,398)	(55,889)
Bank overdrafts	(7,445)	(13,391)
Bank loans	–	(125,901)
Finance lease obligations	(494)	(752)
Taxation	(19,945)	(15,949)
	<b>(716,277)</b>	<b>(884,144)</b>
<b>Net current assets</b>	<b>929,369</b>	<b>1,046,776</b>
<b>Total assets less current liabilities</b>	<b>5,487,449</b>	<b>6,055,841</b>
<b>Non-current liabilities</b>		
Bank loans	(1,045,675)	(710,546)
Finance lease obligations	(1,108)	(937)
Loan from a minority shareholder	(25,907)	(27,574)
Deferred taxation	(29,887)	(50,052)
	<b>(1,102,577)</b>	<b>(789,109)</b>
<b>Total net assets</b>	<b>4,384,872</b>	<b>5,266,732</b>
<b>Capital and reserves</b>		
Share capital	961,107	961,107
Share premium and reserves	3,309,661	4,190,206
<b>Equity attributable to equity holders of the Company</b>	<b>4,270,768</b>	<b>5,151,313</b>
Minority interests	114,104	115,419
<b>Total equity</b>	<b>4,384,872</b>	<b>5,266,732</b>

## 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 114 to 152, which comprise the consolidated and the Company balance sheets as at 31st December, 2008, 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, 2008 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

26th March, 2009

## Listed Affiliated Companies



# Hutchison Whampoa Limited

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

*The Hutchison Whampoa Group is focused on maintaining strict operational and financial discipline to successfully execute its business strategy, and its cash position remains healthy. Looking ahead, the Hutchison Whampoa Group's established businesses are expected to continue to perform satisfactorily and the 3 Group to continue to progress.*



Hutchison Telecom's 3 Hong Kong has a large customer base.



The deep water drilling rig West Hercules begins drilling Husky's first appraisal well in Liwan, East China Sea.

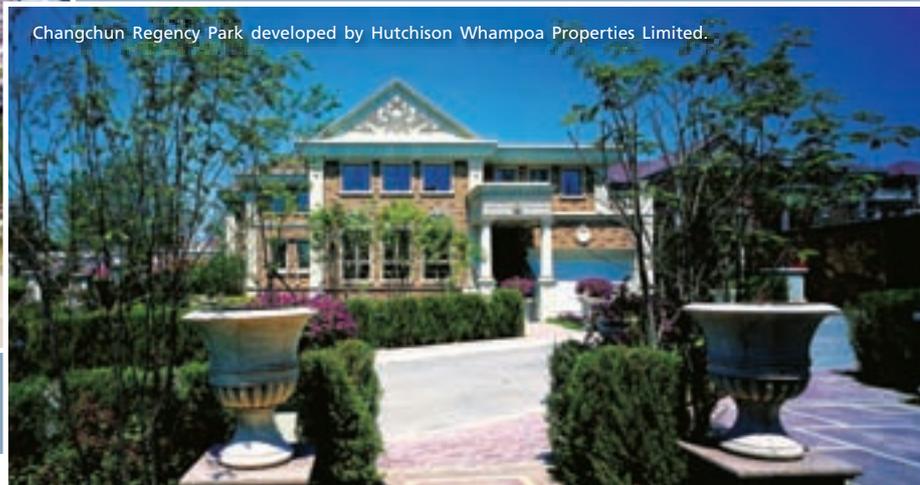


Quayside operations at Hongkong International Terminals.



A S Watson operates retail store Trekpleister in the Benelux countries.

Changchun Regency Park developed by Hutchison Whampoa Properties Limited.



Listed Affiliated Companies (*continued*)

# Cheung Kong Infrastructure Holdings Limited

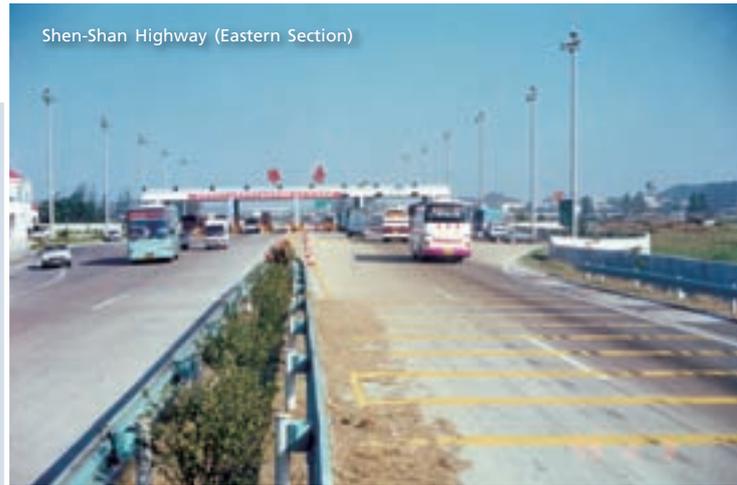
- Investment in HK Electric
- Infrastructure Investment in China
- Infrastructure Investment in Australia
- Infrastructure Investment in New Zealand
- Infrastructure Investment in United Kingdom
- Infrastructure Investment in Canada
- Investment in Infrastructure Related Business

*CKI's cash-rich position should place it in a unique position to support any refinancing needs and to aggressively pursue acquisition opportunities. While CKI will be vigorously studying new acquisition targets, it will apply stringent investment criteria in order to maximise its advantage in today's market conditions.*

ETSA Utilities



Shen-Shan Highway (Eastern Section)



Alliance Construction Materials Limited



Wellington Electricity Distribution Network



Northern Gas Networks Limited

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

*HK Electric is committed to delivering electricity at reasonable prices with the minimum possible impact to the environment and to providing world class reliability, safety and customer service. Under the new Scheme of Control, HK Electric will continue to support Hong Kong's prosperity, benefiting its customers, shareholders, employees and the community at large.*



Green Lamma Green



Marsh Road Station



CAREnival



Ratchaburi Power Plant, Thailand



China Wind Farms

## 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 ( <i>Chairman</i> )
KWOK Tun-li, Stanley
HUNG Siu-lin, Katherine

### Remuneration Committee

LI Ka-shing ( <i>Chairman</i> )
KWOK Tun-li, Stanley
WONG Yick-ming, Rosanna

### Company Secretary

Eirene YEUNG

### Qualified Accountant

MAN Ka Keung, Simon

### Chief Financial Officer

Andrew John HUNTER

### Authorised Representatives

IP Tak Chuen, Edmond  
Eirene YEUNG

### Principal Bankers

Bank of China (Hong Kong) Limited  
The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
The Hongkong and Shanghai Banking Corporation Limited  
Hang Seng Bank Limited  
Mizuho Corporate Bank, Ltd.  
Canadian Imperial Bank of Commerce  
BNP Paribas  
Industrial and Commercial Bank of China (Asia) Limited  
Sumitomo Mitsui Banking Corporation  
China Construction Bank Corporation

### 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	26th March, 2009
Closure of Register of Members	14th to 21st May, 2009 (both days inclusive)
Record Date for Final Dividend	21st May, 2009
Payment of Final Dividend	26th May, 2009

This annual report 2008 (“Annual Report”) is available in both English and Chinese versions. Shareholders who have received either the English or the Chinese version of the Annual Report may request a copy in the other language by writing to the Company c/o 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 or by email at [ckh.ecom@computershare.com.hk](mailto:ckh.ecom@computershare.com.hk).

The 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 read 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) published on the Company’s website in place of receiving 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 upon request in writing or by email at [ckh.ecom@computershare.com.hk](mailto:ckh.ecom@computershare.com.hk) promptly 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 reasonable prior notice in writing or sending a notice to [ckh.ecom@computershare.com.hk](mailto:ckh.ecom@computershare.com.hk) to the Company c/o 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.

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.



