



# CHEUNG KONG (HOLDINGS) LIMITED

*(Incorporated in Hong Kong with limited liability)*

(Stock code: 0001)

## INTERIM RESULTS FOR 2006

### HIGHLIGHTS

	Six months ended 30th June		Change
	2006	2005 (Restated)*	
	HK\$ Million	HK\$ Million	
Profit before share of results of Hutchison Whampoa Group	2,823	4,461	-37%
Share of profit of Hutchison Whampoa Group	9,392	4,707	+100%
Profit attributable to shareholders	12,215	9,168	+33%
Earnings per share	HK\$5.27	HK\$3.96	+33%
Dividend per share	HK\$0.46	HK\$0.42	+9.5%

\* Please refer to explanatory note (7) to the Consolidated Profit and Loss Account and Consolidated Balance Sheet.

### PROFIT FOR THE FIRST HALF YEAR

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

### INTERIM DIVIDEND

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

## **PROSPECTS**

### **Set for a Bright Future**

#### **Growing from Strength to Strength**

**“The Hong Kong economy has performed well in the first half of 2006 despite increasing global market pressure from inflation and interest rate rises. The Group’s businesses continue to grow steadily from strength to strength by making the investments required to take advantage of expansion opportunities.”**

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

#### **Property Business**

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

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

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

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

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

### **Listed Affiliated Companies**

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

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

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

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

### **Sustainable Growth**

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

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

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

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

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

## **Acknowledgement**

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

**Li Ka-shing**  
Chairman

Hong Kong, 24th August, 2006

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Major Business Activities

#### 1. Developments completed and scheduled for completion in 2006:

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
Central Park Towers Phase 1	Tin Shui Wai Town Lot No. 24	98,800	98.47%
Harbourfront Horizon All-Suite Hotel	Kowloon Inland Lot No. 11110	107,400	100%
The Legend at Jardine's Lookout	The Remaining Portion of Inland Lot No. 8972	47,300	100%
Metro Town Phase 1	Tseung Kwan O Town Lot No. 73, Area 73B Tseung Kwan O	123,430	Joint Venture
Seasons Palace	The Remaining Portion of Lot No. 2286 in D.D. 106 Kam Sheung Road, Kam Tin, Yuen Long	8,210	100%
Caribbean Coast Towers 15 and 16	Tung Chung Town Lot No. 5	61,680	Joint Venture
Cape Coral Phase 2 and Commercial	Panyu Dashi, Guangzhou	95,210	50%
The Greenwich Phases IA and IB	Yao Jia Yuan, Beijing	128,390	50%
Regency Park Phases IV and V	Pudong Huamu, Shanghai	35,050	50%
Huangsha Underground Railway Station Development Commercial	Guangzhou	87,010	50%
Seasons Villas Phases 4A and 6B	Pudong Huamu, Shanghai	2,310	50%
One Raffles Quay	Marina Boulevard Singapore	148,530	33.33%

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

### *Hong Kong*

- (1) February 2006: A wholly owned subsidiary of the Group executed a development agreement with MTR Corporation Limited for the development at Area 86, Tseung Kwan O, Site AB of Tseung Kwan O Town Lot No. 70. With an aggregate area of approximately 31,500 sq. m., the site is earmarked for a residential development with kindergarten estimated to have a developable gross floor area of about 310,000 sq. m.
- (2) April 2006: A wholly owned subsidiary of the Group entered into a development agreement with Kowloon-Canton Railway Corporation for the development at Tai Wai Maintenance Centre of the Ma On Shan Rail. With an area of approximately 70,600 sq. m., the site is planned for a residential development with a total developable gross floor area of approximately 313,960 sq. m. Construction work involving a developable gross floor area of about 200,750 sq. m. is due to commence. The remaining portion comprising a developable gross floor area of about 113,210 sq. m. is under planning.
- (3) June 2006: A wholly owned subsidiary of the Group entered into a sale and purchase agreement with Nan Fung Development Limited (“Nan Fung”) to dispose of the Group’s 15% interest in the development at Area 86, Tseung Kwan O, Site AB of Tseung Kwan O Town Lot No. 70 to Nan Fung for a total consideration of approximately HK\$678 million.
- (4) June 2006: The Group entered into a sale and purchase agreement for the acquisition of 29% of the issued share capital of The Ming An Insurance Company (Hong Kong) Limited for a consideration of approximately HK\$607 million.
- (5) During the period under review, the Group continued to acquire properties and agricultural land with potential for development. Some of the properties and agricultural land are under varying stages of design and planning applications.

### *The Mainland and Overseas*

- (1) February 2006: A new joint venture company equally owned by the Group and the Hutchison Whampoa Group was established to form another joint venture with a party in the Mainland to own and develop 4 pieces of land with an aggregate area of approximately 225,550 sq. m. at Jinkeng Village, Zhongxin Town (Zhenlong), Guangzhou, the Mainland for development into residential properties.
- (2) February 2006: An indirect 50/50 joint venture company of the Group and the Hutchison Whampoa Group acquired 50% of the issued share capital of, and the benefits of the debts owed by, Circadian (CH) Limited (“CCH”) and Circadian Limited (“CHL”) respectively. CCH is the owner and developer of a piece of freehold property on the north side of Chelsea Harbour Drive, Chelsea Harbour Estate, Fulham, London, England and CHL is the owner and developer of the land together with all buildings from time to time thereon situated at and known as the Lots Road Power Station, Lots Road, Chelsea, London, England.
- (3) June 2006: A 45/45 joint venture company of the Group and the Hutchison Whampoa Group together with an independent third party entered into an agreement for the confirmation of bid result, redevelopment and payment of the bid price in respect of bidding of a piece of land with an area of approximately 386,207 sq. m. located at Xiao Gang Wan, Qingdao, the Mainland (the “Land”). Pursuant to the above agreement, the joint venture company agreed to acquire an area of approximately 311,780 sq. m., representing approximately 81% of the total area of the Land and the land use right thereof, which is planned for development into residential and commercial properties.
- (4) During the period under review, the Group’s property projects in the Mainland and overseas are on schedule, both in terms of sales and leasing.

## **Property Sales**

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

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

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

## **Property Rental**

Turnover of the Group's property rental for the first half year was HK\$298 million (2005 – HK\$282 million), an increase of HK\$16 million when compared with the same period last year mainly due to increases in rental rates in Hong Kong during the period, the effect of which was partly offset by the disposal of several industrial/office properties in Hong Kong to Prosperity Real Estate Investment Trust at the end of last year. The Group's existing investment properties comprise mainly retail shopping malls and commercial office properties in Hong Kong which accounted for approximately 31% and 41% respectively of the turnover of the Group's property rental for the period.

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

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

### **Hotels and Serviced Suites**

Turnover of the Group's hotels and serviced suites for the first half year was HK\$340 million (2005 – HK\$303 million), an increase of HK\$37 million when compared with the same period last year. The increase in turnover was mainly attributable to increased hotel and serviced suite occupancy and room rates as economic conditions in Hong Kong and the Mainland were good and the number of tourist arrivals continued to grow during the period.

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

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

## **Property and Project Management**

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

Contribution from property and project management was HK\$40 million (2005 – HK\$47 million), a decrease of HK\$7 million when compared with the same period last year and in line with the decrease in project management services rendered by the Group during the period. While the contribution from property management is not significant, the Group is committed to providing top quality services to properties under our management. At the period end date, the total floor area under the Group's property management was approximately 81 million square feet and this is expected to grow steadily following the gradual completion of the Group's property projects in the years ahead.

## **Major Associates**

The Hutchison Whampoa Group, a listed associate, reported unaudited profit attributable to shareholders for the six months ended 30th June, 2006 of HK\$18,800 million (2005 (restated) – HK\$9,421 million).

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

## **FINANCIAL REVIEW**

### **Liquidity and Financing**

During the period, the Group obtained a loan of HK\$4 billion from a joint development partner to finance the payment of land premium of a joint development project. The Group also issued notes with a ten-year term in Hong Kong under the retail note issuance programme in the amount of HK\$150 million and redeemed notes upon maturity in the amount of HK\$300 million. At interim balance sheet date, the total outstanding bonds and notes issued by the Group amounted to HK\$9.1 billion.

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

At interim balance sheet date, the Group's gearing ratio was approximately 14.4%, calculated on the basis of the Group's net borrowings (after deducting cash and bank balances of HK\$5.5 billion) over shareholders' funds.

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

### **Treasury Policies**

The Group maintains a conservative approach on foreign exchange exposure management. At interim balance sheet date, approximately 91.7% of the Group's borrowings were in HK\$ (or swapped into HK\$) with the balance in US\$ (or swapped into US\$) mainly for the purpose of financing projects outside Hong Kong. While the Group derives its revenue mainly in HK\$, cash balances and marketable securities are maintained mainly in HK\$ or US\$, and the Group ensures that its exposure to fluctuations in foreign exchange rates is minimised.

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

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

## **Charges on Assets**

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

## **Contingent Liabilities**

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

- (1) share of contingent liability of jointly controlled entity in respect of guaranteed return payments payable to the other party of a co-operative joint venture in the next 43 years amounted to HK\$4,481 million;
- (2) guarantees provided for the minimum share of revenue/profit receivable by other partners of joint development projects amounted to HK\$1,422 million (31st December, 2005 – HK\$672 million); and
- (3) guarantees provided for bank loans utilised by jointly controlled entities amounted to HK\$3,941 million (31st December, 2005 – HK\$4,731 million).

## **Employees**

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

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

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

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Board of Directors ("Board") and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality Board, sound internal 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 throughout the six months ended 30th June, 2006.

## **AUDIT COMMITTEE**

The Company established an audit committee ("Audit Committee") in December 1998 and has formulated its written terms of reference in accordance with the provisions set out in the Code on CG Practices. The Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Kwan Chiu Yin, Robert (Chairman of the Audit Committee), Mr. Kwok Tun-li, Stanley and Mr. Cheong Ying Chew, Henry. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information and review of the relationship with the external auditors of the Company.

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



# CHEUNG KONG (HOLDINGS) LIMITED

*(Incorporated in Hong Kong with limited liability)*

(Stock code: 0001)

## **NOTICE OF PAYMENT OF INTERIM DIVIDEND, 2006**

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

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

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

Hong Kong, 24th August, 2006

**Consolidated Profit and Loss Account**  
**For the six months ended 30th June, 2006**

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

## Consolidated Balance Sheet

As at 30th June, 2006

	(Unaudited) 30/6/2006 HK\$ Million	(Audited) 31/12/2005 HK\$ Million
Non-current assets		
Fixed assets	9,884	9,612
Investment properties	12,352	11,710
Associates	134,091	126,281
Jointly controlled entities	23,630	22,849
Investments available for sale	8,453	7,169
Long term loans	348	403
	<u>188,758</u>	<u>178,024</u>
Current assets		
Stock of properties	35,508	27,106
Debtors, deposits and prepayments	6,166	1,338
Investments held for trading	1,580	1,014
Derivative financial instruments	147	435
Bank balances and deposits	5,533	8,310
	<u>48,934</u>	<u>38,203</u>
Current liabilities		
Bank and other loans	6,199	3,904
Creditors and accruals	2,649	2,416
Derivative financial instruments	387	193
Provision for taxation	794	564
	<u>9,929</u>	<u>7,077</u>
Net current assets	<u>38,905</u>	<u>31,126</u>
Total assets less current liabilities	<u>227,663</u>	<u>209,150</u>
Non-current liabilities		
Bank and other loans	23,236	18,683
Loan from joint development partner	4,000	-
Deferred tax liabilities	670	544
	<u>27,906</u>	<u>19,227</u>
Net assets	<u>199,757</u>	<u>189,923</u>
<b>Representing:</b>		
Share capital	1,158	1,158
Share premium	9,331	9,331
Reserves	183,788	174,673
Shareholders' funds	<u>194,277</u>	<u>185,162</u>
Minority interests	5,480	4,761
<b>Total equity</b>	<u>199,757</u>	<u>189,923</u>

Notes:

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

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

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

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

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

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

(2) Profit before taxation is arrived at after charging/(crediting):

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

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

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

- (4) The calculation of earnings per share is based on profit attributable to shareholders and on 2,316,164,338 shares (2005 – 2,316,164,338 shares) in issue during the period.
- (5) Pursuant to the terms of a joint development project, the Group obtained a loan of HK\$4,000 million from the joint development partner to finance the payment of land premium of the joint development project. The loan is repayable, by two equal instalments, upon completion of phase 1 (or on 31st December, 2009, whichever is earlier) and phase 2 (or on 31st December, 2011, whichever is earlier) of the joint development project.

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

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

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

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

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

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

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

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

- (8) *The interim financial statements are unaudited, but have been reviewed by the Audit Committee.*

The Directors (*Note*) of the Company as at the date of this announcement are Mr. LI Ka-shing (*Chairman*), Mr. LI Tzar Kuoi, Victor (*Managing Director and Deputy Chairman*), Mr. KAM Hing Lam (*Deputy Managing Director*), Mr. IP Tak Chuen, Edmond (*Deputy Managing Director*), Mr. CHUNG Sun Keung, Davy, Ms. PAU Yee Wan, Ezra, Ms. WOO Chia Ching, Grace and Mr. CHIU Kwok Hung, Justin as Executive Directors; Mr. LEUNG Siu Hon, Mr. FOK Kin-ning, Canning, Mr. Frank John SIXT, Mr. CHOW Kun Chee, Roland and Mr. George Colin Magnus as Non-executive Directors; and Mr. KWOK Tun-li, Stanley, Mr. YEH Yuan Chang, Anthony, Mr. Simon MURRAY, Mr. CHOW Nin Mow, Albert, Ms. HUNG Siu-lin, Katherine, Dr. WONG Yick-ming, Rosanna (also alternate to Mr. Simon MURRAY), Mr. KWAN Chiu Yin, Robert and Mr. CHEONG Ying Chew, Henry as Independent Non-executive Directors.

*Note: Other than Chairman, Managing Director and Deputy Managing Directors, order by date of appointment, and in the case of Non-executive Directors (“NED”)/Independent Non-executive Directors (“INED”), order by date of appointment as NED/INED.*

Please also refer to the published version of this announcement in The Standard dated 25/08/2006.