



# CHEUNG KONG (HOLDINGS) LIMITED

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 0001)

## INTERIM RESULTS FOR 2007

### HIGHLIGHTS

	Six months ended 30th June		Change
	2007	2006	
	HK\$ Million	HK\$ Million	
Profit before share of results of Hutchison Whampoa Group	<b>4,168</b>	2,823	+48%
Share of profit of Hutchison Whampoa Group	<b>14,368</b>	9,392	+53%
Profit attributable to shareholders	<b>18,536</b>	12,215	+52%
Earnings per share	<b>HK\$8.00</b>	HK\$5.27	+52%
Dividend per share	<b>HK\$0.50</b>	HK\$0.46	+8.7%

### PROFIT FOR THE FIRST HALF YEAR

The Group's unaudited profit attributable to shareholders for the six months ended 30th June, 2007 amounted to HK\$18,536 million. Earnings per share were HK\$8.00.

### INTERIM DIVIDEND

The Directors have declared an interim dividend for 2007 of HK\$0.50 per share (HK\$0.46 per share in 2006) to shareholders whose names appear on the Register of Members of the Company on Thursday, 11th October, 2007. The dividend will be paid on Friday, 12th October, 2007.

## **PROSPECTS**

### **Solid Foundations For Sustainable Growth**

#### **Progress On All Fronts**

**“We achieved various operating and financial targets in the first half of 2007 as we continued to strengthen our core businesses whilst at the same time nurturing new areas for future growth. Solid results have been achieved as we capitalise on our strong capabilities for asset enhancement and market expansion.”**

All of the Group’s quality businesses continued to progress steadily and deliver a positive performance during the period under review. For the first half of 2007, the Group’s profit before share of results of the Hutchison Whampoa Group increased by 48%.

#### **Property Business**

Hong Kong’s economy remained on a course of steady growth during the first half of 2007. Real GDP grew solidly at above trend pace, and much of this growth was attributed to an expansion in external exports and domestic demand. Consumer and investment spending continued to be the major contributor to growth, primarily boosted by buoyant stock market activities, declining unemployment and rising income.

Property activities picked up notably in the first half of 2007. This was a result of active primary market project launches and a revival of the secondary market, with housing demand positively impacted by economic growth, improved market sentiment, and a generally stable interest rate environment. We expect to see a very favourable outlook in the long run.

Good progress was made by the Group’s property business on all fronts. Sales results were better than expected in the first half year, accelerating the pace at which annual sales targets will be met. We will continue to strengthen the Group’s revenue generation capacity by selectively investing in quality projects, and bringing diversified prime properties to the market on a timely basis to meet demand.

The Group has continued to expand its high quality landbank through active land acquisitions across Hong Kong, the Mainland, Singapore, and the United Kingdom. This landbank leaves the Group well placed to embark on various developments over the next five to six years, and pursue growth on a long-term sustainable basis.

Our property investment business continued to benefit from the active rental market in Hong Kong where sustained demand for office and retail space and hotel rooms was evident. To further broaden our revenue base, we will continue to strengthen our rental portfolio by expanding its scale and breadth, creating an optimal and balanced mix of prime investment properties.

We continued to deliver good results in the Mainland by taking full advantage of its robust economic growth and solid property market fundamentals, and our property projects both for sale and leasing are progressing well on schedule. In addition, continuing good progress was made in Singapore and the United Kingdom and our presence as a quality property provider was further enhanced. Ventures outside of Hong Kong continue to be an integral part of the Group's long-term development initiatives, and are set to be a major driver for future earnings growth.

#### **Listed Affiliated Companies**

The Hutchison Whampoa Group's established businesses reported growth in the first half of 2007, with solid increases in total revenue and EBIT. During the period, the 3 Group continued to report improved results and achieved its cash flow target, reporting positive monthly EBITDA after all customer acquisition costs ("CACs") during the first half of the year. Barring any further unfavourable regulatory or market developments, the 3 Group is expected to achieve its cash flow target of reporting positive EBITDA after all CACs for the full second half of the year, and positive monthly EBIT on a sustainable basis during 2008. Overall, long-term prospects for the Hutchison Whampoa Group's established businesses and the 3 Group are positive.

Cheung Kong Infrastructure Holdings Limited ("CKI") achieved good results and sustained a solid pace of growth in the first half of 2007. It has always been CKI's strategy to acquire the right assets at the right price, with the aim of generating attractive and predictable returns to shareholders. CKI will continue to apply a disciplined approach to making new investments and acquisitions. With strong cash reserves, experienced professionals, renowned industry reputation and extensive network, CKI remains well placed to pursue new acquisitions to expand its portfolio of infrastructure investments. In addition to driving new acquisitions, CKI will continue to maximise organic growth in existing businesses to increase shareholder value.

Hongkong Electric Holdings Limited (“Hongkong Electric”) reported an improved performance in Hong Kong while its international operations continued to perform well during the period. Hongkong Electric will continue to look for investment opportunities in overseas markets in order to increase earnings and to reduce the proportion of its earnings derived from the electricity operations in Hong Kong.

During the period under review, CK Life Sciences Int’l, (Holdings) Inc. (“CK Life Sciences”) has continued to deliver good progress in business and revenue growth, and make advances in its R&D initiatives. In early August, CK Life Sciences signed a scheme implementation agreement to acquire Lipa Pharmaceuticals Limited, the leading Australian contract manufacturer of complementary healthcare products. This proposed acquisition is poised to significantly boost CK Life Sciences’ nutraceutical operations, as well as substantially expedite its business expansion plans into the Australian nutraceutical market. CK Life Sciences has achieved a solid track record as a young company. In the five years since listing, CK Life Sciences has evolved into a profitable biotech company, and it aims to continue to expand at a rapid rate.

### **Powering into the Future**

**“The Cheung Kong Group is strategically and financially well positioned to capture new growth opportunities based on a solid platform of accumulated expertise and strength. Growth prospects continue to be strong and promising, and we have complete confidence in the future.”**

Rising inflationary pressure and the sub-prime mortgage situation continue to be the major economic uncertainties in the United States. We expect interest rates are likely to hold steady for the remainder of the year, and the long-term economic outlook remains cautiously optimistic as a solid pace of growth is anticipated.

The Mainland’s economy remains vibrant, with GDP continuing to grow strongly at 11.5% in the first half of 2007. While there is concern about the further introduction of monetary policy measures to fine-tune the economy, appropriate timely macroeconomic controls should steer the overall economy towards a healthy track of sustainable steady growth, and the Mainland’s strong fundamentals will support its continuing promising development.

Hong Kong is expected to sustain solid economic strength given the Mainland's rapid development and continuing growth. This year marks the 10th anniversary of the return of Hong Kong's sovereignty to China. Over the past decade, Hong Kong has demonstrated its enduring capabilities in overcoming various challenges and taking advantage of available opportunities. These proven strengths that will enable Hong Kong to seize opportunities from the Mainland's booming economy will continue to drive future growth and support its stability and prosperity.

We see positive growth prospects for the Group's various businesses around the globe. In particular, businesses in the Mainland and Hong Kong will go from strength to strength by capitalising on the strong growth momentum of these markets. The Cheung Kong Group is committed to achieving long-term earnings growth while maintaining financial soundness. The long-standing strategic framework that has led us to success puts us in an enviable position to prosper on sustained growth, and to maximise returns for shareholders.

## **Acknowledgement**

In this extremely competitive global environment, we are proud to have intelligent, creative, dedicated and loyal employees, the Group's most valuable asset. 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, 23rd August, 2007

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Major Business Activities

#### 1. Developments Completed and Scheduled for Completion in 2007:

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
The Apex and Hotel Development	The Remaining Portion of Kwai Chung Town Lot No. 467	74,340	100%
Central Park Towers Phase 1	Tin Shui Wai Town Lot No. 24	98,800	98.47%
Le Point	Tseung Kwan O Town Lot No. 73, Area 73B Tseung Kwan O	130,338	Joint Venture
Sausalito	Sha Tin Town Lot No. 487	70,030	100%
Cape Coral Phase 1 Commercial	Nanan, Chongqing	39,738	47.5%
The Greenwich Commercial	Yao Jia Yuan, Beijing	2,377	50%
Regency Park Phases IIA and VI	Pudong Huamu, Shanghai	31,481	50%
Seasons Villas Phase 4A	Pudong Huamu, Shanghai	1,500	50%
Kerry Everbright City Phase IIA	Zhabei District, Shanghai	95,260	24.75%

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

### *Hong Kong*

- (1) February 2007: A wholly owned subsidiary of the Group acquired 90 Repulse Bay Road, Section A and the Remaining Portion of Rural Building Lot No. 177. With a site area of approximately 3,300 sq. m., the site is designated for a residential development.
- (2) April 2007: Acquisition of the site at 873 Lai Chi Kok Road, Cheung Sha Wan, New Kowloon Marine Lot No. 21 and the Extension thereto was completed. With an area of approximately 2,656 sq. m., the site is designated for a commercial and residential development.
- (3) May 2007: A wholly owned subsidiary of the Group settled the land premium with the Government in respect of Site C of the Kowloon-Canton Railway Corporation Tai Wai Maintenance Centre Development, Tai Wai, Sha Tin, Sha Tin Town Lot No. 529. Site C is planned for a residential development estimated to have a total developable gross floor area of about 113,211 sq. m.
- (4) July 2007: A wholly owned subsidiary of the Group acquired 2A, 2B and 4 Kennedy Terrace, Section A and The Remaining Portion of Section B of Inland Lot No. 1381 and ancillary areas. With an area of approximately 1,018 sq. m., the site is designated for a residential development.
- (5) 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) January 2007: The Group, the Hutchison Whampoa Group and an independent third party were successful in bidding for a piece of land with an area of approximately 177,262 sq. m. at Zhen Ru Fu Zhong Xin (A3-A6), Putuo District, Shanghai, the Mainland. A sino-foreign equity joint venture company will be established by the Group, the Hutchison Whampoa Group and the independent third party with effective equity interests of 49.2%, 50.4% and 0.4% respectively, for acquiring and developing the land into commercial and residential properties.
- (2) February 2007: A 50/50 joint venture company of the Group and the Hutchison Whampoa Group, together with two other consortium partners each having a one-third interest, exercised an option, granted in their favour under a joint tender in July 2005, to purchase the remainder of Land Parcel 662 at Marina Boulevard/Central Boulevard, Singapore (“Phase 2 of Marina Bay Land”) with a maximum permissible gross floor area of 194,000 sq. m. Phase 2 of Marina Bay Land is planned to be a residential and office development.
- (3) March 2007: An indirect 45/45 joint venture company of the Group and the Hutchison Whampoa Group successfully bid for a piece of land with an area of approximately 1,333,333 sq. m. located at Xinhui of Jiangmen District, Guangdong Province, the Mainland for development into residential, hotel and commercial properties. The remaining 10% interest in the joint venture company is held by an independent party.
- (4) April 2007: An indirect 47.5/47.5 joint venture company of the Group and the Hutchison Whampoa Group successfully bid for a piece of land with an area of approximately 1,000,000 sq. m. located at Yangjiashan District of Nanping Town, Nanan District, Chongqing, the Mainland for development into residential and commercial properties. The remaining 5% interest in the joint venture company is held by an independent party.
- (5) May 2007: A 50/50 joint venture company of the Group and the Hutchison Whampoa Group acquired the entire issued share capital of a company which is the owner of a piece of land at Maofengshan, Guangzhou, the Mainland. With a developable area of approximately 680,000 sq. m., the site is planned for the development of tourism and commercial properties.
- (6) July 2007: A wholly owned subsidiary of the Group entered into a conditional share purchase agreement with HSBC Institutional Trust Services (Singapore) Limited (“HSBC ITS”), in its capacity as trustee of Suntec Real Estate Investment Trust, to dispose of the Group’s one-third interest in One Raffles Quay (“ORQ”), a commercial development located in Singapore’s central business district, to HSBC ITS for a total consideration of approximately S\$941.5 million minus the face value of a loan to be provided by HSBC ITS to the developer and equitable owner of ORQ (subject to adjustments).
- (7) During the period under review, the Group’s property projects in the Mainland and overseas were 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\$4,457 million (2006 – HK\$5,180 million), a decrease of HK\$723 million when compared with the same period last year, and comprised mainly the sale of residential units of three property projects completed in previous years, The Legend at Jardine's Lookout and Crystal Cove of Caribbean Coast in Hong Kong and Costa del Sol in Singapore, and the sale of residential units of Regency Park Phase VI in the Mainland which was completed during the period.

Contribution from property sales, including share of results of jointly controlled entities, was HK\$1,800 million (2006 – HK\$1,796 million), an increase of HK\$4 million when compared with the same period last year, despite a 14% decrease in turnover in the absence of completion of major development project in the first half year. During the period, the economies in Hong Kong and the Mainland grew with solid fundamentals, and the residential property markets remained active with prices in the luxury sector reaching new highs.

Contribution from property sales for the second half year will mainly be derived from the sale of residential units of The Apex, Sausalito, Le Point and Central Park Towers Phase 1 in Hong Kong and several other property projects in the Mainland which are scheduled for completion.

The presale of residential units of The Apex, Sausalito and Le Point has been launched since last year and, up to the interim period end date, over 90% of the residential units of these projects have been presold.

## **Property Rental**

Turnover of the Group's property rental for the first half year was HK\$375 million (2006 – HK\$298 million), an increase of HK\$77 million when compared with the same period last year mainly attributable to the Group's acquisition of the commercial portion of Metro Town in Hong Kong last year and increases in rental rates generally in Hong Kong during the period. The Group's existing investment properties comprise mainly retail shopping malls and commercial office properties in Hong Kong which accounted for approximately 29% and 43% 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\$596 million (2006 – HK\$453 million), an increase of HK\$143 million when compared with the same period last year. During the period, the upward trend in rental rates was sustained, both in Hong Kong and in the Mainland, due to continuing demand for commercial office and retail properties, and the Group's investment properties in Hong Kong and those held by jointly controlled entities in the Mainland all reported good rental income growth.

At interim balance sheet date, the Group accounted for an increase in the fair value of investment properties of HK\$956 million (2006 – HK\$642 million) based on a professional valuation, and shared an increase in the fair value of investment properties of HK\$586 million (2006 – 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\$437 million (2006 – HK\$340 million), an increase of HK\$97 million when compared with the same period last year. The increase in turnover was mainly attributable to the grand opening of the Harbourview Horizon All-Suite Hotel in Hong Kong towards the end of last year.

Contribution from hotels and serviced suites, including share of results of jointly controlled entities, was HK\$204 million (2006 – HK\$162 million), an increase of HK\$42 million when compared with the same period last year. During the period, the economic conditions in Hong Kong and the Mainland continued to be sound, and the Group's hotels and serviced suites, particularly those in the Mainland, achieved satisfactory operating results with good room rates.

The Group's wholly owned Harbourview Horizon All-Suite Hotel commenced operations in Hong Kong at the beginning of the year and its occupancy increased to around 95% by the end of the period. The other wholly owned Harbourfront Horizon All-Suite Hotel also commenced operations recently in Hong Kong and will further increase the contribution from hotels and serviced suites in the second half year.

## **Property and Project Management**

Turnover of property and project management for the first half year was HK\$90 million (2006 – HK\$81 million), of which income from property management was HK\$72 million (2006 – HK\$69 million), an increase of HK\$3 million when compared with the same period last year, and income from project related services was HK\$18 million (2006 – HK\$12 million), an increase of HK\$6 million when compared with the same period last year.

Contribution from property management was HK\$44 million (2006 – HK\$39 million), an increase of HK\$5 million when compared with the same period 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 interim period end date, the total floor area under the Group's property management was approximately 82 million square feet and this is expected to grow steadily following the gradual completion of the Group's property projects in the years ahead.

### **Major Associates**

The Hutchison Whampoa Group, a listed associate, reported unaudited profit attributable to shareholders for the six months ended 30th June, 2007 of HK\$28,759 million (2006 – HK\$18,800 million).

The CK Life Sciences Group, another listed associate, reported unaudited profit attributable to shareholders for the six months ended 30th June, 2007 of HK\$66,248,000 (2006 – HK\$14,785,000).

## **FINANCIAL REVIEW**

### **Liquidity and Financing**

During the period, fixed rate notes in the amount of S\$100 million matured and were redeemed by the Group. At interim balance sheet date, the outstanding bonds and notes issued by the Group amounted to HK\$10.1 billion.

Together with bank loans of HK\$29 billion and a loan from a joint development partner of HK\$4 billion, the Group's total borrowings at interim balance sheet date were HK\$43.1 billion, an increase of HK\$4.6 billion from the end of last year. The maturity profile is spread over a period of nine years, with HK\$7.7 billion repayable within one year, HK\$34.8 billion within two to five years and HK\$0.6 billion beyond five years.

At interim balance sheet date, the Group's gearing ratio was approximately 17.9%, calculated on the basis of the Group's net borrowings (after deducting cash and bank balances of HK\$4.3 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 89% of the Group's borrowings were in HK\$ with the balance in US\$ (or swapped into US\$) and S\$ 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 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 with aggregate carrying value of HK\$694 million (31st December, 2006 – HK\$1,138 million) to secure bank loan facilities utilised.

## **Contingent Liabilities**

At interim balance sheet date, the Group's contingent liabilities (with no significant change from last year end date) were as follows:

- (1) share of contingent liability of jointly controlled entity in respect of guaranteed return payments payable to the other party of a co-operative joint venture in the next 42 years amounted to HK\$4,488 million;
- (2) guarantees provided for the minimum share of revenue/profit receivable by the other partners of joint development projects amounted to HK\$1,422 million; and
- (3) guarantees provided for bank loans utilised by jointly controlled entities amounted to HK\$3,498 million.

## **Employees**

At interim balance sheet date, the Group employed approximately 7,400 employees for its principal businesses. The related employees' costs for the period (excluding directors' emoluments) amounted to approximately HK\$590 million. The Group ensures that the remuneration 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.

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

The Company has not redeemed any of its shares during the six months ended 30th June, 2007. 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 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 30th June, 2007.

## **AUDIT COMMITTEE**

The Company established the 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. Cheong Ying Chew, Henry (Chairman of the Audit Committee), Mr. Kwok Tun-li, Stanley and Ms. Hung Siu-lin, Katherine. 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, 2007 have been reviewed by the Audit Committee.

## **REMUNERATION COMMITTEE**

According to the Code on CG Practices, the Company established its remuneration committee ("Remuneration Committee") on 1st January, 2005 with a majority of the members thereof being Independent Non-executive Directors. The Remuneration Committee comprises the Chairman, 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.



# CHEUNG KONG (HOLDINGS) LIMITED

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 0001)

## NOTICE OF PAYMENT OF INTERIM DIVIDEND, 2007

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, 2007 amounted to HK\$18,536 million which represents earnings of HK\$8.00 per share. The Directors have declared an interim dividend for 2007 of HK\$0.50 per share to shareholders whose names appear on the Register of Members of the Company on Thursday, 11th October, 2007. The dividend will be paid on Friday, 12th October, 2007.

The Register of Members of the Company will be closed from Thursday, 4th October, 2007 to Thursday, 11th October, 2007, 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 4:30 p.m. on Wednesday, 3rd October, 2007.

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

Hong Kong, 23rd August, 2007

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. CHEONG Ying Chew, Henry and Mr. KWAN Chiu Yin, Robert 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.*

**Consolidated Profit and Loss Account  
For the six months ended 30th June, 2007**

	(Unaudited)	
	2007	2006
	HK\$ Million	HK\$ Million
Group turnover	3,511	3,861
Share of property sales of jointly controlled entities	1,848	2,038
Turnover	<u>5,359</u>	<u>5,899</u>
Group turnover	3,511	3,861
Investment and other income	1,311	429
Operating costs		
Property and related costs	(1,379)	(1,758)
Salaries and related expenses	(365)	(339)
Interest and other finance costs	(460)	(169)
Other expenses	(192)	(142)
	<u>(2,396)</u>	<u>(2,408)</u>
Share of net profit of jointly controlled entities	1,085	803
Increase in fair value of investment properties	956	642
Operating profit	<u>4,467</u>	<u>3,327</u>
Share of net profit of associates	14,604	9,458
<b>Profit before taxation</b>	<u>19,071</u>	<u>12,785</u>
Taxation	(364)	(380)
<b>Profit for the period</b>	<u>18,707</u>	<u>12,405</u>
Profit attributable to minority interests	(171)	(190)
<b>Profit attributable to shareholders</b>	<u>18,536</u>	<u>12,215</u>
<b>Interim dividend</b>	<u>1,158</u>	<u>1,065</u>
<b>Earnings per share</b>	<b>HK\$8.00</b>	HK\$5.27
<b>Dividends per share</b>	<b>HK\$0.50</b>	HK\$0.46

**Consolidated Balance Sheet**  
**As at 30th June, 2007**

	(Unaudited) 30/6/2007 HK\$ Million	(Audited) 31/12/2006 HK\$ Million
Non-current assets		
Fixed assets	10,342	10,222
Investment properties	15,466	14,508
Associates	146,349	134,358
Jointly controlled entities	25,803	24,130
Investments available for sale	9,888	8,674
Long term loans	219	251
	<u>208,067</u>	<u>192,143</u>
Current assets		
Stock of properties	51,706	45,857
Debtors, deposits and prepayments	6,240	6,634
Investments held for trading	1,101	1,223
Derivative financial instruments	196	162
Bank balances and deposits	4,260	3,782
	<u>63,503</u>	<u>57,658</u>
Current liabilities		
Bank and other loans	7,706	6,872
Creditors and accruals	3,928	2,998
Derivative financial instruments	509	456
Provision for taxation	1,437	1,265
	<u>49,923</u>	<u>46,067</u>
Net current assets	<u>49,923</u>	<u>46,067</u>
Total assets less current liabilities	<u>257,990</u>	<u>238,210</u>
Non-current liabilities		
Bank and other loans	31,389	27,609
Loan from joint development partner	4,000	4,000
Deferred tax liabilities	1,109	920
	<u>36,498</u>	<u>32,529</u>
<b>Net assets</b>	<u>221,492</u>	<u>205,681</u>
<b>Representing:</b>		
Share capital	1,158	1,158
Share premium	9,331	9,331
Reserves	205,940	189,933
Shareholders' funds	<u>216,429</u>	<u>200,422</u>
Minority interests	5,063	5,259
<b>Total equity</b>	<u>221,492</u>	<u>205,681</u>

Notes:

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

	<i>Six months ended 30th June</i>	
	<i>2007</i>	<i>2006</i>
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
<i>Property sales</i>	<i>2,609</i>	<i>3,142</i>
<i>Property rental</i>	<i>375</i>	<i>298</i>
<i>Hotels and serviced suites</i>	<i>437</i>	<i>340</i>
<i>Property and project management</i>	<i>90</i>	<i>81</i>
	<hr/> <i>3,511</i>	<hr/> <i>3,861</i>
<i>Share of property sales of jointly controlled entities</i>	<i>1,848</i>	<i>2,038</i>
	<hr/> <i>5,359</i>	<hr/> <i>5,899</i>
	<hr/> <i>5,359</i>	<hr/> <i>5,899</i>

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 the Mainland and Singapore, each accounting for approximately 15% of the turnover.

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

	<i>Company and subsidiaries</i>		<i>Jointly controlled entities</i>		<i>Total</i>	
	<i>Six months ended 30th June</i>		<i>Six months ended 30th June</i>		<i>Six months ended 30th June</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>
<i>Property sales</i>	<i>1,400</i>	<i>1,396</i>	<i>400</i>	<i>400</i>	<i>1,800</i>	<i>1,796</i>
<i>Property rental</i>	<i>317</i>	<i>253</i>	<i>279</i>	<i>200</i>	<i>596</i>	<i>453</i>
<i>Hotels and serviced suites</i>	<i>78</i>	<i>71</i>	<i>126</i>	<i>91</i>	<i>204</i>	<i>162</i>
<i>Property and project management</i>	<i>46</i>	<i>40</i>	<i>-</i>	<i>-</i>	<i>46</i>	<i>40</i>
	<hr/> <i>1,841</i>	<hr/> <i>1,760</i>	<hr/> <i>805</i>	<hr/> <i>691</i>	<hr/> <i>2,646</i>	<hr/> <i>2,451</i>
<i>Investment and finance</i>					<i>1,085</i>	<i>333</i>
<i>Interest and other finance costs</i>					<i>(460)</i>	<i>(169)</i>
<i>Increase in fair value of investment properties</i>						
<i>Subsidiaries</i>					<i>956</i>	<i>642</i>
<i>Jointly controlled entities</i>					<i>586</i>	<i>284</i>
<i>Others</i>					<i>228</i>	<i>80</i>
<i>Taxation (excluding share of taxation of major listed associates)</i>					<i>(731)</i>	<i>(615)</i>
<i>Profit attributable to minority interests</i>					<i>(171)</i>	<i>(190)</i>
					<hr/> <i>4,139</i>	<hr/> <i>2,816</i>
<i>Share of net profit of major listed associates</i>						
<i>Hutchison Whampoa Limited</i>					<i>14,368</i>	<i>9,392</i>
<i>CK Life Sciences Int'l., (Holdings) Inc.</i>					<i>29</i>	<i>7</i>
<i>Profit attributable to shareholders</i>					<hr/> <i>18,536</i>	<hr/> <i>12,215</i>
					<hr/> <i>18,536</i>	<hr/> <i>12,215</i>

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

	<b>Six months ended 30th June</b>	
	<b>2007</b>	<b>2006</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Interest and other finance costs	825	588
Less: Amount capitalised	(365)	(419)
	<u>460</u>	<u>169</u>
Costs of properties sold	954	1,383
Depreciation	116	82
(Gain)/loss on disposal of investments available for sale	(20)	7
Gain on investments held for trading	(158)	(75)
	<u><u>158</u></u>	<u><u>(75)</u></u>

(3) Hong Kong profits tax has been provided for at the rate of 17.5% (2006 - 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>2007</b>	<b>2006</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Hong Kong profits tax	173	253
Overseas tax	2	1
Deferred tax	189	126
	<u>364</u>	<u>380</u>

(4) The calculation of earnings per share is based on profit attributable to shareholders and on 2,316,164,338 shares (2006 - 2,316,164,338 shares) in issue during the period.

(5) 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>30/6/2007</b>	<b>31/12/2006</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Current to one month	5,384	6,000
Two to three months	18	19
Over three months	11	10
	<u>5,413</u>	<u>6,029</u>

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

	<b>30/6/2007</b>	<b>31/12/2006</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Current to one month	1,096	214
Two to three months	34	30
Over three months	15	19
	<u>1,145</u>	<u>263</u>

*(6) The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards. For those which are effective for accounting periods beginning on 1st January, 2007, the adoption has no significant impact on the Group's results and financial position; and 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.*

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