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CHEUNG KONG (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liabilities)

(Stock Code: 0001)

THE CHAIRMAN'S STATEMENT FOR 2008

HIGHLIGHTS

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

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.

PROSPECTS

Progressing on Solid Foundations

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.

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

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:

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
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%
LOHAS Park Phase IIA	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%

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.

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 LOHAS Park Phase IIA 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).

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.

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.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality board, sound internal control, 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 ("Listing Rules") throughout the year ended 31st December, 2008.

AUDIT COMMITTEE

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 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 of the Company 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 auditor of the Company.

The Group's annual results for the year ended 31st December, 2008 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.

ANNUAL GENERAL MEETING

The 2009 Annual General Meeting of the shareholders of the Company will be held at the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 21st May, 2009 at 2:45 p.m. and the Notice of Annual General Meeting will be published and despatched to the shareholders in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 14th May, 2009 to Thursday, 21st May, 2009, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final 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, 13th May, 2009.

The Directors (*Note*) of the Company as at the date of this document 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 Director 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 year ended 31st December, 2008**

	2008	2007
	HK\$ Million	HK\$ Million
Group turnover	12,856	13,277
Share of property sales of jointly controlled entities	3,580	2,165
Turnover	<u>16,436</u>	<u>15,442</u>
Group turnover	12,856	13,277
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	<u>7,880</u>	<u>13,487</u>
Share of net profit of associates	8,698	15,682
Profit before taxation	<u>16,578</u>	<u>29,169</u>
Taxation	(859)	(1,197)
Profit for the year	<u>15,719</u>	<u>27,972</u>
Profit attributable to minority interests	(201)	(294)
Profit attributable to shareholders	<u>15,518</u>	<u>27,678</u>
Dividends		
Interim dividend paid	1,158	1,158
Final dividend proposed	4,517	4,517
	<u>5,675</u>	<u>5,675</u>
Earnings per share	HK\$6.70	HK\$11.95
Dividends per share		
Interim dividend	HK\$0.50	HK\$0.50
Final dividend	HK\$1.95	HK\$1.95

Consolidated Balance Sheet
As at 31st December, 2008

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

Notes:

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

	2008 HK\$ Million	2007 HK\$ 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
	<u>12,856</u>	<u>13,277</u>
Group turnover	12,856	13,277
Share of property sales of jointly controlled entities	3,580	2,165
	<u>16,436</u>	<u>15,442</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 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.

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

	Company and subsidiaries		Jointly controlled entities		Total	
	2008 HK\$ Million	2007 HK\$ Million	2008 HK\$ Million	2007 HK\$ Million	2008 HK\$ Million	2007 HK\$ 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
	<u>5,869</u>	<u>6,131</u>	<u>3,041</u>	<u>1,370</u>	<u>8,910</u>	<u>7,501</u>
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)
					<u>6,850</u>	<u>12,338</u>
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					<u>15,518</u>	<u>27,678</u>

* Included profit on disposal of associates and jointly controlled entities amounting to HK\$2,384 million.

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

	2008 HK\$ Million	2007 HK\$ Million
Interest and other finance costs	1,077	1,750
Less: Amount capitalised	(623)	(766)
	<u>454</u>	<u>984</u>
Costs of properties sold	5,324	5,036
Depreciation	284	257
Impairment of investments available for sale	1,139	260
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)
	<u>-</u>	<u>(1,972)</u>

- (3) 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. Overseas tax has been provided for at the local enacted rates on the estimated assessable profits of the individual company concerned. Deferred tax has been provided on temporary differences based on the applicable enacted rates.

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

- (4) 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.

- (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:

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

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

	2008 HK\$ Million	2007 HK\$ Million
Current to one month	349	3,186
Two to three months	25	24
Over three months	14	29
	<u>388</u>	<u>3,239</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, 2008, 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 annual results have been reviewed by the Audit Committee.