

Consolidated Profit and Loss Account

For the six months ended June 30, 2006

	Note	Unaudited 30/06/2006 HK\$ Million	Unaudited 30/06/2005 HK\$ Million
Turnover	2	6,449	6,179
Other net income	4	84	–
Direct costs and operating expenses		(2,292)	(2,089)
Selling and marketing expenses		(359)	(290)
Administrative and corporate expenses		(274)	(285)
Operating profit before depreciation, amortisation, interest and tax		3,608	3,515
Depreciation and amortisation		(590)	(607)
Operating profit	2 & 3	3,018	2,908
Increase in fair value of investment properties		5,328	8,691
Borrowing costs	5	8,346	11,599
Share of profits less losses of associates	6	(412)	(180)
Share of losses of jointly controlled entities		38	102
Profit before taxation		(1)	(7)
Taxation	7(c)	7,971	11,514
Profit for the period		(1,414)	(2,027)
Attributable to:		6,557	9,487
Shareholders		6,259	9,035
Minority interests		298	452
Interim dividend declared after the balance sheet date	8	6,557	9,487
Earnings per share		881	881
Basic	9	HK\$2.56	HK\$3.69
Diluted	9	HK\$2.56	HK\$3.69
Interim dividend per share	8	36.0 cents	36.0 cents

Consolidated Balance Sheet

As at June 30, 2006

	Note	Unaudited 30/06/2006 HK\$ Million	Audited 31/12/2005 HK\$ Million (restated)
Non-current assets			
Fixed assets			
Investment properties		84,070	78,224
Leasehold land		1,878	1,430
Other properties, plant and equipment		11,527	11,004
		97,475	90,658
Goodwill		303	297
Interest in associates		1,124	1,638
Interest in jointly controlled entities		763	896
Available-for-sale investments		2,400	1,677
Long term receivables		376	410
Programming library		169	143
Deferred tax assets		432	468
Defined benefit pension scheme assets		148	150
Derivative financial assets		12	54
		103,202	96,391
Current assets			
Inventories		4,490	4,488
Trade and other receivables	10	1,225	1,105
Derivative financial assets		23	–
Deposits and cash		3,137	2,508
		8,875	8,101
Current liabilities			
Trade and other payables	11	(4,476)	(4,848)
Short term loans and overdrafts		(6,509)	(4,403)
Derivative financial liabilities		(3)	(14)
Taxation payable		(642)	(608)
		(11,630)	(9,873)
Net current liabilities		(2,755)	(1,772)
Total assets less current liabilities		100,447	94,619

Consolidated Balance Sheet (continued)

As at June 30, 2006

	Note	Unaudited 30/06/2006 HK\$ Million	Audited 31/12/2005 HK\$ Million (restated)
Non-current liabilities			
Long term loans		(13,050)	(14,155)
Deferred taxation		(12,627)	(11,672)
Other deferred liabilities		(260)	(263)
Derivative financial liabilities		(25)	(3)
		(25,962)	(26,093)
NET ASSETS			
		74,485	68,526
Capital and reserves			
Share capital	12	2,448	2,448
Reserves		68,444	62,926
Shareholders' equity			
	13	70,892	65,374
Minority interests			
	13	3,593	3,152
TOTAL EQUITY			
		74,485	68,526

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2006

	Note	Unaudited 30/06/2006 HK\$ Million	Unaudited 30/06/2005 HK\$ Million (restated)
<hr/>			
Total equity as at January 1 as previously reported			
Shareholders' equity		65,313	54,909
Minority interests		3,116	3,675
		68,429	58,584
Prior year adjustment for HKAS 19	1	97	70
Total equity as restated		68,526	58,654
<hr/>			
Net gains/(losses) not recognised in the consolidated profit and loss account			
As previously stated			(463)
Prior year adjustment for HKAS 19			2
As restated		639	(461)
Investments revaluation reserves transferred to the consolidated profit and loss account on disposal of available-for-sale investments		(3)	(2)
Profit for the period		6,557	9,487
<hr/>			
Total recognised income for the period			
Shareholders		6,620	8,745
Minority interests		573	279
		7,193	9,024
<hr/>			
Final dividend approved in respect of the previous year		(1,077)	(881)
Dividend paid to minority interests		(160)	(287)
Exercise of share options		3	–
Total equity as at June 30		74,485	66,510
<hr/>			
Attributable to:			
Shareholders		70,892	62,803
Minority interests		3,593	3,707
		74,485	66,510
<hr/>			

Condensed Consolidated Cash Flow Statement

For the six months ended June 30, 2006

	Unaudited 30/06/2006 HK\$ Million	Unaudited 30/06/2005 HK\$ Million
Net cash generated from operating activities	1,724	2,752
Net cash used in investing activities	(655)	(1,052)
Net cash used in financing activities	(284)	(1,758)
Increase/(decrease) in cash and cash equivalents	785	(58)
Cash and cash equivalents at January 1	2,352	2,209
Cash and cash equivalents at June 30	3,137	2,151
Analysis of the balance of cash and cash equivalents		
Deposits and cash	3,137	2,151

Notes to the Financial Statements

1. Basis of Preparation of the Financial Statements

These unaudited interim consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants and applicable disclosure provisions of Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited.

The preparation of an interim financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those described in the annual financial statements for the year ended December 31, 2005 except for the change described below:

HKAS 19 “Employee benefits”

In prior years, in calculating the Group’s obligation in respect of a defined benefit pension scheme, if any cumulative unrecognised actuarial gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of scheme assets, that portion is recognised in the consolidated profit and loss account over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

With effect from January 1, 2006, the Group adopted retrospectively the alternative recognition policy in the amendment to HKAS 19 under which all actuarial gain or loss of all defined benefit pension schemes can be recognised outside profit or loss. Shareholders’ equity as at January 1, 2006 and January 1, 2005 was restated and increased by HK\$61 million and HK\$30 million respectively and minority interests as at January 1, 2006 and January 1, 2005 was restated and increased by HK\$36 million and HK\$40 million respectively. This change has no significant impact on the Group’s results.

2. Segment Information

a. Business segments

Revenue and results	Segment revenue		Segment results	
	30/06/2006 HK\$ Million	30/06/2005 HK\$ Million (restated)	30/06/2006 HK\$ Million	30/06/2005 HK\$ Million (restated)
Property investment	2,718	2,475	1,915	1,728
Hong Kong	2,110	1,946	1,694	1,561
China	157	144	64	49
Hotels	451	385	157	118
Communication, media and entertainment ("CME")	1,959	1,948	141	258
Pay television	966	948	98	195
Internet and multimedia	296	279	68	31
Telecommunications	681	719	(4)	39
Others	16	2	(21)	(7)
Logistics	1,609	1,736	830	949
Terminals	1,407	1,555	749	891
Others	202	181	81	58
	6,286	6,159	2,886	2,935
Property development	178	4	(10)	(6)
Investment and others	148	109	274	83
Inter-segment revenue (Note)	(163)	(93)	-	-
	6,449	6,179	3,150	3,012
Unallocated income and expenses			(132)	(104)
Operating profit			3,018	2,908
Increase in fair value of investment properties			5,328	8,691
			8,346	11,599
Borrowing costs			(412)	(180)
Associates			38	102
Property development			(5)	45
Terminals			43	55
Investment and others			-	2
Jointly controlled entities				
Terminals			(1)	(7)
Profit before taxation			7,971	11,514

Note: Inter-segment revenue eliminated on consolidation includes:

	30/06/2006	30/06/2005
	HK\$ Million	HK\$ Million (restated)
Property investment	44	40
CME	119	52
Investment and others	–	1
	163	93

b. Geographical segments

During the period, more than 90% of the Group's revenue and operating results were generated in Hong Kong.

3. Operating Profit

Operating profit is arrived at:

	30/06/2006	30/06/2005
	HK\$ Million	HK\$ Million
After charging:		
Depreciation		
– assets held for use under operating leases	43	37
– other fixed assets	490	516
	533	553
Amortisation		
– programming library	45	38
– leasehold land	12	16
	590	607
Total depreciation and amortisation		
Staff costs including retirement scheme costs		
HK\$47 million (2005: HK\$43 million)	1,158	1,086
Auditors' remuneration		
– audit services	5	4
– other services	1	1
Cost of properties sold during the period	167	3
and crediting:		
Rental income less direct outgoings, including:	1,832	1,697
Contingent rentals	152	100
Interest income	71	25
Dividend income from listed investments	48	39
Dividend income from unlisted investments	60	50

4. Other Net Income

Other net income mainly represents net profit on disposal of available-for-sale investments which included a revaluation surplus of HK\$3 million (2005: HK\$Nil) transferred from the investments revaluation reserves.

5. Borrowing Costs

	30/06/2006 HK\$ Million	30/06/2005 HK\$ Million
Interest on:		
Bank loans and overdrafts	229	75
Other loans repayable within five years	163	112
Other loans repayable over five years	31	7
Other borrowing costs	7	(8)
	430	186
Less: Amount capitalised	(18)	(6)
Net borrowing costs for the period	412	180

The Group's average borrowing cost for the period was 4.7% per annum (2005: 2.6% per annum).

6. Share of Profits less Losses of Associates

Share of profits less losses of associates for both periods mainly comprises attributable profits arising on disposal of Sorrento and Bellagio residential units and contribution from terminals operations.

7. Taxation

- a. The provision for Hong Kong profits tax is based on the profit for the period as adjusted for tax purposes at the rate of 17.5% (2005: 17.5%).
- b. Overseas taxation is calculated at rates of tax applicable in countries in which the Group is assessed for tax.
- c. Taxation in the consolidated profit and loss account represents:

	30/06/2006 HK\$ Million	30/06/2005 HK\$ Million
Current tax		
Hong Kong profits tax	368	372
Underprovision in respect of prior years	54	61
	422	433
Overseas taxation	1	1
	423	434
Deferred tax		
Change in value of investment properties	941	1,544
Origination and reversal of temporary differences	50	49
	991	1,593
	1,414	2,027

- d. None of the taxation payable in the balance sheet is expected to be settled after more than one year.
- e. Share of associates' tax for the six months ended June 30, 2006 of HK\$2 million (2005: HK\$4 million) is included in the share of profits less losses of associates.

8. Dividends

a. Dividends attributable to the period

	30/06/2006	30/06/2005
	HK\$ Million	HK\$ Million
Proposed after the balance sheet date: 36 cents (2005: 36 cents) per share	881	881

The above interim dividends were proposed after the balance sheet dates and have not been recognised as liabilities at the respective balance sheet dates.

b. Dividends attributable to the previous financial year, approved and paid during the period

	30/06/2006	30/06/2005
	HK\$ Million	HK\$ Million
Final dividend in respect of the previous financial year, approved and paid during the period, of 44 cents (2005: 36 cents) per share	1,077	881

9. Earnings per Share

The calculation of earnings per share is based on the earnings attributable to shareholders in the amount of HK\$6,259 million (30/06/2005: HK\$9,035 million) for the period and the weighted average of 2,448 million (30/06/2005: 2,447 million) ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on earnings attributable to shareholders in the amount of HK\$6,259 million (30/06/2005: HK\$9,035 million) for the period and the weighted average of 2,448 million (30/06/2005: 2,447 million) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares.

The existence of unexercised options during the period ended June 30, 2006 has no dilutive effect on the calculation of diluted earnings per share for the period ended June 30, 2006.

10. Trade and Other Receivables

Included in this item are trade debtors (net of provision for bad and doubtful debts) with an ageing analysis as at June 30, 2006 as follows:

	30/06/2006	31/12/2005
	HK\$ Million	HK\$ Million
Trade debtors		
0 – 30 days	200	346
31 – 60 days	328	220
61 – 90 days	115	45
Over 90 days	113	61
	756	672
Other receivables	469	433
	1,225	1,105

The Group has established credit policies for each of its core businesses. The general credit terms allowed range from 0 to 60 days, except for pre-sale proceeds of properties under development, which are receivable upon completion of the properties under development.

11. Trade and Other Payables

Included in this item are trade creditors with an ageing analysis as at June 30, 2006 as follows:

	30/06/2006	31/12/2005
	HK\$ Million	HK\$ Million
Trade creditors		
0 – 30 days	180	281
31 – 60 days	74	373
61 – 90 days	31	57
Over 90 days	150	168
	435	879
Other payables	4,041	3,969
	4,476	4,848

12. Share Capital

	30/06/2006	31/12/2005	30/06/2006	31/12/2005
	No. of shares	No. of shares	HK\$ Million	HK\$ Million
	Million	Million		
Authorised				
Ordinary shares of HK\$1 each	3,600	3,600	3,600	3,600
Issued and fully paid				
Ordinary shares of HK\$1 each	2,448	2,448	2,448	2,448

13. Capital and Reserves

	Shareholders' equity								
	Share capital	Share premium	Capital redemption reserves	Investments revaluation reserves	Other capital reserves	Revenue reserves	Total shareholders' equity	Minority interest	Total equity
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
	Million	Million	Million	Million	Million	Million	Million	Million	Million
a. Company and subsidiaries									
Balance at January 1, 2006									
– as previously reported	2,448	7,746	7	502	63	54,084	64,850	3,116	67,966
Prior year adjustments for HKAS 19 (Note 1)	–	–	–	–	–	61	61	36	97
As restated	2,448	7,746	7	502	63	54,145	64,911	3,152	68,063
Surplus on revaluation of available-for-sale investments	–	–	–	352	–	–	352	62	414
Transfer to the consolidated profit and loss account on disposal of available-for-sale investments	–	–	–	(3)	–	–	(3)	–	(3)
Others	–	–	–	–	(14)	(1)	(15)	241	226
Profit for the period	–	–	–	–	–	6,222	6,222	298	6,520
Dividends approved in respect of the previous year	–	–	–	–	–	(1,077)	(1,077)	–	(1,077)
Dividend paid to minority interests	–	–	–	–	–	–	–	(160)	(160)
Exercise of share options	–	3	–	–	–	–	3	–	3
Balance at June 30, 2006	2,448	7,749	7	851	49	59,289	70,393	3,593	73,986
b. Associates/jointly controlled entities									
Balance at January 1, 2006	–	–	–	–	7	456	463	–	463
Profit for the period	–	–	–	–	–	37	37	–	37
Others	–	–	–	–	(1)	–	(1)	–	(1)
Balance at June 30, 2006	–	–	–	–	6	493	499	–	499
Total reserves									
At June 30, 2006	2,448	7,749	7	851	55	59,782	70,892	3,593	74,485
At December 31, 2005 (restated)	2,448	7,746	7	502	70	54,601	65,374	3,152	68,526

14. Material Related Party Transactions

Except for the transactions noted below, the Group and the Company have not been a party to any material related party transactions during the period ended June 30, 2006:

- a. Loans totalling HK\$694 million (31/12/2005: HK\$1,153 million) advanced by the Group to an associate involved in the Bellagio property development project are considered to be related party transactions and also constitute connected transactions as defined under the Listing Rules. Waivers were granted by the Stock Exchange in 1997 and 1994 from complying with the relevant connected transaction requirements. The net interest earned by the Group from these loans during the period is not material in the context of these financial statements.
- b. In respect of the period ended June 30, 2006, the Group earned rental income totalling HK\$132 million (2005: HK\$96 million) from various tenants which are wholly-owned by, or are non wholly-owned subsidiaries of, companies which in turn are wholly-owned by the family interests of, or by a trust the settlor of which is, the Chairman of the Company. Such transactions are considered to be related party transactions and also constitute connected transactions as defined under the Listing Rules.

15. Contingent Liabilities

As at June 30, 2006, there were contingent liabilities in respect of guarantees given by the Company on behalf of subsidiaries relating to overdrafts, short term loans and credit facilities, bonds and notes of up to HK\$23,489 million (31/12/2005: HK\$24,216 million).

16. Commitments

	30/06/2006 HK\$ Million	31/12/2005 HK\$ Million
a. Capital commitments		
Authorised and contracted for	3,163	1,143
Authorised but not contracted for	2,595	3,099
	5,758	4,242
b. Programming and other commitments		
Authorised and contracted for	426	581
Authorised but not contracted for	83	80
	509	661
c. Properties under development for sale		
Authorised and contracted for	913	855
Authorised but not contracted for	2,379	2,654
	3,292	3,509
d. Commitment for acquisition of investments		
Authorised and contracted for	1,171	1,874

The above commitment for acquisition of investments of HK\$1,171 million at June 30, 2006 mainly represented Modern Terminals' equity investment commitment for Dachan Bay port project.

17. Review of Unaudited Interim Financial Statements

The unaudited interim financial statements for the six months ended June 30, 2006 have been reviewed with no disagreement by the Audit Committee of the Company.

Compliance with the Model Code for Directors' Dealing in Securities

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors and all the Directors have complied with the required standard set out in the Model Code and its code of conduct regarding Directors' securities transactions.

Directors' Interests in Shares

At June 30, 2006, Directors of the Company had the following beneficial interests, all being long positions, in the share capitals of the Company and of two subsidiaries of the Company, namely, i-CABLE Communications Limited ("i-CABLE") and Modern Terminals Limited ("Modern Terminals"), and the percentages which the relevant shares represented to the issued share capitals of the Company, i-CABLE and Modern Terminals respectively are also set out below:

	No. of Ordinary Shares (Percentage of Issued Capital)	Nature of Interest
The Company		
Mr Gonzaga W J Li	686,549 (0.0280%)	Personal interest
Mr Stephen T H Ng	650,057 (0.0266%)	Personal interest
Mr T Y Ng	178,016 (0.0073%)	Personal interest
i-CABLE		
Mr Gonzaga W J Li	68,654 (0.0034%)	Personal interest
Mr Stephen T H Ng	1,065,005 (0.0527%)	Personal interest
Mr T Y Ng	17,801 (0.0009%)	Personal interest
Modern Terminals		
Mr Hans Michael Jebsen	3,787 (5.40%)	Corporate interest

Note: The 3,787 shares regarding "Corporate Interest" in which Mr Hans Michael Jebsen was taken to be interested as stated above was the interest held by corporations in general meetings of which Mr Jebsen was either entitled to exercise (or was taken under Part XV of the Securities and Futures Ordinance (the "SFO") to be able to exercise) or control the exercise of one-third or more of the voting power.

Set out below are particulars of interests (all being personal interests) in options to subscribe for ordinary shares of the Company granted under the Share Option Scheme (the "Scheme") of the Company held by Directors of the Company during the financial period:

Name of Director	Date granted (Day/Month/Year)	No. of ordinary shares represented by unexercised options outstanding as at 01/01/2006	No. of ordinary shares represented by unexercised options outstanding as at 30/06/2006	Period during which rights exercisable (Day/Month/Year)	Price per share to be paid on exercise of options (HK\$)	Consideration paid for the options granted (HK\$)
Ms Doreen Y F Lee	01/03/2003	40,000	40,000	01/08/2005 to 31/07/2006	25.00	1.00

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the SFO in respect of information required to be notified to the Company and the Stock Exchange pursuant to the SFO or to the Model Code for Securities Transactions by Directors of Listed Issuers:

- (i) there were no interests, both long and short positions, held as at June 30, 2006 by any of the Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO); and
- (ii) there existed during the financial period no rights to subscribe for any shares, underlying shares or debentures of the Company which were held by any of the Directors or Chief Executive of the Company or any of their spouses or children under 18 years of age nor had there been any exercises during the financial period of any such rights by any of them.

Substantial Shareholders' Interests

Given below are the names of all parties which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company as at June 30, 2006, the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at that date as recorded in the register kept by the Company under section 336 of the SFO (the "Register") and the percentages which the shares represented to the issued share capital of the Company:

Names	No. of Ordinary Shares (Percentage of Issued Capital)	
(i) Lynchpin Limited	171,974,029	(7.03%)
(ii) Star Attraction Limited	171,974,029	(7.03%)
(iii) Wheelock Properties Limited	173,652,029	(7.09%)
(iv) Myers Investments Limited	173,652,029	(7.09%)
(v) Wheelock Corporate Services Limited	173,652,029	(7.09%)
(vi) WF Investment Partners Limited	1,051,765,051	(42.97%)
(vii) Wheelock and Company Limited	1,222,896,080	(49.96%)
(viii) HSBC Trustee (Guernsey) Limited	1,222,896,080	(49.96%)
(ix) JPMorgan Chase & Co.	146,448,525	(5.98%)

Note: For the avoidance of doubt and double counting, it should be noted that duplication occurs in respect of the shareholdings stated against parties (i) to (viii) above to the extent that the shareholding stated against party (i) above was entirely duplicated or included in that against party (ii) above, with the same duplication of the shareholdings in respect of (ii) in (iii), (iii) in (iv), (iv) in (v), (v) in (vi), (vi) in (vii) and (vii) in (viii).

All the interests stated above represented long positions and as at June 30, 2006, there were no short positions recorded in the Register.

Share Option Scheme

Details of share options granted to Director(s) of the Company are set out in the section headed "Directors' interests in shares".

Set out below are particulars and movements during the financial period of the Company's outstanding share options which were granted to 12 employees (one of them being a Director of the Company), all of whom are working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance and are participants with options not exceeding the respective individual limits:

Date granted (Day/Month/Year)	No. of ordinary shares represented by unexercised options outstanding as at 01/01/2006	No. of ordinary shares represented by options lapsed/ exercised during the financial period	No. of ordinary shares represented by unexercised options outstanding as at 30/06/2006	Period during which rights exercisable (Day/Month/Year)	Price per share to be paid on exercise of options (HK\$)
01/08/1996	200,000	134,000	66,000	01/08/1996 to 31/07/2006	25.00

The weighted average closing price of the Shares of the Company immediately before the dates of all exercises by employees of the Company's share options during the financial period was HK\$28.5 per share.

Except as disclosed above, no share option of the Company was issued, exercised, cancelled, lapsed or outstanding throughout the period under review.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the financial period under review.

Book Closure

The Register of Members will be closed from Friday, October 6, 2006 to Friday, October 13, 2006, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to qualify for the abovementioned interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrars, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, October 5, 2006.

By Order of the Board

Wilson W S Chan

Secretary

Hong Kong, August 23, 2006

As at the date of this interim report, the Board of Directors of the Company comprises Mr Peter K C Woo, Mr Gonzaga W J Li, Mr Stephen T H Ng, Ms Doreen Y F Lee and Mr T Y Ng, together with six independent Non-executive Directors, namely, Mr Paul M P Chan, Professor Edward K Y Chen, Dr Raymond K F Ch'ien, Hon Vincent K Fang, Mr Hans Michael Jebsen and Mr James E Thompson.