

# Notes to the Summary Financial Statements

## 1 General Information

These summary financial statements from page 56 to 63 are not the Group's statutory financial statements and they do not contain sufficient information to allow as full an understanding of the results and state of affairs of the Group as would be provided by the full Annual Report.

## 2 Significant Accounting Policies

### Basis of Preparation

These summary financial statements have been prepared from the consolidated financial statements of the Group for the year ended 31 December 2006 ('the Accounts').

The Accounts are consistent with those adopted in the annual accounts for the year ended 31 December 2005 except for the adoption of certain new standards and amendments of Hong Kong Financial Reporting Standards issued and became effective during the year ended 31 December 2006.

The adoption of such standards or amendments does not result in substantial changes to the Group's accounting policies and has no significant effect on the results reported for the year ended 31 December 2006.

The Group has not early adopted the amendments, new standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants that are not yet effective for the year ended 31 December 2006, and is in the process of assessing their impact on future accounting periods.

### 3 Directors' Emoluments

The remuneration of every Director for the year ended 31 December 2006 is set out below:

<i>in HK\$ million</i> name of director	fees	salaries, allowances and benefits in kind	discretionary bonuses	retirement benefits	share-based payment	<b>2006 total</b>	2005 total
Larry Yung Chi Kin <sup>#</sup>	0.15	3.21	40.00	0.01	7.84	<b>51.21</b>	28.96
Henry Fan Hung Ling <sup>#</sup>	0.15	3.00	34.00	0.01	6.27	<b>43.43</b>	24.94
Peter Lee Chung Hing <sup>#</sup>	0.15	1.69	27.00	0.08	4.70	<b>33.62</b>	18.91
Carl Yung Ming Jie <sup>#</sup>	0.15	0.84	5.00	0.04	2.35	<b>8.38</b>	2.53
Leslie Chang Li Hsien <sup>#</sup>	0.15	1.38	10.00	0.06	3.14	<b>14.73</b>	7.23
Vernon Francis Moore <sup>#</sup>	0.15	2.00	5.00	0.01	2.74	<b>9.90</b>	6.15
Li Shilin <sup>#</sup>	0.15	0.49	1.00	–	–	<b>1.64</b>	1.64
Liu Jifu <sup>#</sup>	0.15	0.55	7.00	0.07	2.74	<b>10.51</b>	5.65
Chau Chi Yin <sup>#</sup>	0.11	1.07	6.00	0.05	3.14	<b>10.37</b>	–
Milton Law Ming To <sup>#</sup>	0.11	0.98	6.00	0.05	3.14	<b>10.28</b>	–
Wang Ande <sup>#</sup>	0.11	0.40	3.00	–	1.96	<b>5.47</b>	–
Norman Yuen Kee Tong <sup>#</sup>	0.15	4.31	5.00	0.14	1.96	<b>11.56</b>	9.58
Yao Jinrong <sup>#</sup>	0.04	0.16	–	–	–	<b>0.20</b>	2.29
Willie Chang	0.30	–	–	–	–	<b>0.30</b>	0.30
Hamilton Ho Hau Hay	0.15	–	–	–	–	<b>0.15</b>	0.15
Alexander Reid Hamilton	0.30	–	–	–	–	<b>0.30</b>	0.30
Hansen Loh Chung Hon	0.25	–	–	–	–	<b>0.25</b>	0.25
Norman Ho Hau Chong	0.20	–	–	–	–	<b>0.20</b>	0.20
André Desmarais	0.15	–	–	–	–	<b>0.15</b>	0.15
Chang Zhenming	0.06	–	1.00	–	–	<b>1.06</b>	0.43
	3.13	20.08	150.00	0.52	39.98	<b>213.71</b>	109.66

The five highest paid individuals of the Group during the year were also directors and their emoluments are reflected in the analysis presented above.

During the year, 10,200,000 share options were granted (2005: Nil) to directors of the Company under the CITIC Pacific Share Incentive Plan 2000.

Mr Yao Jinrong resigned during the year.

The executive directors marked ‘#’ of the above being considered as key management personnel of the Group.

## 4 Fixed Assets

### Group

<i>In HK\$ million</i>	property, plant and equipment					sub-total	investment properties	properties under development	leasehold land	total
	self-used properties	vehicular tunnel	plant and machinery	others						
<i>Cost or valuation</i>										
At 1 January 2005	2,363	1,992	3,869	2,773	10,997	8,115	1,725	1,802	22,639	
Exchange adjustments	16	–	83	18	117	(35)	18	13	113	
Additions										
through acquisition of subsidiary companies	491	–	1,095	3	1,589	–	271	30	1,890	
others	30	8	413	1,533	1,984	–	1,323	21	3,328	
Capitalised leasehold land amortisation	–	–	–	–	–	–	27	–	27	
Disposals										
through disposal of subsidiary companies	–	–	–	(31)	(31)	–	(520)	–	(551)	
others	(10)	–	(42)	(210)	(262)	(3)	(56)	–	(321)	
Change in fair value of investment properties	–	–	–	–	–	520	–	–	520	
Transfer from / (to) other assets	–	–	–	–	–	6	(910)	–	(904)	
Reclassification	276	–	(139)	(169)	(32)	42	(2)	(8)	–	
At 31 December 2005	3,166	2,000	5,279	3,917	14,362	8,645	1,876	1,858	26,741	
<i>Accumulated depreciation, amortisation and impairment</i>										
At 1 January 2005	519	714	1,004	1,416	3,653	–	53	206	3,912	
Exchange adjustments	2	–	24	6	32	–	–	–	32	
Charge for the year	69	94	347	264	774	–	27	34	835	
Written back on disposals										
through disposal of subsidiary companies	–	–	–	(4)	(4)	–	–	–	(4)	
others	(5)	–	(21)	(130)	(156)	–	–	–	(156)	
Transfer to property held for sale	–	–	–	–	–	–	(53)	–	(53)	
Reclassification	1	–	(1)	–	–	–	–	–	–	
At 31 December 2005	586	808	1,353	1,552	4,299	–	27	240	4,566	
<i>Net book value</i>										
At 31 December 2005	2,580	1,192	3,926	2,365	10,063	8,645	1,849	1,618	22,175	
<i>Represented by</i>										
Cost	3,166	2,000	5,279	3,917	14,362	–	1,876	1,858	18,096	
Valuation	–	–	–	–	–	8,645	–	–	8,645	
	3,166	2,000	5,279	3,917	14,362	8,645	1,876	1,858	26,741	

## 4 Fixed Assets *continued*

### Group *continued*

<i>In HK\$ million</i>	property, plant and equipment					sub-total	properties		leasehold land	total
	self-used properties	vehicular tunnel	plant and machinery	others	investment properties		under development			
<i>Cost or valuation</i>										
At 1 January 2006	<b>3,166</b>	<b>2,000</b>	<b>5,279</b>	<b>3,917</b>	<b>14,362</b>	<b>8,645</b>	<b>1,876</b>	<b>1,858</b>	<b>26,741</b>	
Exchange adjustments	<b>81</b>	<b>-</b>	<b>219</b>	<b>68</b>	<b>368</b>	<b>109</b>	<b>37</b>	<b>27</b>	<b>541</b>	
Additions through acquisition of subsidiary companies	<b>79</b>	<b>-</b>	<b>9</b>	<b>67</b>	<b>155</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>205</b>	
others	<b>323</b>	<b>-</b>	<b>586</b>	<b>774</b>	<b>1,683</b>	<b>18</b>	<b>1,849</b>	<b>61</b>	<b>3,611</b>	
Capitalised leasehold land amortisation	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>-</b>	<b>21</b>	
Disposals through disposal of subsidiary companies	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(165)</b>	<b>-</b>	<b>(165)</b>	
others	<b>(125)</b>	<b>-</b>	<b>(289)</b>	<b>(216)</b>	<b>(630)</b>	<b>(18)</b>	<b>(313)</b>	<b>-</b>	<b>(961)</b>	
Change in fair value of investment properties	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>735</b>	<b>-</b>	<b>-</b>	<b>735</b>	
Transfer to properties held for sales / inventories	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6)</b>	<b>(6)</b>	<b>-</b>	<b>(442)</b>	<b>-</b>	<b>(448)</b>	
Transfer upon completion	<b>736</b>	<b>-</b>	<b>818</b>	<b>(1,554)</b>	<b>-</b>	<b>115</b>	<b>(110)</b>	<b>(5)</b>	<b>-</b>	
At 31 December 2006	<b>4,260</b>	<b>2,000</b>	<b>6,622</b>	<b>3,050</b>	<b>15,932</b>	<b>9,604</b>	<b>2,753</b>	<b>1,991</b>	<b>30,280</b>	
<i>Accumulated depreciation, amortisation and impairment</i>										
At 1 January 2006	<b>586</b>	<b>808</b>	<b>1,353</b>	<b>1,552</b>	<b>4,299</b>	<b>-</b>	<b>27</b>	<b>240</b>	<b>4,566</b>	
Exchange adjustments	<b>22</b>	<b>-</b>	<b>86</b>	<b>9</b>	<b>117</b>	<b>-</b>	<b>1</b>	<b>2</b>	<b>120</b>	
Charge for the year	<b>159</b>	<b>90</b>	<b>520</b>	<b>265</b>	<b>1,034</b>	<b>-</b>	<b>28</b>	<b>37</b>	<b>1,099</b>	
Acquisition of subsidiary companies	<b>11</b>	<b>-</b>	<b>2</b>	<b>6</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19</b>	
Written back on disposals others	<b>(6)</b>	<b>-</b>	<b>(105)</b>	<b>(135)</b>	<b>(246)</b>	<b>-</b>	<b>(15)</b>	<b>-</b>	<b>(261)</b>	
Impairment loss	<b>-</b>	<b>-</b>	<b>88</b>	<b>32</b>	<b>120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120</b>	
Transfer to other assets	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4)</b>	<b>(4)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4)</b>	
Reclassification	<b>(2)</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
At 31 December 2006	<b>770</b>	<b>898</b>	<b>1,946</b>	<b>1,725</b>	<b>5,339</b>	<b>-</b>	<b>41</b>	<b>279</b>	<b>5,659</b>	
<i>Net book value</i>										
At 31 December 2006	<b>3,490</b>	<b>1,102</b>	<b>4,676</b>	<b>1,325</b>	<b>10,593</b>	<b>9,604</b>	<b>2,712</b>	<b>1,712</b>	<b>24,621</b>	
<i>Represented by</i>										
Cost	<b>4,260</b>	<b>2,000</b>	<b>6,622</b>	<b>3,050</b>	<b>15,932</b>	<b>-</b>	<b>2,753</b>	<b>1,991</b>	<b>20,676</b>	
Valuation	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,604</b>	<b>-</b>	<b>-</b>	<b>9,604</b>	
	<b>4,260</b>	<b>2,000</b>	<b>6,622</b>	<b>3,050</b>	<b>15,932</b>	<b>9,604</b>	<b>2,753</b>	<b>1,991</b>	<b>30,280</b>	

## 5 Reserves

### Group

<i>in HK\$ million</i>	share premium	capital redemption reserve	goodwill	investment revaluation reserve	exchange fluctuation reserve	hedging reserve	general reserve	retained profits	total
At 1 January 2005	24,848	19	(2,494)	168	(325)	(152)	244	13,698	36,006
Share of reserves of associated companies	-	-	-	(67)	-	350	-	-	283
Share of reserves of jointly controlled entities	-	-	-	-	-	40	-	-	40
Exchange translation differences	-	-	-	-	158	-	-	-	158
Gain on cash flow hedge of financial instruments	-	-	-	-	-	163	-	-	163
Fair value loss on other financial assets	-	-	-	(17)	-	-	-	-	(17)
Transfer from profits	-	-	-	-	-	-	57	(57)	-
Issue of share pursuant to the Plan	16	-	-	-	-	-	-	-	16
Profit attributable to shareholders of the Company	-	-	-	-	-	-	-	3,989	3,989
Dividends	-	-	-	-	-	-	-	(2,412)	(2,412)
At 31 December 2005	24,864	19	(2,494)	84	(167)	401	301	15,218	38,226
<i>Representing</i>									
At 31 December 2005 after proposed final dividend									36,472
2005 Final dividend proposed									1,754
									38,226
<i>Retained by</i>									
Company and subsidiary companies	24,864	19	(2,494)	25	164	62	283	7,305	30,228
Jointly controlled entities	-	-	-	-	-	3	15	996	1,014
Associated companies	-	-	-	59	(331)	336	3	6,917	6,984
	24,864	19	(2,494)	84	(167)	401	301	15,218	38,226

## 5 Reserves *continued*

### Group *continued*

<i>in HK\$ million</i>	share premium	capital redemption reserve	capital reserve	goodwill	investment revaluation reserve	exchange fluctuation reserve	hedging reserve	general reserve	retained profits	total
At 1 January 2006	<b>24,864</b>	<b>19</b>	–	<b>(2,494)</b>	<b>84</b>	<b>(167)</b>	<b>401</b>	<b>301</b>	<b>15,218</b>	<b>38,226</b>
Share of reserves of associated companies	–	–	–	–	<b>183</b>	–	<b>(129)</b>	–	<b>106</b>	<b>160</b>
Share of reserves of jointly controlled entities	–	–	<b>17</b>	–	–	–	<b>(1)</b>	<b>1</b>	–	<b>17</b>
Exchange translation differences	–	–	–	–	–	<b>870</b>	–	–	–	<b>870</b>
Reserves released on disposal of associated companies	–	–	–	–	<b>(84)</b>	<b>103</b>	<b>(91)</b>	–	–	<b>(72)</b>
Loss on cash flow hedge of financial instruments	–	–	–	–	–	–	<b>(50)</b>	–	–	<b>(50)</b>
Fair value gain on other financial assets	–	–	–	–	<b>1,064</b>	–	–	–	–	<b>1,064</b>
Transfer to Profit and Loss account on impairment of other financial assets	–	–	–	–	<b>103</b>	–	–	–	–	<b>103</b>
Transfer from profits	–	–	–	–	–	–	–	<b>163</b>	<b>(163)</b>	–
Issue of share pursuant to the Plan	<b>92</b>	–	<b>(6)</b>	–	–	–	–	–	–	<b>86</b>
Profit attributable to shareholders of the Company	–	–	–	–	–	–	–	–	<b>8,272</b>	<b>8,272</b>
Dividends	–	–	–	–	–	–	–	–	<b>(3,071)</b>	<b>(3,071)</b>
Share repurchase	–	<b>1</b>	–	–	–	–	–	–	<b>(36)</b>	<b>(35)</b>
Share-based payment	–	–	<b>62</b>	–	–	–	–	–	–	<b>62</b>
At 31 December 2006	<b>24,956</b>	<b>20</b>	<b>73</b>	<b>(2,494)</b>	<b>1,350</b>	<b>806</b>	<b>130</b>	<b>465</b>	<b>20,326</b>	<b>45,632</b>
<i>Representing</i>										
At 31 December 2006 after proposed final and special dividend										<b>43,217</b>
2006 Final and special dividend proposed										<b>2,415</b>
										<b>45,632</b>
<i>Retained by</i>										
Company and subsidiary companies	<b>24,956</b>	<b>20</b>	<b>56</b>	<b>(2,494)</b>	<b>1,192</b>	<b>1,034</b>	<b>12</b>	<b>446</b>	<b>9,392</b>	<b>34,614</b>
Jointly controlled entities	–	–	<b>17</b>	–	–	–	<b>2</b>	<b>16</b>	<b>2,029</b>	<b>2,064</b>
Associated companies	–	–	–	–	<b>158</b>	<b>(228)</b>	<b>116</b>	<b>3</b>	<b>8,905</b>	<b>8,954</b>
	<b>24,956</b>	<b>20</b>	<b>73</b>	<b>(2,494)</b>	<b>1,350</b>	<b>806</b>	<b>130</b>	<b>465</b>	<b>20,326</b>	<b>45,632</b>