

Balance Sheets

At 31st December 2006

| | Note | Group | | Company | |
|--|------|----------------------|----------------------|----------------------|----------------------|
| | | 2006 HK\$ million | 2005 HK\$ million | 2006 HK\$ million | 2005 HK\$ million |
| Non-current assets | | | | | |
| Fixed assets | | | | | |
| – Property, plant and equipment | | 41,763 | 38,294 | – | – |
| – Assets under construction | | 2,355 | 5,524 | – | – |
| – Interests in leasehold land held for own use under operating leases | | 2,378 | 2,440 | – | – |
| | 15 | 46,496 | 46,258 | – | – |
| Interest in subsidiaries | 16 | – | – | 26,992 | 32,002 |
| Interest in associates | 17 | 6,339 | 5,780 | – | – |
| Other non-current financial assets | 18 | 1,687 | 1,682 | – | – |
| Derivative financial instruments | 26 | 47 | 29 | – | – |
| Deferred tax assets | 27 | 1 | 14 | 1 | 13 |
| Employee retirement benefit assets | 28 | 578 | 170 | 34 | 10 |
| | | 55,148 | 53,933 | 27,027 | 32,025 |
| Current assets | | | | | |
| Inventories | 19 | 484 | 445 | – | – |
| Trade and other receivables | 20 | 1,119 | 1,090 | 51 | 12 |
| Fuel Clause Account | 21 | 566 | 1,079 | – | – |
| Cash and cash equivalents | 22 | 10,462 | 4,561 | 10,417 | 4,520 |
| | | 12,631 | 7,175 | 10,468 | 4,532 |
| Current liabilities | | | | | |
| Trade and other payables | 23 | (1,095) | (1,068) | (37) | (39) |
| Bank overdrafts – unsecured | | (4) | (8) | – | – |
| Current portion of bank loans and other borrowings | 24 | (1,089) | (354) | – | – |
| Current taxation | | (551) | (220) | (9) | – |
| | | (2,739) | (1,650) | (46) | (39) |
| Net current assets | | | | | |
| | | 9,892 | 5,525 | 10,422 | 4,493 |
| Total assets less current liabilities | | | | | |
| | | 65,040 | 59,458 | 37,449 | 36,518 |
| Non-current liabilities | | | | | |
| Interest-bearing borrowings | 24 | (13,596) | (10,209) | – | – |
| Deferred creditors and other payables | 25 | – | (52) | – | – |
| Derivative financial instruments | 26 | (1) | (287) | – | – |
| Customers' deposits | | (1,537) | (1,508) | – | – |
| Deferred tax liabilities | 27 | (5,432) | (5,382) | – | – |
| Employee retirement benefit liabilities | 28 | (389) | (335) | (81) | (66) |
| | | (20,955) | (17,773) | (81) | (66) |
| Rate Reduction Reserve | | | | | |
| | 12 | – | – | – | – |
| Development Fund | | | | | |
| | 12 | – | – | – | – |
| Net Assets | | | | | |
| | | 44,085 | 41,685 | 37,368 | 36,452 |
| Capital and Reserves | | | | | |
| Share capital | 29 | 2,134 | 2,134 | 2,134 | 2,134 |
| Reserves | | 41,951 | 39,551 | 35,234 | 34,318 |
| Total equity attributable to equity shareholders of the Company | | | | | |
| | 30 | 44,085 | 41,685 | 37,368 | 36,452 |

Approved and authorised for issue by the Board of Directors on 8th March 2007

Canning Fok Kin-ning
Chairman

Tso Kai-sum
Group Managing Director

The notes on pages 53 to 105 form part of these financial statements.