Hutchison Whampoa Limited

(Incorporated in Hong Kong with limited liability)
(Stock Code: 013)

AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2005

HIGHLIGHTS

	2005 HK$ millions	2004 (As restated) HK$ millions	Changes
Total revenue	**241,862**	181,797	+33%
EBIT from established businesses (excluding investment properties revaluation profit and profit on disposal of investments)	**38,514**	33,026	+17%
EBITDA/(LBITDA) of **3** Group before customer acquisition costs	**1,825**	(7,906)	+123%
Consolidated Group EBIT	**32,576**	19,060	+71%
Profit attributable to shareholders	**14,343**	12,978	+11%
Earnings per share	**HK$3.36**	HK$3.04	+11%
Final dividend per share	**HK$1.22**	HK$1.22	–

- Total revenue grew 33% to HK$241,862 million
- Profit for the year increased 11% to HK$14,343 million
- Earnings per share increased 11% to HK$3.36
- All operating established businesses reported EBIT growth
- Recurring EBIT from the established businesses increased 17% to HK$38,514 million
- 3G customer base currently totals over 11.9 million worldwide
- **3** Group total revenue grew 138% to HK$37,502 million
- **3** Group achieved full-year positive EBITDA result, before CAC expenses

CHAIRMAN'S STATEMENT

All of the Group's operating established businesses reported higher earnings and healthy growth year on year.

The Group's total revenue grew 33% to HK$241,862 million, comprising revenue from the established businesses and the **3** Group. Total revenue from the established businesses grew 23% to HK$204,360 million, and recurring earnings before interest expense and finance costs, taxation and minority interests ("EBIT") from the Group's established businesses, excluding investment properties revaluation profit and profit on disposal of investments, increased 17% to HK$38,514 million. The Group also benefited from substantial increases in the current market valuations of several of its businesses. As a result, the Group executed several strategic disposals during the year realising significant cash proceeds and non-recurring profits.

The Group's 3G customer base has grown 65.5% from 31 December 2004 to 11,061,000 at 31 December 2005 and currently stands at 11,909,000. The **3** Group total revenue for 2005 more than doubled compared to 2004, to HK$37,502 million, allowing the **3** Group to achieve a major cashflow milestone, reporting positive earnings before interest expense and finance costs, taxation, depreciation and amortisation ("EBITDA") before all customer acquisition costs ("CACs") of HK$1,825 million, an improvement of HK$9,731 million over last year's comparable losses of HK$7,906 million.

Results

The Group's audited profit attributable to shareholders for the year amounted to HK$14,343 million, an 11% increase compared to last year's profit of HK$12,978 million, which has been restated for the adoption of Hong Kong Financial Reporting Standards ("HKFRS") recently issued by the Hong Kong Institute of Certified Public Accountants (see Note 1 to the accounts). Earnings per share amounted to HK$3.36 (2004 – HK$3.04), an increase of 11%. These results include a profit on revaluation of investment properties of HK$5,225 million and a profit on disposal of investments totalling HK$25,117 million, comprising:

- a profit of HK$7,400 million from the disposal of a 19.3% interest in Hutchison Telecommunications International ("HTIL");
- a profit of HK$5,500 million realised from the disposal for cash of a 20% interest in Hongkong International Terminals ("HIT") and a 10% interest in COSCO-HIT Terminals (Hong Kong) ("COSCO-HIT");
- a profit of HK$3,699 million from the partial disposal of the Australian electricity distribution businesses by Cheung Kong Infrastructure ("CKI"), partially offset by provisions of HK$2,032 million, mainly related to its infrastructure materials and certain infrastructure investments;
- a profit of HK$9,400 million that arose from the exercise by the Group of its right to re-purchase from the minority shareholders of **3** UK their 35% interest at a substantial discount;

and a dilution profit of HK$1,150 million from a 5.2% reduction in the Group's interest in HTIL as a result of HTIL issuing its shares to effect the privatisation of its subsidiary Hutchison Global Communications Holdings.

Dividends

Your Directors have today declared a final dividend of HK$1.22 per share (2004 – HK$1.22), payable on 19 May 2006 to those persons registered as shareholders on 18 May 2006. The proposed final dividend, together with the interim dividend of HK$0.51 paid on 7 October 2005, gives a total dividend of HK$1.73 per share (2004 – HK$1.73) for the year. The share register of members will be closed from 11 May 2006 to 18 May 2006, both days inclusive.

Established Businesses

Ports and related services

The ports and related services division recorded another year of satisfactory steady growth. Total revenue grew 11% to HK$29,917 million. The combined throughput increased 8% to 51.8 million TEUs (twenty-foot equivalent units). The major contributors to throughput growth were Yantian port, which reported growth of 21%; Europe Container Terminals ("ECT") in Rotterdam, of 12%; Xiamen International Container Terminals, of 49%; Kelang Multi Terminal in Malaysia, of 14%; and Panama ports container terminals ("PPC"), of 54%. EBIT increased 14% to HK$10,219 million. The major contributors to improved EBIT performance were Yantian with a 22% increase in EBIT, ECT with 34%, Internacional de Contenedores Asociados de Veracruz in Mexico with 31% and PPC with 53%. This division contributed 15% and 17% respectively to the total revenue and EBIT of the Group's established businesses for the year.

The Group continues to expand its existing facilities and to invest in new opportunities to meet demand for container terminal services, which continues to show healthy growth. In addition to the expansion activity reported in our interim result announcement, the Group acquired in August an 80% interest in a project to build and operate a roll-on/roll-off (ro-ro) terminal in Laem Chabang Port, Thailand with a 30-year concession period. In October, a 50/50 joint venture was formed to develop and operate Dalian Ore Terminal for a tenure of 50 years. In November, the Group announced the commencement of Yantian port Phase IIIB expansion project, 42.7% owned, which when completed in 2010, will add six berths to the existing nine berths in Yantian port. Also, in November, the Group invested in a joint venture, in which it holds a 65% interest, to operate and develop a greenfield, ten-berth container terminal in the Port of Sohar, Oman for a concession period of 40 years. In December, a conditional agreement was signed to acquire a 70% interest in Terminal Catalunya S.A., a five-berth container terminal with expansion opportunities, in the Port of Barcelona, Spain. Also in December, the Group entered into agreements with certain joint venture partners to establish a joint venture to acquire, develop, operate and manage the Phase II Container Terminal at Yangshan port in Shanghai. The Group has a 32% interest in this project. Currently this division operates in five of the seven busiest container ports in the world, with interests in a total of 42 ports comprising 247 berths in 20 countries. The ports and related services division will continue, on a selective basis, to seek attractive investment and expansion opportunities.

Property and Hotels

The property and hotels division reported total revenue of HK$10,265 million and EBIT of HK$3,939 million, 13% and 31% better than last year respectively. This division contributed 5% and 7% to the total revenue and EBIT of the Group's established businesses. Gross rental income of HK$2,528 million, mainly from properties in Hong Kong, was 6% higher than last year primarily due to increased rental income from investment properties in Hong Kong, reflecting higher lease renewal rates. Development profit came primarily from the sale of residential units of Shanghai Regency Park in the Mainland and also from the release of a provision made in previous years against a Hong Kong development project, reflecting rising residential property prices. In addition, profit was realised from the sale of certain non-core joint venture owned properties to the recently listed Prosperity REIT.

The property and hotels division will continue to focus on actively seeking development opportunities, primarily in the Mainland where it has substantial landbank interests. The Group's attributable share of landbank currently can be developed into 68 million square feet of mainly residential property, of which 94% is situated in the Mainland, 5% in the UK and overseas, and 1% in Hong Kong. The Group's hotel businesses reported EBIT 82% better than last year, reflecting the growth in the Hong Kong tourism industry and profit contribution from its joint venture interest in "The Kowloon Hotel", which was acquired in February 2005.

Retail

Total revenue for the Group's retail division totalled HK$88,780 million, a 30% increase, mainly due to contributions from Marionnaud Parfumeries ("Marionnaud") and The Perfume Shop, which were acquired in April and August respectively, a full year contribution from the Rossmann retail chain in Germany which was acquired in August 2004, and continued good sales growth in PARKnSHOP and Watsons in the Mainland, Watsons in Taiwan, and in the UK retail operations. EBIT from this division totalled HK$3,261 million, up 2%. This division contributed 44% and 6% respectively to the total revenue and EBIT of the Group's established businesses for the year.

The retail division continues to grow its retail brands and store concepts organically through store additions, by cautious expansion into new markets and also in 2005, through selective strategic acquisitions. During the year and in the first few months of this year, the retail division expanded into new markets in South Korea, Estonia and Slovenia by opening outlets under the "Watsons" brand name. In April, the Group acquired Marionnaud in France, the largest perfumery and cosmetics retailer in Europe with more than 1,200 stores in 14 countries. In August, the Group acquired Merchant Retail Group in the UK, a leading perfumery retailer with 120 stores mainly in the UK and the Republic of Ireland which operates under the brand name "The Perfume Shop". In January this year, the Group announced the acquisition of Spektr Group, an established 24-store health and beauty retail chain in St. Petersburg, Russia. During the year, the total number of retail outlets increased 49% and this division currently operates over 7,100 retail outlets in 36 markets. With its acquisition strategy largely complete, this division is now focusing on the integration of its recently acquired businesses, consolidating its leading market share in its segments, margin improvement, and organic growth through new store openings, particularly in Eastern Europe and the Mainland.

Energy, Infrastructure, Finance and Investments

Cheung Kong Infrastructure, a listed subsidiary, announced turnover of HK$4,750 million, in line with last year, and profit attributable to shareholders of HK$6,007 million, 71% above last year, including a one-time profit of HK$3,699 million on partial disposal of the Australian electricity distribution businesses to Spark Infrastructure Group, which was listed on the Australian Stock Exchange in December, less provisions at the Group's consolidation level totalling HK$2,032 million mainly for infrastructure materials and certain infrastructure investments. CKI contributed 8% and 11% respectively to the total revenue and EBIT of the Group's established businesses for the year. CKI continues to seek attractive investment opportunities to expand and diversify overseas.

Husky Energy, an associated company listed in Canada, announced impressive results, reporting total revenue of C$10,245 million and profit attributable to shareholders of C$2,003 million, 21% and 99% above last year respectively, mainly reflecting higher natural gas and crude oil prices. Husky contributed 11% and 10% respectively to the total revenue and EBIT from the Group's established businesses for the year. During the fourth quarter of 2005, Husky achieved first oil production from the White Rose project off the east coast of Canada, ahead of schedule and on-budget. The Tucker Oil Sands project in Alberta is on schedule and first oil production is expected to be achieved by the end of this year. Key development approvals for the Sunrise Oil Sands project are also progressing well. It is anticipated that gross production volume will increase in 2006.

The Group's EBIT from its finance and investments operations, which mainly represents interest income earned on the Group's substantial holdings of cash and liquid investments, amounted to HK$5,491 million, a decrease of 39%, mainly due to lower realised foreign exchange gains on deposits and profits on disposal of certain fixed-income securities. These operations contributed 9% of the Group's EBIT from established businesses. The Group's consolidated cash and liquid investments at 31 December 2005 totalled HK$110,386 million, consolidated debt was HK$264,911 million, and the consolidated debt net of cash and liquid investments was HK$154,525 million.

Hutchison Telecommunications International

Hutchison Telecommunications International, a listed associated company, announced turnover from continued operations of HK$24,356 million, a 64% increase over last year and a loss attributable to shareholders of HK$768 million, compared to a loss attributable to shareholders of HK$30 million in 2004, which included a one-time gain of HK$1,300 million on disposal of a 26% interest in its then listed subsidiary Hutchison Global Communications Holdings. Excluding the effect of this one-time gain, the comparable loss attributable to shareholders of HTIL improved by 42%, mainly due to the strong growth in its mobile operations in India and reduced losses incurred by its operations in Thailand, partially offset by a loss on disposal of the Paraguay business. At 31 December 2005, HTIL had a consolidated mobile customer base of 16.9 million, representing a 39% increase over the beginning of the year. The Group's share of HTIL's turnover and EBIT amounted to 12% and 5% of the Group's total revenue and EBIT of its established businesses respectively.

HTIL is continuing to grow its customer base and expand its operation, particularly in the rapidly growing Indian market. It is also streamlining and integrating its fixed-line and mobile operations in Hong Kong to realise synergies and building networks in Vietnam and Indonesia.

In December, the Group disposed of a 19.3% interest in HTIL to a strategic partner, Orascom Telecom, for a consideration of HK$10,100 million, which gave rise to a profit on disposal of HK$7,400 million. HTIL and Orascom Telecom agreed to cooperate on their respective procurement processes to exploit synergies and to identify and pursue other opportunities. Following the sale, the Group holds a 49.8% interest in HTIL, and as a result, HTIL is treated as an associated company of the Group.

Telecommunications – 3 Group

As the recently reported operating performance of incumbent cellular operators in Europe makes abundantly clear, competition has been fierce throughout 2005 in all of the **3** Group's markets. Unlike most of its competitors, however, the **3** Group is continuing to achieve both improved operating and improved financial performance despite the increasingly competitive environment.

The Group's 3G customer base increased 65.5% from 31 December 2004 to 11,061,000 at 31 December 2005 and currently stands at 11,909,000 customers. Measured by customer numbers, **3** Group's market share of the total mobile telecommunications market is now over 5% in the UK and over 8% in Italy. However, total revenue of the **3** Group for 2005 increased by 138% compared to 2004, to HK$37,502 million, indicating that on average across its markets, the **3** Group is succeeding in capturing a significantly higher market share when measured by customer value rather than by customer numbers. This positive result has been achieved both by an increased focus during the year on the lower-risk, higher-value contract customer segment in all markets and by above market average non-voice revenue. Postpaid customers as a percentage of total customers increased 24% to 56% in the UK and 90% to 19% in Italy. On a trailing 12-month average basis, non-voice service revenues as a percentage of total revenue increased from 22% to 23% in the UK and from 26% to 30% in Italy. Average revenue per user on a trailing 12-month average active customer basis ("ARPU") for the **3** Group as a whole declined modestly from €43.11 at the time of our interim announcement to €42.20. The decline relates to the ARPU in the first six months of 2005 included in this trailing 12-month average calculation. However, both ARPU and non-voice service revenues as a percentage of ARPU have strengthened in the second half of this year, and are well above cellular market averages.

The **3** Group continued to improve its operating cost structure over the year and was able as a result to achieve the cash flow milestone of reporting positive EBITDA before all CACs for the full year of HK$1,825 million, a 123% improvement over last year's comparable LBITDA of HK$7,906 million. **3** Italia and **3** UK have also achieved a second important milestone, reporting positive EBITDA after deducting all CACs on a monthly basis. **3** Italia first achieved this target in August and **3** UK in December 2005 after including the cash benefits of its outsourcing agreements. Encouragingly, this means that the revenues from these operations now cover both operating costs and the costs of continuing to grow their customer and revenue bases. As a whole, the **3** Group's target is to achieve positive EBITDA after all CACs for the full year in 2006.

For the full year, the average cost of acquiring a customer for the year increased nominally to €293 from the level of €274 reported in our interim announcement. This was partially due to manufacturers' delays in delivering lower cost handsets in the second half, as well as the higher mix during the second half of the year of contract versus prepaid customer additions in all of our European markets. The improvement in ARPU in the second half implies that our customer acquisition spending in the second half succeeded in acquiring higher-value customers on average than in the first half. The **3** Group's current and contracted handset costs are significantly lower than 2005 averages. Consequently, I am confident that the cost of acquiring customers relative to the value of the customers acquired by the 3G businesses will decrease through 2006.

Finally, with the network construction phase nearing completion for most **3** Group operations, capital expenditure, which was approximately HK$14,051 million in 2005 compared to HK$21,428 million in 2004, will decline significantly in 2006.

As the **3** Group moves to becoming a net cash flow contributor to the Group, improved earnings performance will follow. The **3** Group's operating losses will have significantly less impact on consolidated Group earnings in 2006 than in 2005, and the target is to achieve positive EBIT in 2007.

As announced in February this year, poor equity market sentiment toward incumbent cellular operations in Europe necessitated postponement of the proposed initial public offering ("IPO") of **3** Italia. The private placement underwriting which we announced at the same time provides a more positive indication of expected market valuation for this business. Accordingly, we will revisit **3** Italia's IPO plan when market conditions are appropriate.

Key Business Indicators

Current key business indicators for the **3** Group and HTIL's 3G businesses are:

	Registered 3G Customers at 22 March 2006 ('000)	12-month Average Revenue per User ("ARPU") (1) in 2005: Total – Local Currency/HK$	Non-voice: ARPU %	Non-voice: ARPU	Mix of Postpaid/Prepaid Customers (ratio) at 31 December 2005
Australia(2)	854	A$78.00/463	24%	A$19.00/110	85/15
Austria	340	€53.92/520	14%	€7.60/73	68/32
Italy	6,005	€34.87/335	30%	€10.31/99	19/81
Sweden & Denmark	502	SEK382.90/398	16%	SEK59.73/62	78/22
UK & Ireland	3,569	£34.51/486	23%	£8.00/113	56/44
3 Group Total/Average	11,270	€42.20/406	25%	€10.47/101	40/60
Hong Kong(3)	521				
Israel(4)	118				
Total	11,909				

Note 1: ARPU equals total revenue before promotional discounts and excluding handset and connection revenues, divided by the average number of active customers in the period, where an active customer is one that has generated revenue from either an outgoing or incoming call or 3G service in the preceding three months.
Note 2: Active customers as announced by this listed subsidiary updated from its results announcement date of 7 March for net customer additions to 22 March.
Note 3: Registered customers as announced by listed subsidiary HTIL updated from its results announcement date of 9 March for net customer additions to 22 March.
Note 4: Registered customers as announced on 9 March by listed subsidiary HTIL.

The improved key results reported for the **3** Group are:

	2005 HK$ millions	2004 (As restated) HK$ millions	% Improvement
EBITDA/(LBITDA) before all CACs	**1,825**	(7,906)	123%
Reported LBITDA after prepaid CACs	**(9,619)**	(16,329)	41%
Loss before interest expense and finance costs and taxation	**(26,880)**	(38,449)	30%
Net loss attributable to shareholders	**(25,157)**	(28,239)	11%

It should be noted that the **3** Group LBIT of HK$26,880 million includes a one-time profit of HK$9,400 million on elimination of minority interests in **3** UK relating to the re-purchase of a 35% interest in **3** UK from NTT DoCoMo and KPN at a deep discount. It should also be noted that in line with the current interpretation of International Accounting Standards, deferred tax assets have not been recorded for **3** Italia and the other **3** Group businesses, except for in the **3** UK where, among other things, taxation losses can be carried forward indefinitely.

OUTLOOK

The world economy generally reported solid growth in 2005, despite rising US dollar interest rates and a high and volatile energy price environment. Looking ahead, in 2006 oil prices are anticipated to remain at prevailing levels, and although US dollar interest rates might continue to rise, any increase should be moderate. Hong Kong continues to benefit from the robust economic growth and enormous opportunity in the Mainland. With these encouraging economic trends, I am confident that our Group's businesses will continue to perform well in 2006.

Mr. George Magnus retired as an Executive Director of the Company during the year. Mr. Magnus will continue to serve the Board as a Non-Executive Director of the Company and also of listed subsidiary Cheung Kong Infrastructure and listed associate Hongkong Electric Holdings. On behalf of all Board members, I wish to take this opportunity to express our deepest gratitude to Mr. Magnus for his over 25 years of dedicated service and his many substantial contributions to the Group.

I would like to thank the Board of Directors and all employees around the world in all of our businesses for their professionalism, enterprise, hard work, commitment and dedication.

Li Ka-shing
Chairman

Hong Kong, 23 March 2006

Consolidated Profit and Loss Account

for the year ended 31 December 2005

	Note	2005 HK$ millions	As restated Note 2 2004 HK$ millions
Company and subsidiary companies			
Revenue	3	**182,584**	134,595
Cost of inventories sold		**(62,804)**	(52,006)
Staff costs		**(25,730)**	(21,478)
Telecommunications prepaid customer acquisition costs		**(11,954)**	(8,423)
Depreciation and amortisation	3	**(35,727)**	(30,727)
Other operating expenses		**(60,233)**	(39,146)
Change in fair value of investment properties		**3,685**	5,244
Profit on disposal of investments, elimination of minority interests and others	4	**25,117**	19,181
	3	**14,938**	7,240
Share of profits less losses of associated companies	2(c)	**8,067**	5,921
Share of profits less losses of jointly controlled entities	2(c)	**3,927**	1,765
		11,994	7,686
Interest and other finance costs	5	**(15,405)**	(11,220)
Profit before taxation		**11,527**	3,706
Current taxation charge	6	**(2,511)**	(2,386)
Deferred taxation credit	6	**4,538**	4,815
Profit after taxation		**13,554**	6,135
Allocated as: Loss attributable to minority interests		**789**	6,843
Profit attributable to shareholders of the Company		**14,343**	12,978
Dividends			
Interim dividend		**2,174**	2,174
Final dividend		**5,201**	5,201
		7,375	7,375
Earnings per share for profit attributable to shareholders of the Company	7	**HK$ 3.36**	HK$ 3.04
Dividends per share			
Interim dividend		**HK$ 0.51**	HK$ 0.51
Final dividend		**HK$ 1.22**	HK$ 1.22
		HK$ 1.73	HK$ 1.73

Consolidated Balance Sheet

at 31 December 2005

	Note	2005 HK$ millions	As restated Note 2 2004 HK$ millions
ASSETS			
Non-current assets			
Fixed assets		**124,278**	147,603
Investment properties		**38,557**	31,741
Leasehold land prepayments		**32,374**	31,037
Telecommunications licences		**84,624**	103,060
Telecommunications postpaid customer acquisition costs		**6,172**	6,823
Goodwill		**17,954**	10,577
Brand names and other rights		**3,579**	1,559
Associated companies		**65,334**	54,887
Interests in joint ventures		**37,284**	35,756
Deferred tax assets		**15,723**	12,259
Other non-current assets		**4,426**	8,230
Liquid funds and other listed investments		**60,669**	66,503
		490,974	510,035
Current assets			
Cash and cash equivalents	8	**49,717**	73,798
Trade and other receivables	9	**36,011**	45,873
Inventories		**20,337**	17,489
		106,065	137,160
Current liabilities			
Trade and other payables	10	**56,873**	66,245
Current borrowings		**26,028**	23,118
Current tax payables		**2,080**	1,898
		84,981	91,261
Net current assets		**21,084**	45,899
Total assets less current liabilities		**512,058**	555,934
Non-current liabilities			
Long term borrowings		**238,883**	259,875
Deferred tax liabilities		**13,750**	11,674
Pension obligations		**2,323**	2,424
Other non-current liabilities		**3,473**	2,167
		258,429	276,140
Net assets		**253,629**	279,794
CAPITAL AND RESERVES			
Share capital		**1,066**	1,066
Reserves		**242,488**	250,105
Shareholders' funds		**243,554**	251,171
Minority interests		**10,075**	28,623
Total equity		**253,629**	279,794

Notes:

1 **Adoption of new and revised Hong Kong Financial Reporting Standards**

Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRS", which term collectively includes Hong Kong Accounting Standards "HKAS" and Interpretations "HK-INT") that are effective or available for early adoption for the financial year beginning 1 January 2005. In the current year, the Group has adopted retrospectively, where required, all remaining new and revised HKFRS that are currently in issue and effective for the financial year beginning 1 January 2005 and has elected to early adopt Amendment to HKAS 19, Employee benefits - actuarial gains and losses, group plans and disclosures, ahead of its effective date of 1 January 2006.

HKICPA may issue new and revised standards and interpretations subsequent to the date of issuance of these accounts. In addition, interpretations on the application of HKFRS will continue to develop. These factors may require adoption of new accounting policies.

Note 2 sets out information on the effect of the adoption of new and revised HKFRS accounting policies for the current and prior years. As explained in note 2(n), HKAS 39, Financial instruments: recognition and measurement, does not require retrospective application and therefore adjustments made with respect to the changes in accounting policies under this standard are only recorded as at 1 January 2005 with no retrospective adjustments made to prior year comparatives.

2 **Effect of the adoption of new and revised HKFRS accounting policies**

The effect, where material, of the adoption is summarised below.

(a) Restatement of prior year and opening balances

(i) Effect on the consolidated profit and loss account for the year ended 31 December 2004

in HK$ millions	2004 (as previously reported)	HKAS 1 (c) & (d)	HKAS 2 (e)	HKAS 12 (f)	HKAS 16 (g)	HK-INT 2 (h)	HKAS 17 (i)	Amend. to HKAS 19 (j)	HKAS 21 (k)	HKAS 28 (l)	HKAS 38 (m)	HKAS 39 (n)	HKFRS 2 (o)	Sub-total	2004 (as restated)
		Effect of adopting new policies - increase (decrease) in profit attributable to shareholders of the Company													
Company and subsidiary companies															
Revenue	134,595	-	-	-	-	-	-	-	-	-	-	-	-	-	134,595
Cost of inventories sold	(52,006)	-	-	-	-	-	-	-	-	-	-	-	-	-	(52,006)
Staff costs	(21,525)	-	-	-	-	-	-	103	-	-	-	-	(56)	47	(21,478)
Telecommunications prepaid customer acquisition costs	(8,423)	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,423)
Depreciation and amortisation	(30,263)	-	-	-	3	(62)	-	-	-	-	(405)	-	-	(464)	(30,727)
Other operating expenses	(38,680)	-	(1,062)	-	63	-	-	19	-	-	488	-	26	(466)	(39,146)
Change in fair value of investment properties	5,244	-	-	-	-	-	-	-	-	-	-	-	-	-	5,244
Profit on disposal of investments, elimination of minority interests and others	19,181	-	-	-	-	-	-	-	-	-	-	-	-	-	19,181
	8,123	-	(1,062)	-	66	(62)	-	122	-	-	83	-	(30)	(883)	7,240
Share of profits less losses of:															
Associated companies	8,822	(2,813)	-	-	-	(27)	-	-	-	(33)	-	-	(28)	(2,901)	5,921
Jointly controlled entities	2,422	(612)	-	-	(13)	(27)	(5)	-	-	-	-	-	-	(657)	1,765
	11,244	(3,425)	-	-	(13)	(54)	(5)	-	-	(33)	-	-	(28)	(3,558)	7,686
Interest and other finance costs	(12,712)	1,662	-	-	(23)	-	-	-	-	-	(147)	-	-	1,492	(11,220)
Profit before taxation	6,655	(1,763)	(1,062)	-	30	(116)	(5)	122	-	(33)	(64)	-	(58)	(2,949)	3,706
Current taxation charge	(3,776)	1,390	-	-	-	-	-	-	-	-	-	-	-	1,390	(2,386)
Deferred taxation credit	6,818	373	-	(2,341)	(7)	-	-	(28)	-	-	-	-	-	(2,003)	4,815
Profit after taxation	9,697	-	(1,062)	(2,341)	23	(116)	(5)	94	-	(33)	(64)	-	(58)	(3,562)	6,135
Allocated as :															
Loss attributable to minority interests	6,431	-	92	265	9	7	-	(3)	-	5	17	-	20	412	6,843
Profit attributable to shareholders of the Company	16,128	-	(970)	(2,076)	32	(109)	(5)	91	-	(28)	(47)	-	(38)	(3,150)	12,978
Earnings per share for profit attributable to shareholders of the Company	HK$3.78	-	(HK$0.23)	(HK$0.49)	HK$0.01	(HK$0.03)	-	HK$0.02	-	-	(HK$0.01)	-	(HK$0.01)	(HK$0.74)	HK$3.04

(ii) Effect on the consolidated balance sheet as at 31 December 2004 and 1 January 2005

in HK$ millions	31.12 2004 (as previously reported)	HKAS 1 (c) & (d)	HKAS 2 (e)	HKAS 12 (f)	HKAS 16 (g)	HK-INT 2 (h)	HKAS 17 (i)	Amend. to HKAS 19 (j)	HKAS 21 (k)	HKAS 28 (l)	HKAS 38 (m)	HKFRS 2 (o)	Sub-total	31.12 2004 (as restated)	Effect of HKAS 39 (n)	1.1 2005 (as restated)
		Effect of adopting new policies - increase (decrease) in net assets														
Assets																
Non-current assets																
Fixed assets	210,937	(31,741)	-	-	(21)	(151)	(31,124)	-	-	-	(297)	-	(63,334)	147,603	-	147,603
Investment properties	-	31,741	-	-	-	-	-	-	-	-	-	-	31,741	31,741	-	31,741
Leasehold land prepayments	-	-	-	-	-	-	31,037	-	-	-	-	-	31,037	31,037	-	31,037
Telecommunications licences	102,138	-	-	-	-	-	-	-	-	-	922	-	922	103,060	(153)	102,907
Telecommunications postpaid customer acquisition costs	6,823	-	-	-	-	-	-	-	-	-	-	-	-	6,823	-	6,823
Goodwill	10,241	-	-	181	-	-	-	(15)	170	-	-	-	336	10,577	-	10,577
Brand names and other rights	-	-	-	-	-	-	-	-	-	-	1,559	-	1,559	1,559	-	1,559
Associated companies	55,332	-	-	-	(15)	(76)	-	(6)	47	(395)	-	-	(445)	54,887	(600)	54,287
Interests in joint ventures	35,963	-	-	-	(103)	(82)	(32)	10	-	-	-	-	(207)	35,756	(2,399)	33,357
Deferred tax assets	19,384	-	-	(7,125)	-	-	-	-	-	-	-	-	(7,125)	12,259	-	12,259
Other non-current assets	8,230	-	-	-	-	-	-	-	-	-	-	-	-	8,230	(549)	7,681
Liquid funds and other listed investments	66,503	-	-	-	-	-	-	-	-	-	-	-	-	66,503	(775)	65,728
	515,551	-	-	(6,944)	(139)	(309)	(119)	(11)	217	(395)	2,184	-	(5,516)	510,035	(4,476)	505,559
Current assets																
Cash and cash equivalents	73,798	-	-	-	-	-	-	-	-	-	-	-	-	73,798	-	73,798
Trade and other receivables	46,916	-	(657)	-	-	-	-	-	-	-	(386)	-	(1,043)	45,873	(192)	45,681
Inventories	17,970	-	(481)	-	-	-	-	-	-	-	-	-	(481)	17,489	-	17,489
	138,684	-	(1,138)	-	-	-	-	-	-	-	(386)	-	(1,524)	137,160	(192)	136,968
Current liabilities																
Trade and other payables	63,510	1,944	-	-	668	-	13	(9)	-	-	107	12	2,735	66,245	(2,288)	63,957
Current borrowings	23,118	-	-	-	-	-	-	-	-	-	-	-	-	23,118	-	23,118
Current tax payables	1,898	-	-	-	-	-	-	-	-	-	-	-	-	1,898	-	1,898
	88,526	1,944	-	-	668	-	13	(9)	-	-	107	12	2,735	91,261	(2,288)	88,973
Net current assets	50,158	(1,944)	(1,138)	-	(668)	-	(13)	9	-	-	(493)	(12)	(4,259)	45,899	2,096	47,995
Total assets less current liabilities	565,709	(1,944)	(1,138)	(6,944)	(807)	(309)	(132)	(2)	217	(395)	1,691	(12)	(9,775)	555,934	(2,380)	553,554
Non-current liabilities																
Long term borrowings	254,779	5,096	-	-	-	-	-	-	-	-	-	-	5,096	259,875	(2,544)	257,331
Deferred tax liabilities	11,893	-	-	-	2	-	(18)	(203)	-	-	-	-	(219)	11,674	(32)	11,642
Pension obligations	1,143	-	-	-	-	-	-	1,281	-	-	-	-	1,281	2,424	-	2,424
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-	2,167	-	2,167	2,167	1,071	3,238
	267,815	5,096	-	-	2	-	(18)	1,078	-	-	2,167	-	8,325	276,140	(1,505)	274,635
Minority interests	37,053	(37,053)	-	-	-	-	-	-	-	-	-	-	(37,053)	-	-	-
Net assets	260,841	30,013	(1,138)	(6,944)	(809)	(309)	(114)	(1,080)	217	(395)	(476)	(12)	18,953	279,794	(875)	278,919
Capital and reserves																
Share capital	1,066	-	-	-	-	-	-	-	-	-	-	-	-	1,066	-	1,066
Reserves	259,775	-	(1,040)	(6,230)	(557)	(289)	(64)	(1,017)	210	(334)	(341)	(8)	(9,670)	250,105	(646)	249,459
Shareholders' funds	260,841	-	(1,040)	(6,230)	(557)	(289)	(64)	(1,017)	210	(334)	(341)	(8)	(9,670)	251,171	(646)	250,525
Minority interests	-	30,013	(98)	(714)	(252)	(20)	(50)	(63)	7	(61)	(135)	(4)	28,623	28,623	(229)	28,394
Total equity	260,841	30,013	(1,138)	(6,944)	(809)	(309)	(114)	(1,080)	217	(395)	(476)	(12)	18,953	279,794	(875)	278,919

(b) Estimated effect on the current year

(i) Estimated effect on the consolidated profit and loss account for the year ended 31 December 2005

in HK$ millions	HKAS 1 (c) & (d)	HKAS 2 (e)	HKAS 12 (f)	HKAS 16 (g)	HK-INT 2 (h)	HKAS 17 (i)	Amend. to HKAS 19 (j)	HKAS 21 (k)	HKAS 28 (l)	HKAS 38 (m)	HKAS 39 (n)	HKFRS 2 (o)	Total
	Estimated effect of adopting new policies - increase (decrease) in profit attributable to shareholders of the Company												
Company and subsidiary companies													
Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost of inventories sold	-	-	-	-	-	-	-	-	-	-	-	-	-
Staff costs	-	-	-	-	-	-	80	-	-	-	-	(134)	(54)
Telecommunications prepaid customer acquisition costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	161	(76)	-	-	-	-	(637)	-	-	(552)
Other operating expenses	-	(706)	-	(35)	-	-	-	-	-	706	350	-	315
Change in fair value of investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit on disposal of investments, elimination of minority interests and others	-	-	-	-	-	-	2	-	212	93	54	30	391
	-	(706)	-	126	(76)	-	82	-	212	162	404	(104)	100
Share of profits less losses of:													
Associated companies	(4,190)	-	-	11	(43)	-	30	-	-	-	102	(18)	(4,108)
Jointly controlled entities	(1,454)	-	-	(17)	(61)	(5)	(1)	-	-	-	-	-	(1,538)
	(5,644)	-	-	(6)	(104)	(5)	29	-	-	-	102	(18)	(5,646)
Interest and other finance costs	2,751	-	-	(12)	-	-	-	-	-	(148)	3	-	2,594
Profit before taxation	(2,893)	(706)	-	108	(180)	(5)	111	-	212	14	509	(122)	(2,952)
Current taxation charge	1,608	-	-	-	-	-	-	-	-	-	-	-	1,608
Deferred taxation credit	1,285	-	(3,990)	-	1	-	(26)	-	-	-	(26)	1	(2,755)
Profit after taxation	-	(706)	(3,990)	108	(179)	(5)	85	-	212	14	483	(121)	(4,099)
Allocated as:													
Loss attributable to minority interests	-	33	326	(29)	8	-	(8)	-	(33)	36	(46)	59	346
Profit attributable to shareholders of the Company	-	(673)	(3,664)	79	(171)	(5)	77	-	179	50	437	(62)	(3,753)
Earnings per share for profit attributable to shareholders of the Company	-	(HK$0.16)	(HK$0.86)	HK$0.02	(HK$0.04)	-	HK$0.02	-	HK$0.04	HK$0.01	HK$0.10	(HK$0.01)	(HK$0.88)

(ii) *Estimated effect on the consolidated balance sheet as at 31 December 2005*

in HK$ millions	HKAS 1 (c) & (d)	HKAS 2 (e)	HKAS 12 (f)	HKAS 16 (g)	HK-INT 2 (h)	HKAS 17 (i)	Amend. to HKAS 19 (j)	HKAS 21 (k)	HKAS 28 (l)	HKAS 38 (m)	HKAS 39 (n)	HKFRS 2 (o)	Total
	Estimated effect of adopting new policies - increase (decrease) in net assets												
Assets													
Non-current assets													
Fixed assets	(38,557)	-	-	415	(196)	(32,464)	-	-	-	(211)	-	-	(71,013)
Investment properties	38,557	-	-	-	-	-	-	-	-	-	-	-	38,557
Leasehold land prepayments	-	-	-	-	-	32,374	-	-	-	-	-	-	32,374
Telecommunications licences	-	-	-	-	-	-	-	-	-	-	(133)	-	(133)
Telecommunications postpaid customer acquisition costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill	-	46	572	6	-	-	(13)	121	-	-	84	-	816
Brand names and other rights	-	-	-	-	-	-	-	-	-	1,954	-	-	1,954
Associated companies	-	-	-	(104)	(118)	-	(146)	(50)	(110)	(221)	(142)	(2)	(893)
Interests in joint ventures	-	-	-	(120)	(144)	(37)	19	-	-	-	(754)	-	(1,036)
Deferred tax assets	-	-	(10,100)	-	-	-	-	-	-	-	-	-	(10,100)
Other non-current assets	-	-	-	-	-	-	-	-	-	-	(1,455)	-	(1,455)
Liquid funds and other listed investments	-	-	-	-	-	-	-	-	-	-	(1,580)	-	(1,580)
	-	46	(9,528)	197	(458)	(127)	(140)	71	(110)	1,522	(3,980)	(2)	(12,509)
Current assets													
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade and other receivables	-	(1,362)	-	-	-	-	-	-	-	(1,140)	(76)	-	(2,578)
Inventories	-	(464)	-	-	-	-	-	-	-	-	4	-	(460)
	-	(1,826)	-	-	-	-	-	-	-	(1,140)	(72)	-	(3,038)
Current liabilities													
Trade and other payables	3,159	-	-	523	-	10	37	-	-	-	(2,088)	12	1,653
Current borrowings	-	-	-	-	-	-	-	-	-	-	15	-	15
Current tax payables	-	-	-	-	-	-	-	-	-	-	-	-	-
	3,159	-	-	523	-	10	37	-	-	-	(2,073)	12	1,668
Net current assets	(3,159)	(1,826)	-	(523)	-	(10)	(37)	-	-	(1,140)	2,001	(12)	(4,706)
Total assets less current liabilities	(3,159)	(1,780)	(9,528)	(326)	(458)	(137)	(177)	71	(110)	382	(1,979)	(14)	(17,215)
Non-current liabilities													
Long term borrowings	5,429	-	-	-	-	-	-	-	-	-	(3,972)	-	1,457
Deferred tax liabilities	-	-	-	-	30	(17)	(203)	-	-	-	(27)	(1)	(218)
Pension obligations	-	-	-	-	-	-	1,042	-	-	-	-	-	1,042
Other non-current liabilities	-	-	-	-	-	-	-	-	-	662	2,811	-	3,473
	5,429	-	-	-	30	(17)	839	-	-	662	(1,188)	(1)	5,754
Minority interests	(18,663)	-	-	-	-	-	-	-	-	-	-	-	(18,663)
Net assets	10,075	(1,780)	(9,528)	(326)	(488)	(120)	(1,016)	71	(110)	(280)	(791)	(13)	(4,306)
Capital and reserves													
Share capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	-	(1,695)	(8,983)	(319)	(460)	(69)	(970)	71	(93)	(277)	(691)	(14)	(13,500)
Shareholders' funds	-	(1,695)	(8,983)	(319)	(460)	(69)	(970)	71	(93)	(277)	(691)	(14)	(13,500)
Minority interests	10,075	(85)	(545)	(7)	(28)	(51)	(46)	-	(17)	(3)	(100)	1	9,194
Total equity	10,075	(1,780)	(9,528)	(326)	(488)	(120)	(1,016)	71	(110)	(280)	(791)	(13)	(4,306)

The following sets out further information on the adoption of new and revised HKFRS accounting policies for the financial year beginning 1 January 2005 which have been reflected in these accounts. The financial impact is summarised in notes 2(a) and 2(b).

(c) Share of profits less losses of associated companies and jointly controlled entities (HKAS 1, Presentation of financial statements)

In prior years, share of profits less losses of associated companies and jointly controlled entities were presented in the consolidated profit and loss account before the change in fair value of investment properties, interest expense and other finance costs, taxation and minority interests in the associated companies and jointly controlled entities. With effect from 1 January 2005, in accordance with Guidance on Implementing HKAS 1, the Group's share of the results of the associated companies and jointly controlled entities is presented after the change in fair value of investment properties, interest expense and other finance costs, taxation and minority interests in the associated companies and jointly controlled entities.

The presentation of share of profits less losses of associated companies and jointly controlled entities in the consolidated profit and loss account for the comparative year has been restated accordingly.

(d) Minority interests and investment properties (HKAS 1 and HKAS 27, Consolidated and separate financial statements)

In prior years, minority interests were presented in the consolidated balance sheet separately from liabilities and as deduction from net assets, and minority interests in the results of the Group were presented in the consolidated profit and loss account separately as a deduction before arriving at the profit attributable to shareholders of the Company. With effect from 1 January 2005, in order to comply with HKAS 1 and HKAS 27, minority interests are presented in the consolidated balance sheet within equity, separately from the equity attributable to the shareholders of the Company, and minority interests in the results of the Group are presented on the face of the consolidated profit and loss account as an allocation of the total profit after taxation between the minority interests and the shareholders of the Company. The presentation of minority interests in the consolidated profit and loss account, consolidated balance sheet and consolidated statement of recognised income and expense for the comparative year has been restated accordingly.

In prior years, investment properties were presented as part of fixed assets in the consolidated balance sheet. With effect from 1 January 2005, in order to comply with HKAS 1, investment properties are presented on the face of the consolidated balance sheet. This change in presentation has been applied retrospectively.

(e) Recognition of losses of handsets delivered to dealers (HKAS 2, Inventories)

In prior years, losses related to handsets delivered to dealers were deferred to match to the economic benefits arising from customer acquisition through the dealers. This deferral and matching treatment as prescribed under SSAP 22, Inventories has been eliminated by HKAS 2. With effect from 1 January 2005, in order to comply with HKAS 2, such losses are recognised when the handsets are delivered to dealers. This change in accounting policy has been applied retrospectively.

(f) Deferred tax assets (HKAS 12, Income taxes)

The Group recognises deferred tax assets for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Because there is no quantification of likelihood provided in HKFRS on the term "probable" it is subject to a varying degree of interpretations. In prior years, probable was interpreted as a more-than-50% likelihood. On transition to HKFRS and on adoption of HKAS 12, the Group has adopted the current interpretation of probable which require a higher hurdle for the recognition of deferred tax assets for the carry forward of unused tax losses. This change in accounting policy has been applied retrospectively.

(g) Site restoration cost (HKAS 16, Property, plant and equipment)

In accordance with HKAS 16 and its current interpretation, site restoration costs incurred as a consequence of acquiring or using the site are included in the cost of an asset. In prior years, such costs were accounted for to the extent it was recognised as a provision. This change in accounting policy has been applied retrospectively.

(h) Hotel properties and golf courses (HK - INT 2, The appropriate policies for hotel properties)

Hotel properties and golf courses are accounted for at cost less accumulated depreciation. The depreciable amount of the hotel and golf course buildings are depreciated over their remaining useful life and, when the hotel property and golf course are located on leasehold land, the carrying amount of the leasehold land is amortised over the shorter of the remaining term of the lease and the remaining useful life. In prior years, hotel properties and golf courses with unexpired lease term of more than 20 years were accounted for at cost, and when the unexpired lease term was 20 years or less, depreciation was provided on the then carrying value over the remaining term of the lease. This change in accounting policy has been applied retrospectively.

(i) Leasehold land prepayments (HKAS 17, Leases)

The adoption of HKAS 17, Leases has resulted in a change to the accounting policy relating to the reclassification of leasehold land separate from fixed assets to prepaid operating leases. The up-front prepayments made for the leasehold land are presented on the face of the balance sheet as leasehold land prepayments and expensed in the profit or loss on a straight-line basis over the period of the lease. In prior years, the leasehold land prepayments was accounted for at cost or valuation less accumulated depreciation. Apart from certain presentational changes with comparatives restated, this change in accounting policy does not have any material effect on the accounts. This change in accounting policy has been applied retrospectively.

(j) Actuarial gains and losses (Amendment to HKAS 19, Employee benefits - actuarial gains and losses, group plans and disclosures)

Amendment to HKAS 19 provides an option of recognising actuarial gains and losses in full in the year in which they occur, outside profit or loss, in reserves. The Group has elected to take the option to recognise all actuarial gains and losses, including those actuarial gains and losses previously included as part of the transitional unrecognised liabilities on initial adoption of SSAP 34, Employee benefits. In prior years, cumulative unrecognised net actuarial gains and losses, to the extent of the amount in excess of 10% of the greater of the present value of the plan obligations and the fair value of plan assets, were recognised in the profit or loss over the average remaining service lives of employees. This change in accounting policy has been applied retrospectively.

(k) Translation of goodwill relating to a net investment in a foreign operation (HKAS 21, The effects of changes in foreign exchange rates)

Goodwill arising on the acquisition of a foreign operation is treated as an asset of the foreign operation and translated at the closing rate at each balance sheet date. The previous treatment of goodwill as a non-monetary item which was translated at historic exchange rate is not allowed by HKAS 21. This change in accounting policy has been applied retrospectively.

(l) Recognition of losses of associated companies (HKAS 28, Investments in associates)

Share of loss of an associated company is recognised to the extent of the Group's interest in the associated company. The interest in an associated company is the carrying amount of the investment in the associated company under the equity method together with any long-term receivables and loans that, in substance, form part of the Group's net investment in the associated company. In prior years, the share of loss of an associated company is recognised to the extent of the carrying amount of the investment in the associated company under the equity method. This change in accounting policy has been applied retrospectively.

(m) Telecommunications licences, other rights (HKAS 38, Intangible assets, HKAS 17 and HKAS 32, Financial instruments: disclosure and presentation)

Telecommunications licences comprise the right to use spectrum and the right to provide a telecommunications service. The methods of payment for these rights vary from country to country and include fixed upfront payment and/or periodic payments comprising fixed and/or variable elements in subsequent years.

In prior years, fixed periodic payments made subsequent to the commercial launch of services were charged to the profit or loss as incurred. On transition to HKFRS the Group's listed associated company (formerly a subsidiary) Hutchison Telecommunications International ("HTIL") has adopted the current interpretation of HKAS 38 and HKAS 17 which considers telecommunications licences to be assets representing the right to provide a telecommunications service rather than a right to use an identifiable asset, being the radio spectrum allocated to HTIL under the terms of the licence. In measuring the asset, HTIL has applied HKAS 32 for recognition of the fixed periodic payments as these payments constitute a contractual obligation to deliver cash and hence are considered a financial liability. With effect from 1 January 2005, HTIL has changed its policy in accounting for Telecommunications licences whereby upfront payments made for acquiring the telecommunications spectrum licences plus capitalised present value of fixed periodic payments to be made in subsequent years, together with interest accrued prior to the date of first commercial usage of the spectrum, are capitalised and disclosed as non-current assets in the consolidated balance sheet. Telecommunications licences are amortised on a straight-line basis from the date of first commercial usage of the spectrum over the remaining licence period and are stated net of accumulated amortisation. Interest accrued on the present value of fixed periodic payments is charged to interest expense in the profit or loss after the commercial launch. Variable periodic payments made subsequent to the commercial launch of services continue to be recognised in the profit or loss as incurred. This change in accounting policy has been applied retrospectively.

On adoption of HKAS 38, certain other rights that were presented in prior years as part of other non-current assets in the consolidated balance sheet are presented within Brand names and other rights in the consolidated balance sheet with effect from 1 January 2005. This change in presentation has been applied retrospectively.

(n) Financial instruments (HKAS 32 and HKAS 39, Financial instruments: recognition and measurement)

HKAS 32 prescribes disclosure requirements of financial instruments and these disclosure requirements have been applied, where applicable, retrospectively. HKAS 39 deals with recognition, measurement, derecognition of financial instruments and also prescribes requirements for hedge accounting. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, does not require the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis.

The Group's borrowings and debt instruments are initially measured at fair value, net of transaction costs, and are subsequently carried at amortised cost. Any difference between the fair value (net of transaction costs) and the settlement or redemption of borrowings and debt instruments is recognised over the period of the borrowings using effective interest method. In prior years, borrowings and debt instruments were stated at the nominal principal balance and the initial transaction costs incurred were capitalised and included under other non-current assets. The transaction costs were amortised on a straight-line basis over the period of the borrowings.

The Group applied the SSAP 24, Accounting for investments in securities for the 2004 comparative information. No comparatives have been restated and the transitional reclassification adjustments are determined and recorded as at 1 January 2005 and new accounting policies and reclassification of the financial assets and liabilities resulting from the adoption of HKAS 39 are effective from 1 January 2005.

(o) Employee share option scheme (HKFRS 2, Share-based payment)

The Company has no share option schemes. Certain of the Company's subsidiary companies and associated companies which have share option schemes recognise the fair value of share options granted to employees as an expense in the profit or loss and a corresponding increase in other reserves within equity. As a transitional provision, the cost of share options granted after 7 November 2002 and had not vested on 1 January 2005 was expensed retrospectively in the profit or loss of the respective years. In the prior years, the provision of share options to employees did not result in an expense in the profit or loss.

At the date of authorisation of these accounts, the following standards and interpretations were in issue but not yet effective:

HKAS 1 (Amendment)	Capital disclosures
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions
HKAS 39 (Amendment)	The fair value option
HKAS 39 and HKFRS 4 (Amendment)	Financial guarantee contracts
HKFRS 6	Exploration for and evaluation of mineral resources
HKFRS 7	Financial instruments: disclosures
HKFRS Interpretation 4	Determining whether an arrangement contains a lease
HKFRS Interpretation 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
HKFRS Interpretation 6	Liabilities arising from participating in a specific market - waste electrical and electronic equipment

Amendments, as a consequence of the Hong Kong Companies (Amendment) Ordinance 2005, to:

HKAS 1 (Amendment)	Presentation of financial statements
HKAS 27 (Amendment)	Consolidated and separate financial statements
HKFRS 3 (Amendment)	Business combinations

The adoption of the above standards and interpretations in future periods is not expected to result in substantial changes to the Group's accounting policies.

3 Segment information

Segment information is presented in respect of the Group's primary business segments and secondary geographical segments. The column headed as Company and Subsidiaries refers to the Company and subsidiary companies' respective items. The column headed as Associates and JCE refers to the Group's share of associated companies and jointly controlled entities' respective items and is included as supplementary information.

Telecommunications - **3** Group includes 3G operations in the UK, Italy, Sweden, Austria, Denmark, Norway and Ireland and the 2G and 3G operations in Australia.

Revenue from external customers is after elimination of inter-segment revenue. The amount eliminated attributable to Property and hotels is HK$308 million (2004 - HK$330 million), Finance, investments and others is HK$306 million (2004 - HK$188 million) and Hutchison Telecommunications International is HK$17 million (2004 - HK$71 million).

Business segment

	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**2005 Total HK$ millions**	%[a]	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2004 Total HK$ millions	%[a]
	Revenue							
ESTABLISHED BUSINESSES								
Ports and related services	**26,561**	**3,356**	**29,917**	**15%**	23,847	3,133	26,980	16%
Property and hotels	**4,275**	**5,990**	**10,265**	**5%**	4,909	4,208	9,117	5%
Retail	**78,850**	**9,930**	**88,780**	**44%**	64,303	3,996	68,299	41%
Cheung Kong Infrastructure	**2,508**	**14,082**	**16,590**	**8%**	2,683	12,109	14,792	9%
Husky Energy	**-**	**22,879**	**22,879**	**11%**	-	17,524	17,524	11%
Finance, investments and others	**8,527**	**2,003**	**10,530**	**5%**	8,178	2,759	10,937	7%
Hutchison Telecommunications International	**24,480**	**919**	**25,399**	**12%**	14,933	3,473	18,406	11%
Subtotal – established businesses	**145,201**	**59,159**	**204,360**	**100%**	118,853	47,202	166,055	100%
TELECOMMUNICATIONS – 3 Group	**37,383**	**119**	**37,502**		15,742	-	15,742	
	182,584	**59,278**	**241,862**		134,595	47,202	181,797	

	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**2005 Total HK$ millions**	%[a]	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2004 Total HK$ millions	%[a]
	EBIT (LBIT) [b]							
Established businesses								
Ports and related services	**8,978**	**1,241**	**10,219**	**17%**	7,704	1,252	8,956	16%
Property and hotels	**1,994**	**1,945**	**3,939**	**7%**	2,275	728	3,003	5%
Retail	**2,761**	**500**	**3,261**	**6%**	2,908	294	3,202	6%
Cheung Kong Infrastructure	**1,088**	**5,587**	**6,675**	**11%**	759	5,162	5,921	10%
Husky Energy	**-**	**6,140**	**6,140**	**10%**	-	2,793	2,793	5%
Finance, investments and others	**5,009**	**482**	**5,491**	**9%**	8,287	702	8,989	16%
Hutchison Telecommunications International	**2,586**	**203**	**2,789**	**5%**	(669)	831	162	-
	22,416	**16,098**	**38,514**		21,264	11,762	33,026	
Change in fair value of investment properties	**3,685**	**1,540**	**5,225**	**9%**	5,244	58	5,302	9%
Profit on disposal of investments and others[c]	**15,717**	**-**	**15,717**	**26%**	19,181	-	19,181	33%
EBIT - established businesses	**41,818**	**17,638**	**59,456**	**100%**	45,689	11,820	57,509	100%
Telecommunications - 3 Group [d]								
EBIT (LBIT) before depreciation, amortisation and telecommunications prepaid CAC	**1,825**	**-**	**1,825**		(7,906)	-	(7,906)	
Telecommunications prepaid CAC	**(11,444)**	**-**	**(11,444)**		(8,423)	-	(8,423)	
LBIT before depreciation and amortisation and after telecommunications prepaid CAC	**(9,619)**	**-**	**(9,619)**		(16,329)	-	(16,329)	
Depreciation	**(9,086)**	**-**	**(9,086)**		(8,399)	-	(8,399)	
Amortisation of licence fees and other rights	**(6,060)**	**-**	**(6,060)**		(6,055)	-	(6,055)	
Amortisation of telecommunications postpaid CAC	**(11,515)**	**-**	**(11,515)**		(7,666)	-	(7,666)	
	(36,280)	**-**	**(36,280)**		(38,449)	-	(38,449)	
Profit on elimination of minority interests[c]	**9,400**	**-**	**9,400**		-	-	-	
LBIT - Telecommunications - **3** Group	**(26,880)**	**-**	**(26,880)**		(38,449)	-	(38,449)	
EBIT	**14,938**	**17,638**	**32,576**		7,240	11,820	19,060	
Group's share of the following profit and loss items of associated companies and jointly controlled entities:								
Interest and other finance costs		**(2,751)**				(2,327)		
Current taxation		**(1,608)**				(1,390)		
Deferred taxation		**(1,285)**				(417)		
Share of profits less losses of associated companies and jointly controlled entities		**11,994**				7,686		

[a] The percentages shown represent the contributions to total revenues and EBIT of established businesses.

[b] Earnings (losses) before interest expense and taxation ("EBIT" or "LBIT") represents the EBIT (LBIT) of the Company and subsidiary companies as well as the Group's share of the EBIT (LBIT) of associated companies and jointly controlled entities which is included as supplementary information. EBIT (LBIT) is defined as earnings (losses) before interest expense and other finance cost and taxation. Information concerning EBIT (LBIT) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of profit from operations. The Group considers EBIT (LBIT) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT (LBIT) is not a measure of financial performance under generally accepted accounting principles in Hong Kong and the EBIT (LBIT) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT (LBIT) should not necessarily be construed as an alternative to profit from operations as determined in accordance with generally accepted accounting principles in Hong Kong.

[c] See note 4 for further details on respective items.

[d] Included in LBIT of Telecommunications – **3** Group for year ended 31 December 2004 were contributions from key suppliers totalling HK$3,381 million which resulted from discussions with some of our key 3G suppliers regarding the adverse effects of delays and the small beginning of the year customer base on revenue and costs.

	Depreciation and amortisation					
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**2005 Total HK$ millions**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2004 Total HK$ millions
ESTABLISHED BUSINESSES						
Ports and related services	**2,649**	**456**	**3,105**	2,610	387	2,997
Property and hotels	**301**	**204**	**505**	295	142	437
Retail	**1,769**	**80**	**1,849**	1,419	57	1,476
Cheung Kong Infrastructure	**209**	**2,668**	**2,877**	234	2,318	2,552
Husky Energy	**-**	**3,196**	**3,196**	-	2,810	2,810
Finance, investments and others	**135**	**76**	**211**	153	101	254
Hutchison Telecommunications International	**4,003**	**98**	**4,101**	3,896	335	4,231
Subtotal – established businesses	**9,066**	**6,778**	**15,844**	8,607	6,150	14,757
TELECOMMUNICATIONS – 3 Group	**26,661**	**-**	**26,661**	22,120	-	22,120
	35,727	**6,778**	**42,505**	30,727	6,150	36,877

	Capital expenditure (Company and subsidiaries)							
	Fixed assets, investment properties, leasehold land prepayments		Telecommunications licences		Telecommunications postpaid customer acquisition costs		Brand names and other rights	
ESTABLISHED BUSINESSES	**2005 HK$ millions**	2004 HK$ millions	**2005 HK$ millions**	2004 HK$ millions	**2005 HK$ millions**	2004 HK$ millions	**2005 HK$ millions**	2004 HK$ millions
Ports and related services	**4,951**	4,654	**-**	-	**-**	-	**796**	25
Property and hotels	**226**	794	**-**	-	**-**	-	**-**	-
Retail	**2,454**	2,249	**-**	-	**-**	-	**-**	-
Cheung Kong Infrastructure	**78**	77	**-**	-	**-**	-	**-**	-
Husky Energy	**-**	-	**-**	-	**-**	-	**-**	-
Finance, investments and others	**422**	104	**-**	-	**-**	-	**-**	-
Hutchison Telecommunications International	**4,824**	4,876	**-**	182	**533**	722	**-**	-
Subtotal – established businesses	**12,955**	12,754	**-**	182	**533**	722	**796**	25
TELECOMMUNICATIONS – 3 Group	**14,051**	21,428	**221**	-	**12,099**	12,082	**-**	5
	27,006	34,182	**221**	182	**12,632**	12,804	**796**	30

	Total assets							
	Company and Subsidiaries		**Investments in associated**		Company and Subsidiaries		Investments in associated	
	Segment assets(f) HK$ millions	**Deferred tax assets HK$ millions**	**companies and interests in joint ventures HK$ millions**	**2005 Total assets HK$ millions**	Segment assets(f) HK$ millions	Deferred tax assets HK$ millions	companies and interests in joint ventures HK$ millions	2004 Total assets HK$ millions
ESTABLISHED BUSINESSES								
Ports and related services	**69,622**	**215**	**9,856**	**79,693**	66,666	98	6,817	73,581
Property and hotels	**45,050**	**12**	**20,717**	**65,779**	41,687	1	20,018	61,706
Retail	**37,383**	**282**	**1,520**	**39,185**	29,952	296	1,166	31,414
Cheung Kong Infrastructure	**15,918**	**287**	**38,995**	**55,200**	16,772	5	40,387	57,164
Husky Energy	**-**	**-**	**21,892**	**21,892**	-	-	17,662	17,662
Finance, investments and others	**116,461**	**32**	**2,676**	**119,169**	137,019	24	2,271	139,314
Hutchison Telecommunications International	**-**	**-**	**6,759**	**6,759**	32,395	774	2,322	35,491
Subtotal – established businesses	**284,434**	**828**	**102,415**	**387,677**	324,491	1,198	90,643	416,332
TELECOMMUNICATIONS – 3 Group (e)	**194,264**	**14,895**	**203**	**209,362**	219,802	11,061	-	230,863
	478,698	**15,723**	**102,618**	**597,039**	544,293	12,259	90,643	647,195

	Total liabilities							
	Segment liabilities(g) HK$ millions	**Current & long term borrowings, and other non-current liabilities HK$ millions**	**Current & deferred tax liabilities HK$ millions**	**2005 Total liabilities HK$ millions**	Segment liabilities(g) HK$ millions	Current & long term borrowings, and other non-current liabilities HK$ millions	Current & deferred tax liabilities HK$ millions	2004 Total liabilities HK$ millions
ESTABLISHED BUSINESSES								
Ports and related services	**11,980**	**27,057**	**6,532**	**45,569**	11,394	23,505	6,010	40,909
Property and hotels	**2,319**	**815**	**3,874**	**7,008**	2,500	921	3,353	6,774
Retail	**9,059**	**25,761**	**463**	**35,283**	13,086	21,283	694	35,063
Cheung Kong Infrastructure	**1,203**	**9,068**	**2,112**	**12,383**	1,246	13,413	1,947	16,606
Husky Energy	**-**	**-**	**1,651**	**1,651**	-	-	879	879
Finance, investments and others	**13,831**	**77,406**	**864**	**92,101**	5,781	66,963	484	73,228
Hutchison Telecommunications International	**-**	**-**	**-**	**-**	6,840	18,654	168	25,662
Subtotal – established businesses	**38,392**	**140,107**	**15,496**	**193,995**	40,847	144,739	13,535	199,121
TELECOMMUNICATIONS – 3 Group	**20,804**	**128,277**	**334**	**149,415**	27,822	140,421	37	168,280
	59,196	**268,384**	**15,830**	**343,410**	68,669	285,160	13,572	367,401

(e) Included in this amount is an unrealised foreign currency exchange loss arising in 2005 of HK$18,979 million (2004 – gain of HK$13,099 million) from the translation of overseas subsidiaries accounts to Hong Kong dollars with an offsetting amount recorded in exchange reserve.

(f) Segment assets comprise fixed assets, investment properties, leasehold land prepayments, telecommunications licences, telecommunications postpaid customer acquisition costs, goodwill, brand name and other rights, other non-current assets, liquid funds and other listed investments, cash and cash equivalents and other current assets.

(g) Segment liabilities comprise trade and other payables and pension obligations.

Geographical segment

	Revenue					
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**2005 Total HK$ millions**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2004 Total HK$ millions
Hong Kong	**36,459**	**13,154**	**49,613**	36,081	11,290	47,371
Mainland China	**13,256**	**6,310**	**19,566**	10,794	6,666	17,460
Asia and Australia	**36,055**	**7,108**	**43,163**	23,521	8,352	31,873
Europe	**89,028**	**9,645**	**98,673**	57,091	3,225	60,316
Americas and others	**7,786**	**23,061**	**30,847**	7,108	17,669	24,777
	182,584	**59,278**	**241,862**	134,595	47,202	181,797

	EBIT (LBIT) (b)					
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**2005 Total HK$ millions**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2004 Total HK$ millions
Hong Kong	**2,801**	**5,419**	**8,220**	5,139	4,440	9,579
Mainland China	**4,078**	**1,988**	**6,066**	3,276	1,805	5,081
Asia and Australia	**2,663**	**1,734**	**4,397**	(1,030)	2,455	1,425
Europe	**(26,906)**	**755**	**(26,151)**	(28,795)	244	(28,551)
Americas and others	**3,500**	**6,202**	**9,702**	4,225	2,818	7,043
Change in fair value of investment properties	**3,685**	**1,540**	**5,225**	5,244	58	5,302
Profit on disposal of investments, elimination of minority interests and others	**25,117**	**-**	**25,117**	19,181	-	19,181
EBIT	**14,938**	**17,638**	**32,576**	7,240	11,820	19,060
Group's share of the following profit and loss items of associated companies and jointly controlled entities:						
Interest and other finance costs		**(2,751)**			(2,327)	
Current taxation		**(1,608)**			(1,390)	
Deferred taxation		**(1,285)**			(417)	
Share of profits less losses of associated companies and jointly controlled entities		**11,994**			7,686	

	Capital expenditure (Company and subsidiaries)							
	Fixed assets, investment properties, leasehold land prepayments		Telecommunications licences		Telecommunications postpaid customer acquisition costs		Brand names and other rights	
	2005 HK$ millions	2004 HK$ millions	**2005 HK$ millions**	2004 HK$ millions	**2005 HK$ millions**	2004 HK$ millions	**2005 HK$ millions**	2004 HK$ millions
Hong Kong	**1,789**	2,609	**-**	-	**477**	429	**-**	-
Mainland China	**2,355**	2,010	**-**	-	**-**	-	**-**	25
Asia and Australia	**6,500**	6,481	**-**	182	**617**	1,367	**-**	-
Europe	**15,418**	21,955	**221**	-	**11,538**	11,008	**-**	5
Americas and others	**944**	1,127	**-**	-	**-**	-	**796**	-
	27,006	34,182	**221**	182	**12,632**	12,804	**796**	30

	Total assets							
	Company and Subsidiaries		**Investments in associated**		Company and Subsidiaries		Investments in associated	
	Segment assets(f) HK$ millions	**Deferred tax assets HK$ millions**	**companies and interests in joint ventures HK$ millions**	**2005 Total assets HK$ millions**	Segment assets(f) HK$ millions	Deferred tax assets HK$ millions	companies and interests in joint ventures HK$ millions	2004 Total assets HK$ millions
Hong Kong	**81,827**	**78**	**37,561**	**119,466**	98,399	414	29,301	128,114
Mainland China	**28,031**	**301**	**25,649**	**53,981**	19,001	31	24,259	43,291
Asia and Australia	**36,221**	**141**	**9,894**	**46,256**	52,806	439	16,276	69,521
Europe	**251,776**	**15,165**	**5,369**	**272,310**	271,921	11,341	1,905	285,167
Americas and others	**80,843**	**38**	**24,145**	**105,026**	102,166	34	18,902	121,102
	478,698	**15,723**	**102,618**	**597,039**	544,293	12,259	90,643	647,195

4 Profit on disposal of investments, elimination of minority interests and others

	2005 HK$ millions	2004 HK$ millions
Established businesses		
Profit on disposal of subsidiaries	**14,050**	5,400
Profit on disposal of associated companies	**3,699**	13,759
Impairment loss	**(2,032)**	(791)
Others	**-**	813
Telecommunications – 3 Group		
Profit on elimination of minority interests	**9,400**	-
	25,117	19,181

Profit on disposal of subsidiaries for the year includes a profit of HK$5,500 million arising from the disposal of a 20% interest in Hongkong International Terminals and a 10% interest in COSCO-HIT Terminals (Hong Kong), a profit of HK$1,150 million from issuance of new Hutchison Telecommunications International Limited ("HTIL") shares to privatise Hutchison Global Communications Holdings Limited ("HGC") and a profit of HK$7,400 million from the disposal of a 19.3% interest in HTIL.

Profit on disposal of associated companies of HK$3,699 million relates to the disposal of a 49% interest in the Australian electricity distribution businesses.

The impairment loss relates to certain infrastructure operations and projects of Cheung Kong Infrastructure. The impairment loss was primarily made against fixed assets of HK$769 million due to physical damage and technical obsolescence, against leasehold land prepayments, outside Hong Kong of HK$21 million by references to the latest market transaction prices and against investments in associated companies and jointly controlled entities of HK$1,116 million and other non-current assets of HK$126 million due to lower projected revenue from certain projects and operations.

Profit on elimination of minority interests of HK$9,400 million arises from the exercise of the right to purchase the minority shareholders' interests in Hutchison 3G UK Holdings at a substantial discount to their net asset value.

Profit on disposal of subsidiaries in 2004 included a profit of HK$1,300 million from the disposal of 47.4% of HGC and a profit of HK$4,100 million from the disposal of 29.8% in HTIL. Profit on disposal of associated companies in 2004 represented the profit arising from the disposal of Procter & Gamble-Hutchison. The impairment loss recognised in 2004 represents a write-off of the Group's premium on acquisition of certain infrastructure joint ventures in the Mainland. Others in 2004 represents a reversal of provisions previously made against equity securities.

5 Interest and other finance costs

	2005 HK$ millions	2004 HK$ millions
Bank loans and overdrafts	**6,332**	4,223
Other loans repayable within 5 years	**572**	723
Other loans not wholly repayable within 5 years	**387**	315
Notes and bonds repayable within 5 years	**1,798**	971
Notes and bonds not wholly repayable within 5 years	**5,818**	4,445
Interest bearing loans from minority interests wholly repayable within 5 years	**229**	749
Interest bearing loans from minority interests not wholly repayable within 5 years	**2**	1
	15,138	11,427
Notional non-cash interest accretion	**846**	662
	15,984	12,089
Less: interest capitalised	**(579)**	(869)
	15,405	11,220

The borrowing costs have been capitalised at a rate of 3% - 7% per annum (2004 – 5% - 7% per annum).

Notional non-cash interest accretion represents amortisation of upfront facility fees and other notional adjustments to accrete the carrying amount of certain obligations recognised in the balance sheet such as asset retirement obligation to the present value of the estimated future cash flows expected to be required for their settlement in the future.

6 Taxation

	Current taxation HK$ millions	**Deferred taxation HK$ millions**	**2005 Total HK$ millions**	Current taxation HK$ millions	Deferred taxation HK$ millions	2004 Total HK$ millions
Hong Kong	**532**	**554**	**1,086**	747	1,060	1,807
Outside Hong Kong	**1,979**	**(5,092)**	**(3,113)**	1,639	(5,875)	(4,236)
	2,511	**(4,538)**	**(2,027)**	2,386	(4,815)	(2,429)

Hong Kong profits tax has been provided for at the rate of 17.5% (2004 - 17.5%) on the estimated assessable profits less estimated available tax losses. Taxation outside Hong Kong has been provided for at the applicable rate on the estimated assessable profits less estimated available tax losses. During the year, the Group recognised deferred tax assets related to the losses of 3G businesses in the UK amounting to HK$5,926 million (2004 - HK$6,249 million).

7 Earnings per share for profit attributable to shareholders of the Company

The calculation of earnings per share is based on profit attributable to shareholders of the Company HK$14,343 million (2004 – HK$12,978 million) and on 4,263,370,780 shares in issue during 2005 (2004 - 4,263,370,780 shares).

The Company has no share option scheme. Certain of the Company's subsidiary and associated companies have employee share options and convertible debts outstanding as at 31 December 2005. The employee share options and convertible debts of these subsidiary and associated companies outstanding as at 31 December 2005 did not have any dilutive effect on earnings per share.

8 Cash and cash equivalents

	2005 HK$ millions	2004 HK$ millions
Cash at bank and in hand	**15,706**	26,711
Short term bank deposits	**34,011**	47,087
	49,717	73,798

The carrying amount of cash and cash equivalents approximate their fair value.

9 Trade and other receivables

	2005 HK$ millions	2004 HK$ millions
Trade receivables	**14,818**	19,002
Other receivables and prepayments	**21,193**	26,871
	36,011	45,873

The Group has established credit policies for customers in each of its core businesses. The average credit period granted for trade receivables ranges from 30 to 45 days. The carrying amount of these assets approximates their fair value.

At 31 December, the ageing analysis of the trade receivables is as follows:

	2005 HK$ millions	2004 HK$ millions
Current	**10,338**	14,807
31-60 days	**1,840**	2,007
61-90 days	**678**	848
Over 90 days	**1,962**	1,340
	14,818	19,002

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed. The Group's 5 largest customers contributed less than 5% of the Group's turnover for the years ended 31 December 2005 and 2004.

10 Trade and other payables

	2005 HK$ millions	2004 HK$ millions
Trade payables	**17,141**	16,860
Other payables and accruals	**36,310**	47,441
Interest free loans from minority interests	**3,159**	1,944
Cross currency interest rate swap - cash flow hedges	**231**	-
Forward foreign exchange contracts - cash flow hedges for forecast payments and obligations	**32**	-
	56,873	66,245

At 31 December, the ageing analysis of the trade payables is as follows:

	2005 HK$ millions	2004 HK$ millions
Current	**11,009**	11,436
31-60 days	**2,550**	3,299
61-90 days	**3,033**	857
Over 90 days	**549**	1,268
	17,141	16,860

The Group's 5 largest suppliers accounted for less than 15% of the Group's cost of purchases for the years ended 31 December 2005 and 2004.

GROUP CAPITAL RESOURCES AND LIQUIDITY

TREASURY MANAGEMENT

The Group's treasury function sets financial risk management policies in accordance with policies and procedures approved by its Executive Directors, which are also subject to periodic review by the Group's internal audit function. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates and to minimise the Group's financial risks. The Group's treasury function operates as a centralised service for managing financial risks including interest rate and foreign exchange risks, and for providing cost efficient funding to the Group and its companies. It manages the majority of the Group's funding needs, interest rate, foreign currency and credit risk exposures. The Group uses derivatives, principally interest rate and foreign currency swaps and forward currency contracts as appropriate for risk management purposes only, for hedging transactions and managing the Group's assets and liabilities. It is the Group's policy not to enter into derivative transaction for speculative purposes.

Cash Management and Funding

The Group operates a central cash management system for all of its unlisted subsidiaries. Except for listed and certain overseas entities, the Group generally obtains long-term financing at the Group level to on-lend or contribute as equity to its subsidiaries and associates to meet their funding requirements and provide more cost-efficient financing. These borrowings include a range of capital market issues and bank borrowings, which change depending upon financial market conditions and projected interest rates. The Group regularly and closely monitors its overall net debt position and reviews its funding costs and maturity profile to facilitate refinancing.

Interest Rate Exposure

The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. When considered appropriate, the Group uses a combination of interest rate swaps and forward rate agreements to manage its long-term interest rate exposure and exposure to short-term interest rate volatility, respectively. The Group's main interest risk exposures relate to US dollar, Euro and HK dollar borrowings.

At 31 December 2005, approximately 53% of the Group's principal amount of borrowings were at floating rates and the remaining 47% were at fixed rates. The Group has entered into various interest rate agreements with major creditworthy financial institutions to swap approximately HK$96,706 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$7,838 million principal amount of floating interest rate borrowings was swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 86% of the Group's principal amount of borrowings were at floating rates and the remaining 14% were at fixed rates at 31 December 2005.

Foreign Currency Exposure

For overseas subsidiaries and associates and other investments, which consist of non-HK dollar and non-US dollar assets, the Group generally endeavours to establish a natural hedge with an appropriate level of borrowings in those same currencies. For overseas businesses that are in the development phase, or where borrowings in the local currency are not attractive, the Group may not borrow in the local currency and instead monitor the development of the businesses' cashflow and the debt markets and, when appropriate, would expect to refinance these businesses with local currency borrowings. During the year, the HK dollar strengthened against the currencies of most of those countries where the Group has overseas operations. This gave rise to an unrealised charge of HK$13,904 million (2004 – unrealised gain of HK$7,983 million) on translation of these operations' net assets to the Group's HK dollar reporting currency, which was reflected as a movement in the Group's reserves. Exposure to movements in exchange rates on individual transactions directly related to the underlying businesses is minimised using forward foreign exchange contracts and currency swaps where active markets for the relevant currencies exist.

At 31 December 2005, the Group had entered into currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK$1,365 million to non-US dollar principal amount of borrowings to match currency exposures of the underlying businesses. The Group's borrowings after taking into consideration of these currency swaps is denominated as to 16% in HK dollars, 35% in US dollars, 3% in British pounds, 32% in Euros and 14% in others currencies.

Credit Exposure

The Group's holdings of cash, managed funds and other liquid investments expose the Group to credit risk of the counterparty. The Group controls its credit risk to non-performance by its counterparties through the setting of approved counterparty credit limits which are regularly reviewed and by monitoring their credit ratings.

Credit Profile

The Group aims to maintain a capital structure that is appropriate for long-term investment gradings of A3 on the Moody's Investor Service scale, A- on the Standard & Poor's Rating Services scale and A- on the Fitch Ratings scale. Actual credit ratings may depart from these levels from time to time due to economic circumstances. At 31 December 2005, our long-term credit ratings were A3 from Moody's, A- from Standard & Poor's and A- from Fitch.

LIQUID ASSETS

The Group continues to have a strong financial position benefiting from both the steady and growing cash flow from its established businesses. Cash, liquid funds and other investments ("total liquid assets") on hand totalled HK$110,386 million at 31 December 2005 (2004 – HK$140,301 million). The year-on-year decrease in total liquid assets mainly reflects the repayment of a €2,465 million **3** Italia bank loan. Of the total liquid assets, 11% were denominated in HK dollars, 59% in US dollars, 2% in British pounds, 14% in Euros and 14% in other currencies.

Cash and cash equivalents represented 46% (2004 – 54%) of the total liquid assets, listed fixed income securities 42% (2004 – 36%), listed equity securities 9% (2004 – 7%) and long-term deposits 3% (2004 – 3%).

The listed fixed income securities, including those held under managed funds, comprise US treasury notes (48%), government issued guaranteed notes (23%), supranational notes (15%) and others (14%). More than 83% of the listed fixed income securities are rated at Aaa/AAA, with an average maturity of approximately 3.1 years on the overall portfolio.

CASH FLOW

Consolidated EBITDA before prepaid CACs amounted to HK$73,292 million in 2005, a 24% increase from 2004, and funds from operations ("FFO"), before capital expenditure, investment in prepaid and postpaid CACs and changes in working capital amounted to HK$25,293 million, a 54% increase. The increase is attributed to the continued strong financial performance of the Group's established businesses and more significantly, the impressive improvement in the **3** Group which reported a 123% improvement in EBITDA and 52% improvement in FFO. EBITDA and FFO from the Group's established businesses, excluding the **3** Group businesses continued to be strong, totalling HK$71,467 million (2004 – HK$66,942 million) and HK$32,449 million (2004 – HK$31,292 million) respectively.

In addition to funds from operations, the Group received cash considerations from the disposal of a 19.3% interest in HTIL and also, a 20% interest in HIT and 10% interest in COSCO-HIT, totalling HK$17,310 million. The Group also received cash proceeds from the listing of the Australian electricity distribution businesses by CKI of approximately A$2,200 million.

The Group's capital expenditures, excluding expenditures for properties under development and for sale, totalled HK$26,968 million (2004 – HK$34,090 million), of which HK$14,051 million (2004 – HK$21,428 million) related to the **3** Group. Capital expenditures for the ports and related services division amounted to HK$4,951 million (2004 – HK$4,654 million); for the property and hotels division HK$226 million (2004 – HK$794 million); for the retail division HK$2,454 million (2004 – HK$2,249 million); HK$500 million (2004 – HK$181 million) for the energy, infrastructure, finance & investments and others division; and for HTIL HK$4,824 million (2004 – HK$4,876 million). The decrease in the 3 Group capital expenditures by 34% to HK$14,051 million was mainly due the reduction in expenditures incurred for the build-out of the 3G networks, which are nearing completion.

The investment in customer acquisition costs totalled HK$23,543 million (2004 – HK$20,505 million), comprised of the capitalised **3** Group's postpaid CACs of HK$12,099 million (2004 – HK$12,082 million), and expensed as incurred the **3** Group's prepaid CACs of HK$11,444 million (2004 – HK$8,423 million).

The capital expenditures of the **3** Group businesses in Italy and Australia were primarily funded by financing facilities, whilst the Group's remaining capital expenditures in its other businesses and investments in customer acquisition costs were funded primarily from cash generated from operations, cash on hand and to the extent required, by borrowings.

During the year, the Group also expanded its established businesses through strategic acquisitions including the acquisition of Marionnaud for €534 million and The Perfume Shop for £222 million by the retail division and the purchase of a 40% interest in Northern Gas Networks in the UK by CKI. In addition, the Group also exercised its right to re-purchase from the minority shareholders of **3** UK their 35% interest for £210 million at a substantial discount to its net asset value and to the £2,100 million paid to the Group by the minority shareholders when they acquired these interests in 2000.

Debt Maturity and Currency Profile

The Group's total borrowings at 31 December 2005 were HK$264,911 million (2004 – HK$282,993 million). The decrease in borrowings was mainly due to the repayment of a **3** Italia loan of approximately €2,465 million. The Group's weighted average cost of debt during 2005 was 4.7% (2004 – 4.0%).

The maturity profile of the Group's total borrowings after taking into consideration of foreign currency swaps at 31 December 2005 is set out below:

	HK$	US$	£	€	Others	Total
Within 1 year	4%	–	1%	4%	1%	10%
In 2007	3%	2%	–	–	1%	6%
In 2008	5%	–	–	3%	3%	11%
In 2009	2%	1%	–	7%	4%	14%
In 2010	2%	4%	–	5%	4%	15%
In years 6 to 10	–	20%	2%	13%	–	35%
In years 11 to 20	–	1%	–	–	–	1%
Beyond 20 years	–	7%	–	–	1%	8%
Total	16%	35%	3%	32%	14%	100%

The non-HK dollar and non-US dollar denominated loans are either directly related to the Group's businesses in the countries of the currencies concerned, or the loans are balanced by assets in the same currencies. None of the Group's borrowings, as a matter of policy, have credit rating triggers that would accelerate the maturity dates of the debt outstanding.

Changes in Financing

The significant financing activities in 2005 were as follows:

- In March, Partner issued seven-year, CPI linked New Israeli Shekels 2,000 million (approximately HK$3,354 million) notes which bear an annual interest rate of 4.25% to finance the repurchase of its shares and to repay certain existing debts falling due;
- In May, HTIL secured a three-year, floating rate HK$6,000 million senior secured credit facility, mainly to refinance existing loans and to fund the Hong Kong mobile operations;
- In June, issued ten-year, fixed rate €1,000 million (approximately HK$9,360 million) notes to refinance existing indebtedness;
- In June, Hi3G Access AB obtained a five-year, floating rate SEK10,500 million (approximately HK$10,500 million) term loan, to fund the 3G network operations in Sweden and Denmark;
- In July, obtained a five-year, floating rate HK$5,000 million syndicated bank loan to refinance existing loans;
- In October, HTIL's Indian operation obtained two three-year syndicated bank loans aggregated to INR19,450 million (approximately HK$3,432 million), to fund the Indian mobile operations;
- In November, HTIL secured a three-year, floating rate HK$9,000 million senior secured revolving credit facility, mainly to refinance the existing HK$8,000 million facility and to fund the existing operation; and
- In December, HTIL's Thailand operation arranged two one-year Baht denominated credit facilities: one THB9,500 million (approximately HK$1,799 million) term loan facility and one THB8,000 million (approximately HK$1,515 million) revolving and term loan facility, to refinance the existing loans.

Capital, Debt and Interest Coverage Ratios

The Group's total shareholders' funds decreased 3% to HK$243,554 million at 31 December 2005 compared to HK$251,171 million at the end of last year. The decrease in shareholders' funds mainly reflects the negative impact of exchange translation differences arising from the translation of the net assets of overseas businesses to HK dollars as mentioned above. The comparative 2004 amount has been restated to reflect the adoption of HKAS and HKFRS as explained in Note 1 to the accounts.

At 31 December 2005, net debt of the Group was HK$154,525 million (2004 – HK$142,692 million) and the net debt to net total capital ratio was 38% (2004 – 34%). The increased ratio mainly reflects the completion of the acquisition of a 40% interest in Northern Gas Networks by CKI and the acquisition of the Marionnaud and The Perfume Shop by the retail division. As a result, the net debt to net total capital ratio attributable to the established businesses rose to approximately 10% (31 December 2004 – 1%). The net debt to net total capital ratio attributable to the **3** Group businesses was 70% (31 December 2004 – 70%).

The Group's consolidated gross interest expense and finance costs before capitalisation for the year, including the **3** Group businesses, totalled HK$15,984 million, compared to HK$12,089 million last year. The gross interest expense and finance costs for established businesses increased by 49% to HK$7,430 million, mainly due to the higher loan balance related to the Group's acquisitions, as well as higher effective interest rates in 2005. The gross interest expense and finance costs for the **3** Group were higher than last year by 21% to HK$8,554 million, mainly due to higher loan balances as loan facilities were drawn to fund the operations in Italy and Australia and also a new loan of HK$10,500 million to fund the 3G network operations in Sweden and Denmark.

Consolidated EBITDA and FFO before prepaid CACs, including the **3** Group losses, covered consolidated net interest expense and finance costs 6.5 times and 3.4 times respectively (2004 – 7.9 times and 3.3 times).

Secured Financing

At 31 December 2005, the shares of H3G S.p.A. owned by the Group were pledged as security for its project financing facilities. The assets of H3G S.p.A. amounted to approximately HK$66,845 million (2004 – HK$73,781 million). In addition, HK$8,554 million (2004 – HK$40,633 million) of the Group's assets were pledged as security for bank and other loans of the Group.

Borrowing Facilities Available

Committed borrowing facilities available to Group companies, but not drawn at 31 December 2005, amounted to the equivalent of HK$4,007 million (2004 – HK$33,656 million), of which HK$2,628 million (2004 – HK$17,400 million) related to the **3** Group.

CONTINGENT LIABILITIES

At 31 December 2005, the Group provided guarantees for banking and other borrowing facilities granted to associated companies and jointly controlled entities of HK$15,125 million (2004 – HK$7,442 million), and provided performance and other guarantees of HK$6,165 million (2004 – HK$5,994 million), primarily for the Group's telecommunications businesses.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's ordinary shares. In addition, the Company has not redeemed any of its ordinary shares during the year.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company strives to attain the highest standards of corporate governance. The terms of reference of the Audit Committee and the Remuneration Committee of the Company, which are modelled upon the provisions of the Code on Corporate Governance Practices in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and adopted by the Company are posted on the website of the Company. Throughout the year, the Company is fully compliant with all code provisions of the Code on Corporate Governance Practices contained in the Listing Rules.

In addition, the Board of the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in the Listing Rules and all Directors have confirmed that throughout 2005, they have complied with the provisions of such Model Code.

GENERAL INFORMATION

The consolidated financial statements of the Company and its subsidiary companies for the year ended 31 December 2005 have been reviewed by the Audit Committee of the Company and audited by the Company's auditors, PricewaterhouseCoopers. The unqualified auditors' report will be included in the Annual Report to shareholders.

ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting of the Company will be held on 18 May 2006. Notice of the Annual General Meeting will be published and issued to shareholders in due course.

As at the date of this announcement, the Directors of the Company are:

Executive Directors:
Mr. LI Ka-shing *(Chairman)*
Mr. LI Tzar Kuoi, Victor *(Deputy Chairman)*
Mr. FOK Kin-ning, Canning
Mrs. CHOW WOO Mo Fong, Susan
Mr. Frank John SIXT
Mr. LAI Kai Ming, Dominic
Mr. KAM Hing Lam

Non-executive Directors:
Mr. George Colin MAGNUS
Mr. William SHURNIAK

Independent Non-executive Directors:
The Hon. Sir Michael David KADOORIE
Mr. Holger KLUGE
Mr. William Elkin MOCATTA
(Alternate to The Hon. Sir Michael David Kadoorie)
Mr. Simon MURRAY
Mr. OR Ching Fai, Raymond
Mr. WONG Chung Hin
(Also alternate to Mr. Simon Murray)