

# Operations Review



## Consolidated Operating Results

The Group's activities are focused on five core business divisions – ports and related services; property and hotels; retail and manufacturing; energy, infrastructure, finance and investments; and telecommunications.

The Group's turnover and earnings before interest expense and finance costs, taxation and minority interests ("EBIT") for 2004, including the Group's share of associated companies' and jointly controlled entities' turnover and EBIT, are shown by business segment on page 7 of this Report and also in Note 3 to the accounts. The table below summarises the results by EBIT of the core businesses and they are discussed in more detail in the following pages.

## Overall Summary

The Group's EBIT for the year from its established businesses, excluding investment property revaluation profit, profit on disposal of investments and 3 Group's losses, was HK\$32,380 million, an 11% increase over 2003. The Group's consolidated EBIT for the year, including the above items totalled HK\$19,367 million, 17% above last year.

The profit attributable to shareholders for the year was HK\$16,128 million, which is 38% ahead of last year's amount of HK\$11,677 million. This profit comprises HK\$41,443 million from the Group's established businesses, including profit on disposal of investments and others of HK\$19,319 million (2003 – HK\$920 million), a 184% increase over last year, and HK\$25,315 million of losses from the 3 Group in its first full year of operations.

## Earnings Before Interest Expense, Finance Costs, Taxation and Minority Interests

	2004 HK\$ millions	As restated * 2003 HK\$ millions	Change
<b>ESTABLISHED BUSINESSES</b>			
Ports and related services	8,867	7,597	+17%
Property and hotels	3,125	3,121	–
Retail and manufacturing	3,654	2,331	+57%
Cheung Kong Infrastructure	5,237	5,321	-2%
Husky Energy	2,793	3,462	-19%
Finance and investments	8,681	6,239	+39%
Hutchison Telecommunications International	23	1,025	-98%
<b>EBIT before the following</b>	<b>32,380</b>	29,096	<b>+11%</b>
<b>Change in fair value of investment properties</b>	<b>5,302</b>	(1,705)	<b>+411%</b>
<b>EBIT of established businesses before profit on disposal of investments and others</b>	<b>37,682</b>	27,391	<b>+38%</b>
<b>3 GROUP</b>			
<b>Loss before interest expense and finance costs, taxation and minority interests ("LBIT") before depreciation, amortisation and prepaid 3G CAC expense</b>	<b>(7,291)</b>	(11,571)	<b>+37%</b>
– Prepaid 3G CAC expense	<b>(8,423)</b>	(917)	<b>-819%</b>
<b>LBIT before depreciation and amortisation and after prepaid 3G CAC expense</b>	<b>(15,714)</b>	(12,488)	<b>-26%</b>
– Depreciation	<b>(8,447)</b>	(4,015)	<b>-110%</b>
– Amortisation of licence fees	<b>(5,669)</b>	(2,185)	<b>-159%</b>
– Amortisation of postpaid 3G CAC	<b>(7,666)</b>	(997)	<b>-669%</b>
<b>LBIT OF 3 Group before profit on disposal of investments and others</b>	<b>(37,496)</b>	(19,685)	<b>-90%</b>
<b>Profit on disposal of investments and others</b>	<b>19,181</b>	8,893	<b>+116%</b>
<b>Total EBIT</b>	<b>19,367</b>	16,599	<b>+17%</b>
<b>Interest expense and finance costs</b>	<b>(12,712)</b>	(9,568)	<b>-33%</b>
<b>Profit before taxation</b>	<b>6,655</b>	7,031	<b>-5%</b>
<b>Taxation</b>			
– Current taxation	<b>(3,776)</b>	(2,758)	<b>-37%</b>
– Deferred taxation	<b>6,818</b>	5,854	<b>+16%</b>
	<b>3,042</b>	3,096	<b>-2%</b>
<b>Profit after taxation</b>	<b>9,697</b>	10,127	<b>-4%</b>
<b>Minority interests</b>	<b>6,431</b>	1,550	<b>+315%</b>
<b>Profit attributable to shareholders</b>	<b>16,128</b>	11,677	<b>+38%</b>

\* See Note 1(a) to the accounts.