

Operations Review

Consolidated Operating Results

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

The Group reported total revenue, including the Group's share of associated companies' and jointly controlled entities' revenue, of HK\$267,664 million, an 11% increase over 2005. The Group's EBIT for the year, excluding investment properties revaluation profit and profit on disposal of investments and others, totalled HK\$23,795 million, a 955% increase over 2005 comparable EBIT of HK\$2,256 million. This EBIT is comprised of EBIT of the established businesses of HK\$43,791 million, which increased 14% compared to last year, and LBIT of the 3 Group of HK\$19,996 million, a 45% reduction compared to last year. Investment properties revaluation profit amounted to HK\$3,802 million (2005 - HK\$5,225 million) and the profit on disposal of investments and others totalled HK\$23,290 million (2005 - HK\$25,117 million). Including these exceptional items, the Group's consolidated EBIT totalled HK\$50,887 million, a 56% increase compared to last year.

The profit attributable to shareholders for the year was HK\$20,030 million, which was 40% ahead of last year's amount of HK\$14,343 million.

Financial Performance Summary

| | 2006 | As restated ⁽¹⁾ 2005 | Change | |
|---|-----------------|------------------------------------|----------|-------------|
| | HK\$ millions | HK\$ millions | | |
| Total revenue⁽²⁾ | | | | |
| Ports and related services | 33,041 | 29,917 | + | 10% |
| Property and hotels | 10,717 | 10,265 | + | 4% |
| Retail | 99,149 | 88,780 | + | 12% |
| Cheung Kong Infrastructure | 14,822 | 16,590 | - | 11% |
| Husky Energy | 29,981 | 22,879 | + | 31% |
| Finance & Investments and others | 12,614 | 10,530 | + | 20% |
| Hutchison Telecommunications International | 16,672 | 25,399 | - | 34% |
| 3 Group | 50,668 | 37,502 | + | 35% |
| Total | 267,664 | 241,862 | + | 11% |
| EBIT⁽²⁾ | | | | |
| Established businesses | | | | |
| Ports and related services | 11,395 | 10,219 | + | 12% |
| Property and hotels | 5,667 | 3,939 | + | 44% |
| Retail | 2,720 | 3,261 | - | 17% |
| Cheung Kong Infrastructure | 6,136 | 6,675 | - | 8% |
| Husky Energy | 8,305 | 6,140 | + | 35% |
| Finance & Investments and others | 6,920 | 5,513 | + | 26% |
| Hutchison Telecommunications International | 2,648 | 2,789 | - | 5% |
| EBIT of established businesses | 43,791 | 38,536 | + | 14% |
| 3 Group | | | | |
| EBITDA before all CACs | 13,223 | 1,825 | + | 625% |
| Prepaid CACs | (5,494) | (11,444) | + | 52% |
| Reported EBITDA/(LBITDA) | 7,729 | (9,619) | + | 180% |
| Depreciation and amortisation | (27,725) | (26,661) | - | 4% |
| LBIT of 3 Group | (19,996) | (36,280) | + | 45% |
| TOTAL EBIT BEFORE THE FOLLOWING | 23,795 | 2,256 | + | 955% |
| Change in fair value of investment properties | 3,802 | 5,225 | - | 27% |
| Profit on disposal of investments and others | 23,290 | 25,117 | - | 7% |
| TOTAL EBIT | 50,887 | 32,598 | + | 56% |
| Interest expense and other finance costs | (20,346) | (18,156) | - | 12% |
| Profit before tax | 30,541 | 14,442 | + | 111% |
| Tax | | | | |
| Current tax | (4,833) | (4,119) | - | 17% |
| Deferred tax | (2,318) | 3,253 | - | 171% |
| Profit after tax | 23,390 | 13,576 | + | 72% |
| Minority interests | (3,360) | 767 | - | 538% |
| Profit attributable to shareholders | 20,030 | 14,343 | + | 40% |

(1) Certain reclassification adjustments on minority interests have been made to conform to the 2006 presentation.

(2) The information includes the Company's, its subsidiary companies' and its proportionate share of associated companies' and jointly controlled entities' respective items. See Note 6 to the accounts.