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

AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2006

HIGHLIGHTS

	2006	2005 (As restated)	Changes
	HK$ millions	HK$ millions	
Total revenue	**267,664**	241,862	+11%
EBIT from established businesses	**43,791**	38,536	+14%
LBIT of the **3** Group	**(19,996)**	(36,280)	+45%
Consolidated Group EBIT	**50,887**	32,598	+56%
Profit attributable to shareholders	**20,030**	14,343	+40%
Earnings per share	**HK$4.70**	HK$3.36	+40%
Final dividend per share	**HK$1.22**	HK$1.22	-

- Total revenue grew 11% to HK$267,664 million
- Profit for the year increased 40% to HK$20,030 million
- Earnings per share increased 40% to HK$4.70
- Recurring EBIT from the established businesses (excluding investment properties revaluation profit and profit on disposal of investments) increased 14% to HK$43,791 million
- 3G customer base currently totals over 14.7 million worldwide
- **3** Group's total revenue grew 35% to HK$50,668 million
- **3** Group's LBIT reduced by 45% to HK$19,996 million

CHAIRMAN'S STATEMENT

Overall, both the Group's established businesses and the **3** Group recorded growth and improved results in 2006. The Group's total revenue grew 11% to HK$267,664 million. Total revenue and recurring earnings before interest expense and finance costs, taxation and minority interests ("EBIT") from the Group's established businesses, grew 6% and 14% respectively to HK$216,996 million and HK$43,791 million, despite a lower contribution from Hutchison Telecommunications International ("HTIL") which was deconsolidated after it became a 49% associated company in the second half of 2005. During the year, the **3** Group reported narrowing losses from the continued growth in its customer base and revenue. The **3** Group's total revenue increased by 35% to HK$50,668 million and LBIT narrowed 45% to HK$19,996 million.

Subsequent to the year-end, HTIL announced on 12 February 2007 that it had entered into an agreement to sell its entire interest in its mobile business in India for a consideration of approximately US$11,080 million (approximately HK$86,570 million). The transaction, subject to certain completion conditions including regulatory approval, is targeted to be completed in the first half of this year. HTIL further announced that it intended to declare a special dividend of HK$6.75 per share after completion. The Group's share of HTIL's profit from disposal on completion of the transaction is estimated to be approximately HK$36,500 million and its share of the cash dividend will be HK$15,976 million.

Results

The Group's audited profit attributable to shareholders for the year amounted to HK$20,030 million, a 40% increase compared to last year's profit of HK$14,343 million. Earnings per share amounted to HK$4.70 (2005 – HK$3.36), an increase of 40%. These results include a profit on revaluation of investment properties of HK$3,802 million and a profit on disposal of investments totalling HK$23,290 million, comprising a profit of HK$24,380 million realised from the cash disposal of a 20% equity interest in the ports and related services division to the PSA International Pte Ltd ("PSA"); a profit of HK$751 million from the disposal of the data centres by **3** UK; and a one-time charge of HK$1,841 million relating to the closure of listed Hutchison Telecommunications Australia's ("HTAL") CDMA network and migration of its customers to its 3G network.

Dividends

The Board recommends the payment of a final dividend of HK$1.22 per share in respect of 2006 (2005 – HK$1.22), to those persons registered as shareholders on 17 May 2007. This, together with the interim dividend of HK$0.51 per share paid on 6 October 2006, give a total dividend of HK$1.73 per share for the year (2005 - HK$1.73). The proposed final dividend will be paid on 18 May 2007 following approval at the Annual General Meeting.

Established Businesses
Ports and Related Services

The ports and related services division recorded another year of steady growth. Total revenue grew 10% to HK$33,041 million. Total throughput increased 15% to 59.3 million TEUs (twenty-foot equivalent units). Major contributors to throughput growth and their respective growth rates were:

- the Shanghai area ports, 48%;
- Yantian port, 17%;
- Westports in Klang, Malaysia, 24%;
- Kwai Tsing terminals in Hong Kong, 5%;

together with the recently acquired Terminal Catalunya ("TERCAT") in Barcelona, Spain.

The division's EBIT increased 12% to HK$11,395 million. Major contributors to EBIT growth and their respective growth rates were:

- the Shanghai area ports, 30%;
- Yantian port, 10%;
- Panama ports container terminals ("PPC"), 33%;

together with the first-time EBIT contribution of TERCAT.

The division's EBIT growth was partially offset by 5% lower EBIT from Kwai Tsing terminals. The division contributed 15% and 26% respectively to the total revenue and EBIT of the Group's established businesses for the year.

During the year, the division continued to expand and enhance its existing facilities by improving efficiencies, developing recently acquired terminals and selectively pursuing new investment opportunities. Construction is progressing satisfactorily to expand the facilities in Yantian, Gaolan in Zhuhai, Rotterdam in the Netherlands, Laem Chabang in Thailand, ports in Panama as well as in Lazaro Cardenas in Mexico. The construction of a new seven-berth terminal facility in Barcelona is also underway. In November, the Group was awarded a 30-year concession by the Manta Port Authority to build and operate a new container terminal at the Port of Manta, Ecuador. The initial phase of this four-berth terminal is scheduled to be operational in 2007. In February this year, the Group entered into agreements with Saigon Investment Construction & Commerce Company to jointly build and operate a new container terminal in Ba Ria Vung Tau Province, Vietnam for a concession period of 50 years. This three-berth terminal is expected to commence operation in 2011. Currently, this division operates in five of the seven busiest container ports in the world, with interests in a total of 45 ports comprising 257 berths in 23 countries. The division will continue to seek investment and expansion opportunities that meet its investment criteria.

Property and Hotels

The property and hotels division reported total revenue of HK$10,717 million and EBIT of HK$5,667 million, 4% and 44% better than last year respectively. This division contributed 5% and 13% respectively to the total revenue and EBIT of the Group's established businesses. Gross rental income of HK$2,807 million was 11% higher than last year, primarily due to increased rental income from investment properties in Hong Kong, reflecting higher lease renewal rates, particularly for office premises. Although development profits declined, this was mainly due to the effect of a provision made against a Hong Kong development property. Excluding the effects of this provision, development profits were in line with last year. Development profits arose primarily from the sale of residential units of Cairnhill Crest in Singapore and various projects in the Mainland including Shanghai Regency Park, The Greenwich in Beijing and Guangzhou Cape Coral. In addition, a profit before taxation of HK$1,428 million was recorded being the Group's share of a joint venture's profit before taxation from the sale of an investment property in Japan.

The property division will continue to focus on actively seeking development opportunities, primarily in the Mainland where it has substantial landbank interests. The Group's current share of landbank interests can be developed into 92 million square feet of mainly residential property, of which 96% is situated in the Mainland, 3% in the UK and overseas and 1% in Hong Kong.

The Group's hotel operations reported EBIT 33% better than last year primarily due to increased demand in Hong Kong.

Retail

Total revenue for the Group's retail division was HK$99,149 million, a 12% increase, mainly due to full-year contributions from Marionnaud Parfumeries ("Marionnaud") and The Perfume Shop, which were acquired last year; to revenue growth from certain health and beauty operations, including Rossmann in Germany and Poland, Superdrug in the UK, Kruidvat in the Benelux countries and Watsons in the Mainland; and to PARKnSHOP sales growth in the Mainland. EBIT from this division totalled HK$2,720 million, 17% below last year, mainly due to the inclusion of normal seasonal losses of Marionnaud in the first quarter of the current year's results which were not in last year's comparable results because Marionnaud was acquired in April 2005, and also due to non-recurring restructuring charges incurred by Marionnaud and the UK and Benelux health and beauty businesses. Excluding these losses and restructuring charges, like-to-like EBIT declined 3% due to decreases in the health and beauty operations in the UK, the Benelux countries and Asia, partially offset by the improved results from PARKnSHOP, Watsons and Fortress operations in Hong Kong. The retail division contributed 45% and 6% respectively to the total revenue and EBIT of the Group's established businesses for the year.

During the year, the retail division continued to focus on managing its worldwide store portfolio to integrate its acquired businesses, strengthen store concepts and consolidate market position against keen competition. As its acquisition plans were largely completed in 2005, the division's expansion activity was significantly reduced in 2006 and the total number of retail outlets increased only moderately by 5% during the second half of 2006. Currently, this division operates over 7,700 retail outlets in 36 markets worldwide. The retail division will continue to focus on improving margins in its existing businesses. Expansion activity in 2007 will continue to be limited, and growth is expected to be mainly organic and focused on the Mainland market.

Energy, Infrastructure, Finance and Investments

Cheung Kong Infrastructure ("CKI"), a listed subsidiary, announced turnover, including its share of jointly controlled entities' turnover, of HK$4,799 million, 1% above last year, and profit attributable to shareholders of HK$3,670 million, 39% below last year's profit. The attributable profit for 2005 included a one-time profit of HK$3,699 million on partial disposal of the Australian electricity distribution businesses as well as provisions totalling HK$1,727 million. CKI contributed 7% and 14% respectively to the total revenue and EBIT of the Group's established businesses for the year. CKI continues to seek infrastructure investment opportunities globally that meet its investment criteria.

Husky Energy ("Husky"), an associated company listed in Canada, announced strong results, reporting total revenue of C$12,664 million and net earnings of C$2,726 million, 24% and 36% above last year respectively, mainly reflecting strong crude oil prices, increased production volumes and the full-year contribution by the White Rose oil field which commenced production in the fourth quarter of 2005. Total production increased 14% from 315,000 barrels of oil equivalent per day ("boe/day") in 2005 to 360,000 boe/day in 2006. In light of the healthy financial condition and earnings, Husky increased its quarterly dividend payment to C$0.50 per share commencing in the third quarter of 2006 and a special dividend of C$0.50 per share for 2006 was declared in February this year. Husky contributed 14% and 19% respectively to the total revenue and EBIT from the Group's established businesses for the year.

Husky's Tucker Oil Sands project in Alberta achieved first oil at the end of 2006 and production is expected to increase over the next few years as it becomes fully operational. In September, the Lloydminster Ethanol Plant in Saskatchewen, Western Canada, was officially opened and full production is expected in 2007. In November, Husky announced the successful completion of the White Rose 2006 delineation programme which contributed possible reserves of 138 million barrels of light crude oil to White Rose which had a combined proved, probable and possible reserves of 379 million barrels at the end of 2006.

The Group's EBIT from its finance and investments operations mainly represents returns earned on the Group's substantial holdings of cash and liquid investments together with the Group's share of the results of Hutchison Whampoa (China), listed subsidiary Hutchison Harbour Ring and listed associate TOM Group. EBIT for these operations, amounted to HK$6,920 million, an increase of 26%, mainly due to profits on disposal of certain equity investments and a dilution gain of HK$307 million realised on the initial public offering of Hutchison China MediTech on the Alternative Investment Market of the London Stock Exchange. Finance and investments operations contributed 16% of the Group's EBIT from established businesses. The Group's consolidated cash and liquid investments increased by 18% from 2005 to total HK$130,402 million as at 31 December 2006, consolidated debt was HK$283,040 million, and the consolidated debt net of cash and liquid investments was HK$152,638 million.

Hutchison Telecommunications International

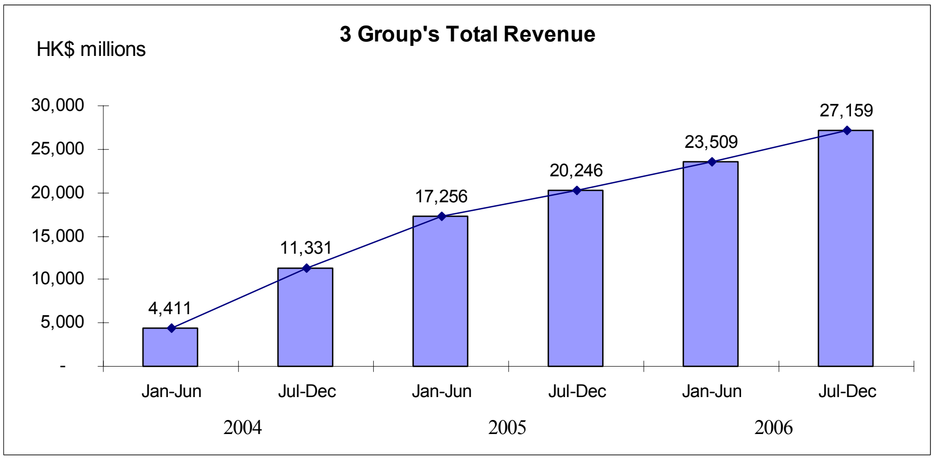
Hutchison Telecommunications International, a listed associated company, announced full-year 2006 turnover of HK$33,378 million, a 37% increase over last year and full-year 2006 profit attributable to shareholders of HK$201 million, compared to a loss attributable to shareholders of HK$768 million in 2005. The improvement was mainly due to the improved EBIT contributions from the mobile operations in India, Partner Communications in Israel and in Hong Kong, partially offset by start-up losses in the Vietnam and Indonesia businesses. At 31 December 2006, HTIL had a consolidated mobile customer base of 29.6 million, representing a 75% increase over the beginning of the year, mainly reflecting strong customer growth in the India market. The Group's share of HTIL's turnover and EBIT amounted to 8% and 6% of the total revenue and EBIT of the Group's established businesses respectively.

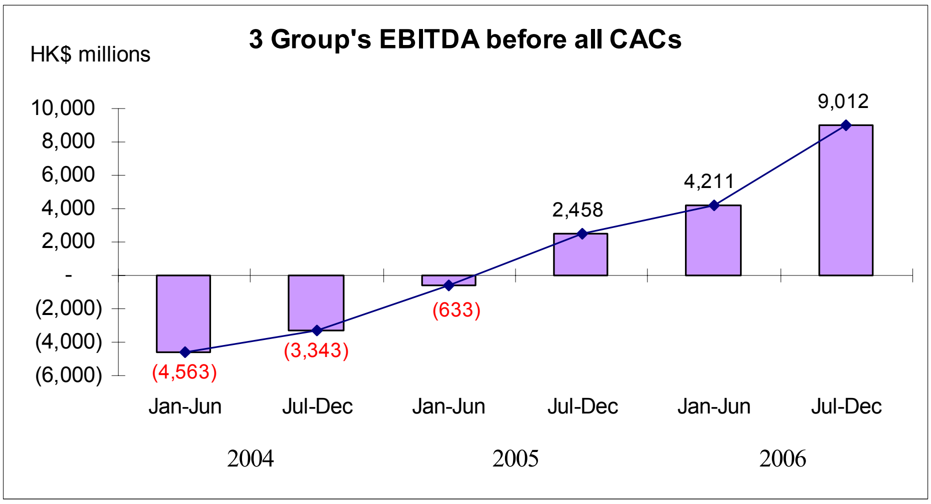
Subsequent to the year-end, HTIL announced on 12 February 2007 that it had entered into an agreement to sell its entire interest in its mobile business in India for a consideration of approximately US$11,080 million (approximately HK$86,570 million). The transaction, subject to certain completion conditions including regulatory approval, is targeted to be completed in the first half of this year. HTIL further announced that it intended to declare a special dividend of HK$6.75 per share after completion. The Group's share of HTIL's profit from disposal on completion of the transaction is estimated to be approximately HK$36,500 million and its share of the cash dividend will be HK$15,976 million.

Telecommunications – 3 Group

During the year, the **3** Group continued to improve its operating and financial results. The Group's registered 3G customer base increased 30% during the year and currently stands at over 14.7 million customers. Total revenue of the **3** Group grew 35% to HK$50,668 million in 2006, reflecting a successful strategy of capturing higher-value contract customers, which accounted for 45% of the total customers at the end of 2006, compared to 40% at the end of last year. LBIT for the year improved to HK$19,996 million, a 45% reduction compared to last year.

The charts below show the continued growth trend of the **3** Group's revenue and earnings before interest expense and finance costs, taxation, depreciation and amortisation and before deducting all customer acquisition costs ("EBITDA before all CACs").





Average revenue per active user on a trailing 12-month average active customer basis ("ARPU") was €45.63 for 2006, an 8% increase compared to 2005. The proportion of active customers of the **3** Group's registered customer base was approximately 79% at the end of 2006. As competition for new customers remained strong in all of our markets throughout the year, the **3** Group has increased its usage of promotional discounts on contract tariff plans. It is expected that the level of these discounts, which averaged below 4% of ARPU in 2006, will tactically increase this year, as required by specific market needs.

Another encouraging trend is the proportion of revenue derived from the higher-margin non-voice services, which continued to grow in 2006, increasing 5 percentage-points to 30% of ARPU. The average non-voice component of ARPU rose from €10.47 last year to €13.70. Despite the increasingly competitive market, this trend is expected to be maintained during 2007 as the benefits of strategic alliances entered into during 2006 become increasingly apparent. In partnering with global giants of the Internet including Skype, Sling Media, Yahoo!, Google, eBay, Microsoft and Orb amongst others, the launch of the X-Series portfolio of services by the **3** Group during the year represents a significant step towards mobile-fixed broadband convergence. With a flat-access fee, users can enjoy unlimited access to the most popular Internet applications via handsets anywhere and anytime. In addition, customers can also watch programmes of their choice from their home television and access their home personal computers remotely via their handsets. Our networks are being fully upgraded to enable High Speed Downlink Packet Access ("HSDPA") and competitively priced high-speed handsets, data cards and other wireless broadband access devices are becoming available and are offered on this service in our markets.

Despite the intense competition, average monthly customer churn reduced from the 3.2% reported for the first half of 2006 to average 2.6% in the second half and averaged 2.9% for the full year. Management is focused on continued churn reduction through changes in marketing and sales strategies, increasing customer satisfaction with the quality of our networks, continuing development and roll-out of groundbreaking services, as well as offering a full range of leading edge handsets and devices.

The **3** Group's weighted average customer acquisition cost, on a 12-month trailing basis, continued to trend downwards from €293 in 2005 and €262 at 30 June to €250 for 2006. This cost reduction is favourable given the increased focus during 2006 on higher-value contract markets where the customer acquisition costs are typically higher than on prepaid markets.

Key Business Indicators

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

Customer Base

	Registered Customers at 21 March 2007 ('000)			Registered Customer Growth (%) from 31 December 2005 to 31 December 2006		
	Prepaid	Postpaid	**Total**	Prepaid	Postpaid	**Total**
Italy	5,365	1,825	**7,190**	18%	65%	**27%**
UK & Ireland	1,583	2,333	**3,916**	4%	22%	**14%**
Australia(1)	151	1,170	**1,321**	59%	96%	**90%**
Sweden & Denmark	94	628	**722**	-19%	64%	**46%**
Austria	120	306	**426**	16%	44%	**35%**
3 Group Total	7,313	6,262	**13,575**	15%	47%	**28%**
Hong Kong(2)	15	804	**819**	500%	61%	**63%**
Israel(1)	-	326	**326**	-	167%	**167%**
Total	7,328	7,392	**14,720**	15%	51%	**30%**

Customer Revenue Base

	Revenue for the 12 months ended 31 December 2006 ('000)			Revenue Growth (%) compared to the 12 months ended 31 December 2005		
	Prepaid	Postpaid	**Total**	Prepaid	Postpaid	**Total**
Italy	€1,144,071	€927,765	**€2,071,836**	16%	61%	**33%**
UK & Ireland	£147,123	£1,372,496	**£1,519,619**	-23%	50%	**37%**
Australia	A$65,198	A$783,718	**A$848,916**	87%	75%	**76%**
Sweden & Denmark	SEK55,668	SEK2,577,177	**SEK2,632,845**	1%	41%	**40%**
Austria	€6,842	€165,077	**€171,919**	-9%	32%	**30%**
3 Group Total	€1,412,163	€3,857,230	**€5,269,393**	9%	53%	**38%**

12-month Trailing Average Revenue per Active User ("ARPU")(3) to 31 December 2006

	Total				**Non-voice**	
	Prepaid	**Postpaid**	**Blended Total**	**% Variance compared to 31 December 2005**	**ARPU**	**ARPU %**
			Local Currency / HK$		**Local Currency / HK$**	
Italy	€25.38	€58.41	**€33.99 / 332**	-3%	**€11.84 / 116**	35%
UK & Ireland	£18.07	£56.05	**£46.57 / 670**	35%	**£13.44 / 193**	29%
Australia	A$44.24	A$74.16	**A$70.50 / 413**	-10%	**A$17.22 / 101**	24%
Sweden & Denmark	SEK61.71	SEK460.24	**SEK404.33 / 430**	6%	**SEK83.95 / 89**	21%
Austria	€17.98	€55.47	**€51.22 / 501**	-5%	**€9.43 / 92**	18%
3 Group Average	€25.23	€64.77	**€45.63 / 447**	8%	**€13.70 / 134**	30%

Note 1: Active customers as at 31 December 2006 announced by listed subsidiary HTAL and listed associate Partner Communications updated for net additions to 21 March.

Note 2: Customers as announced by listed associate HTIL as at 20 March.

Note 3: ARPU equals total revenue before promotional discounts and excluding handset and connection revenues, divided by the average number of active customers during the year, 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.

Highlights for the **3** Group are as follows:

Italy

3 Italia has continued to improve its market share and increased its registered customers by 27% in 2006 to total 7.08 million at 31 December 2006 and currently stands at 7.19 million. This total includes over 400,000 customers using the Digital Video Broadcast-Handheld ("DVB-H") Mobile Television services that was launched during the year. Revenues, in local currency, increased 33% and EBITDA before all CACs increased 151%. In addition, **3** Italia achieved a major financial milestone and reported its first year of positive EBITDA after all CACs in 2006. Active customers as a proportion of the total customer base averaged 76% at the end of 2006. ARPU declined marginally from €34.87 to €33.99. The usage of higher margin non-voice services increased from 30% to 35% as a proportion of ARPU, averaging €11.84 compared to €10.31 last year. The monthly churn rate improved to 2.2% compared to last year's 2.5%. The network upgrade to roll out HSDPA has progressed well and currently approximately 57% of our network has been upgraded, providing coverage in most major cities in Italy.

UK & Ireland

3 UK continued to improve the quality of its overall customer base. In Ireland, the 3G business is at a relatively early stage of development and the registered customer base and revenues continue to grow. The combined customer base grew by 14% in 2006 to total over 3.9 million customers at 31 December 2006 and currently is at approximately the same level. The strategy to target higher-value customers resulted in a 22% growth in the contract customer base, a 50% growth in revenues from these customers and an increase in the active customers as a proportion of the total customer base to 75% at 31 December 2006. **3** UK limited its activity in the prepaid sector of the market, resulting in the decline in revenues, which now represents only 10% of its revenue base. The combined revenue of **3** UK and **3** Ireland, in British pounds, was 37% above last year and EBITDA before all CACs increased 817%. Combined ARPU increased by over 35% to £46.57, mainly due to the increased proportion of contract customers and to the increased usage of non-voice services, which rose from 23% of ARPU to 29%, or £13.44 versus £8.00 in 2005. Combined churn, which for prudence also considers the potential disconnection of inactive prepaid customers currently on the registered customer base, improved from 6.0% in the first half to 3.8% in the second half, with continuing efforts to further reduce churn. The HSDPA network upgrade in the UK will be phased to commence in major cities in the latter half of this year. During the year, the Group refinanced certain non-Sterling borrowings with Sterling notes and bank loans to create a natural currency exchange hedge against the

3 UK assets denominated in Sterling. As a result, a foreign exchange gain of HK$1,731 million was realised and recorded in **3** UK's results.

Other 3 Group operations

In each of the other 3G operations, the operating and financial performance continues to progress:

- In Australia, the active 3G customer base of listed Hutchison Telecommunications Australia, including the successful migration of 2G customers on closure of its CDMA network, grew 90% in 2006 and currently stands at 1.3 million. Revenue from the 3G operations, in local currency, increased 76% compared to last year. ARPU declined 10% to A$70.50 and the proportion of non-voice remained in line with 2005 at 24% reflecting the rapid growth of the customer base through 2G customer migration. In addition, HTAL's 3G operations achieved a major cash flow milestone of positive EBITDA after all CACs on a sustainable monthly basis commencing in July 2006. It is expected that positive EBITDA after all CACs will be maintained in 2007.
- In Sweden & Denmark, the registered customer base grew 46% during 2006. Combined revenues, in Swedish Kronas, grew 40%. In addition, the operation in Sweden achieved its first year positive EBITDA before all CACs, offset by start-up losses in Denmark. Combined ARPU increased 6% to SEK404.33 (HK$430) and the proportion of non-voice ARPU increased from 16% in 2005 to 21%. The HSDPA network upgrade has been completed in Denmark and over 30% of our network in Sweden has also been upgraded.
- In Austria, the registered customer base grew 35% during 2006. Revenues, in local currency, grew 30% and LBITDA before all CACs reduced 82% to an almost breakeven position. Although ARPU declined 5% to €51.22, the proportion of non-voice revenue increased from 14% in 2005 to 18%. The HSDPA upgrade has been completed on the existing network. **3** Austria is continuing to roll out its network to cover the rural areas.

In light of the **3** Group's operating and financial performance in 2006, management is continuing to target achieving positive monthly EBITDA after all CACs on a sustainable basis during the first half of 2007 and positive monthly EBIT on a sustainable basis during 2008.

Outlook

The global economy continued to grow in 2006, as US dollar interest rates and energy prices stablised. Hong Kong continued to benefit from the strong economic growth in the Mainland. In 2007, the Group will continue to seek new opportunities in the Mainland as well as overseas. Looking ahead, the major economies around the world continue to be healthy and rapid development in the Mainland and in Asia is supporting positive worldwide trends. With our diversified portfolio of business worldwide, and our sound financial position, I am confident that our Group's businesses will continue to perform well in 2007.

I would like to thank the Board of Directors and the Group's most valuable asset - our employees all around the world - for their continuing professionalism, creativity, hard work and loyal dedication.

Li Ka-shing
Chairman
Hong Kong, 22 March 2007

Hutchison Whampoa Limited
Consolidated Profit and Loss Account
for the year ended 31 December 2006

	Note	**2006 HK$ millions**	2005 HK$ millions
Company and subsidiary companies			
Revenue	3	**183,812**	182,584
Cost of inventories sold		**(67,114)**	(62,804)
Staff costs		**(25,729)**	(25,730)
Telecommunications expensed prepaid customer acquisition costs		**(5,494)**	(11,954)
Depreciation and amortisation	3	**(33,091)**	(35,727)
Other operating expenses		**(50,860)**	(60,233)
Change in fair value of investment properties		**2,843**	3,685
Profit on disposal of investments and others	4	**23,290**	25,117
	3	**27,657**	14,938
Share of profits less losses after tax of:			
Associated companies		**11,472**	8,067
Jointly controlled entities		**3,075**	3,927
	3	**14,547**	11,994
Interest and other finance costs	5	**(16,601)**	(15,405)
Profit before tax		**25,603**	11,527
Current tax charge	6	**(1,560)**	(2,511)
Deferred tax (charge) credit	6	**(1,417)**	4,538
Profit after tax		**22,626**	13,554
Allocated as : Loss (profit) attributable to minority interests		**(2,596)**	789
Profit attributable to shareholders of the Company	7	**20,030**	14,343
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	8	**HK$ 4.70**	HK$ 3.36
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

Hutchison Whampoa Limited
Consolidated Balance Sheet
at 31 December 2006

	Note	**2006** **HK$ millions**	As restated Note 2 2005 HK$ millions
ASSETS			
Non-current assets			
Fixed assets		**140,181**	124,243
Investment properties		**41,657**	38,557
Leasehold land		**35,293**	32,374
Telecommunications licences		**89,077**	84,624
Telecommunications postpaid customer acquisition costs		**10,532**	6,172
Goodwill		**21,840**	17,959
Brand names and other rights		**7,582**	3,579
Associated companies		**74,954**	65,334
Interests in joint ventures		**38,507**	37,284
Deferred tax assets		**17,159**	15,635
Other non-current assets		**3,762**	4,426
Liquid funds and other listed investments		**66,251**	60,669
		546,795	490,856
Current assets			
Cash and cash equivalents	9	**64,151**	49,717
Trade and other receivables	10	**44,188**	36,154
Inventories		**22,382**	20,337
		130,721	106,208
Current liabilities			
Trade and other payables	11	**66,487**	56,017
Bank and other debts		**22,070**	26,028
Current tax liabilities		**1,629**	2,080
		90,186	84,125
Net current assets		**40,535**	22,083
Total assets less current liabilities		**587,330**	512,939
Non-current liabilities			
Bank and other debts		**260,970**	233,454
Interest bearing loans from minority shareholders		**12,030**	5,429
Deferred tax liabilities		**15,019**	13,750
Pension obligations		**2,378**	2,323
Other non-current liabilities		**6,368**	4,354
		296,765	259,310
Net assets		**290,565**	253,629
CAPITAL AND RESERVES			
Share capital		**1,066**	1,066
Reserves		**272,728**	242,488
Total shareholders' funds		**273,794**	243,554
Minority interests		**16,771**	10,075
Total equity		**290,565**	253,629

Notes

1 Basis of preparation

The accounts have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The accounts have been prepared under the historical cost convention except for certain properties and financial instruments which are stated at fair values.

2 Restatement of certain 2005 comparative information

In accordance with HKFRS 3, Business Combinations, the provisionally estimated fair values of assets and liabilities acquired on the acquisitions of Marionnaud Parfumeries SA and Merchant Retail Group in 2005 were used for the preparation of the 31 December 2005 annual accounts. The fair value exercise was completed during the current year, and pursuant to HKFRS 3, the comparative 31 December 2005 consolidated balance sheet has been restated to reflect the revised fair value of assets and liabilities acquired. The effect of the reassessed fair values was not material and is as follows:

	HK$ millions
Decrease in fixed assets	(35)
Increase in goodwill	5
Decrease in deferred tax assets	(88)
Increase in other receivables and prepayments	143
Increase in other payables and accruals	(25)

In addition, the presentation of certain comparative information has been conformed with the current year's presentation, which does not have a material impact on the profit for the year or total equity.

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 Ports and related services is HK$65 million (2005 - nil), Property and hotels is HK$251 million (2005 - HK$308 million), Finance & investments and others is HK$384 million (2005 - HK$306 million) and Hutchison Telecommunications International is nil (2005 - HK$17 million).

Business segment

	Revenue							
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**2006 Total HK$ millions**	**%[(a)]**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2005 Total HK$ millions	%[(a)]
ESTABLISHED BUSINESSES								
Ports and related services	**29,081**	**3,960**	**33,041**	**15%**	26,561	3,356	29,917	15%
Property and hotels	**4,889**	**5,828**	**10,717**	**5%**	4,275	5,990	10,265	5%
Retail	**86,876**	**12,273**	**99,149**	**45%**	78,850	9,930	88,780	44%
Cheung Kong Infrastructure	**2,207**	**12,615**	**14,822**	**7%**	2,508	14,082	16,590	8%
Husky Energy	**-**	**29,981**	**29,981**	**14%**	-	22,879	22,879	11%
Finance & investments and others	**10,248**	**2,366**	**12,614**	**6%**	8,527	2,003	10,530	5%
Hutchison Telecommunications International	**-**	**16,672**	**16,672**	**8%**	24,480	919	25,399	12%
Subtotal - established businesses	**133,301**	**83,695**	**216,996**	**100%**	145,201	59,159	204,360	100%
TELECOMMUNICATIONS - 3 Group	**50,511**	**157**	**50,668**		37,383	119	37,502	
	183,812	**83,852**	**267,664**		182,584	59,278	241,862	

3 Segment information (continued)

Business segment (continued)

	EBIT (LBIT)[b]							
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**2006 Total HK$ millions**	**%** [a]	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2005 Total HK$ millions	% [a]
ESTABLISHED BUSINESSES								
Ports and related services	**9,881**	**1,514**	**11,395**	**26%**	8,978	1,241	10,219	27%
Property and hotels	**2,649**	**3,018**	**5,667**	**13%**	1,994	1,945	3,939	10%
Retail	**2,059**	**661**	**2,720**	**6%**	2,761	500	3,261	9%
Cheung Kong Infrastructure	**629**	**5,507**	**6,136**	**14%**	1,088	5,587	6,675	17%
Husky Energy	**-**	**8,305**	**8,305**	**19%**	-	6,140	6,140	16%
Finance & investments and others	**6,305**	**615**	**6,920**	**16%**	5,009	504	5,513	14%
Hutchison Telecommunications International	**-**	**2,648**	**2,648**	**6%**	2,586	203	2,789	7%
EBIT - established businesses	**21,523**	**22,268**	**43,791**	**100%**	22,416	16,120	38,536	100%
TELECOMMUNICATIONS - 3 Group [c]								
EBIT before depreciation, amortisation and telecommunications expensed prepaid CACs	**13,216**	**7**	**13,223**		1,825	-	1,825	
Telecommunications expensed prepaid CACs	**(5,494)**	**-**	**(5,494)**		(11,444)	-	(11,444)	
EBIT (LBIT) before depreciation and amortisation and after telecommunications expensed prepaid CACs	**7,722**	**7**	**7,729**		(9,619)	-	(9,619)	
Depreciation	**(9,497)**	**(4)**	**(9,501)**		(9,086)	-	(9,086)	
Amortisation of licence fees and other rights	**(6,503)**	**-**	**(6,503)**		(6,060)	-	(6,060)	
Amortisation of telecommunications postpaid CACs	**(11,721)**	**-**	**(11,721)**		(11,515)	-	(11,515)	
EBIT (LBIT) - Telecommunications - 3 Group	**(19,999)**	**3**	**(19,996)**		(36,280)	-	(36,280)	
Change in fair value of investment properties	**2,843**	**959**	**3,802**		3,685	1,540	5,225	
Profit on disposal of investments and others (See note 4)	**23,290**	**-**	**23,290**		25,117	-	25,117	
EBIT	**27,657**	**23,230**	**50,887**		14,938	17,660	32,598	
Group's share of the following profit and loss items of associated companies and jointly controlled entities:								
Interest and other finance costs		**(3,745)**				(2,751)		
Current tax		**(3,273)**				(1,608)		
Deferred tax		**(901)**				(1,285)		
Minority interests		**(764)**				(22)		
Share of profits less losses after tax of associated companies and jointly controlled entities		**14,547**				11,994		

	Depreciation and amortisation					
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**2006 Total HK$ millions**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2005 Total HK$ millions
ESTABLISHED BUSINESSES						
Ports and related services	**2,848**	**517**	**3,365**	2,649	456	3,105
Property and hotels	**309**	**151**	**460**	301	204	505
Retail	**1,941**	**161**	**2,102**	1,769	80	1,849
Cheung Kong Infrastructure	**125**	**1,852**	**1,977**	209	2,668	2,877
Husky Energy	**-**	**4,232**	**4,232**	-	3,196	3,196
Finance & investments and others	**147**	**90**	**237**	135	76	211
Hutchison Telecommunications International	**-**	**2,335**	**2,335**	4,003	98	4,101
Subtotal - established businesses	**5,370**	**9,338**	**14,708**	9,066	6,778	15,844
TELECOMMUNICATIONS - 3 Group	**27,721**	**4**	**27,725**	26,661	-	26,661
	33,091	**9,342**	**42,433**	35,727	6,778	42,505

3 Segment information (continued)

Business segment (continued)

	Capital expenditure				
	Fixed assets, investment properties and leasehold land HK$ millions	**Telecommunications licences HK$ millions**	**Telecommunications postpaid customer acquisition costs HK$ millions**	**Brand names and other rights HK$ millions**	**2006 Total HK$ millions**
ESTABLISHED BUSINESSES					
Ports and related services	**9,049**	**-**	**-**	**230**	**9,279**
Property and hotels	**221**	**-**	**-**	**-**	**221**
Retail	**2,668**	**-**	**-**	**-**	**2,668**
Cheung Kong Infrastructure	**42**	**-**	**-**	**-**	**42**
Husky Energy	**-**	**-**	**-**	**-**	**-**
Finance & investments and others	**369**	**-**	**-**	**55**	**424**
Hutchison Telecommunications International	**-**	**-**	**-**	**-**	**-**
Subtotal - established businesses	**12,349**	**-**	**-**	**285**	**12,634**
TELECOMMUNICATIONS - 3 Group (d)	**11,559**	**-**	**15,223**	**1,578**	**28,360**
	23,908	**-**	**15,223**	**1,863**	**40,994**

	Capital expenditure				
	Fixed assets, investment properties and leasehold land HK$ millions	Telecommunications licences HK$ millions	Telecommunications postpaid customer acquisition costs HK$ millions	Brand names and other rights HK$ millions	2005 Total HK$ millions
ESTABLISHED BUSINESSES					
Ports and related services	4,951	-	-	796	5,747
Property and hotels	226	-	-	-	226
Retail	2,454	-	-	-	2,454
Cheung Kong Infrastructure	78	-	-	-	78
Husky Energy	-	-	-	-	-
Finance & investments and others	422	-	-	-	422
Hutchison Telecommunications International	4,824	-	533	-	5,357
Subtotal - established businesses	12,955	-	533	796	14,284
TELECOMMUNICATIONS - 3 Group (d)	14,051	221	12,099	-	26,371
	27,006	221	12,632	796	40,655

	Total assets							
	Company and Subsidiaries				Company and Subsidiaries			
	Segment assets (e) **HK$ millions**	**Deferred tax assets HK$ millions**	**Investments in associated companies and interests in joint ventures HK$ millions**	**2006 Total assets HK$ millions**	Segment assets (e) HK$ millions	Deferred tax assets HK$ millions	Investments in associated companies and interests in joint ventures HK$ millions	2005 Total assets HK$ millions
ESTABLISHED BUSINESSES								
Ports and related services	**81,874**	**256**	**10,937**	**93,067**	69,622	215	9,856	79,693
Property and hotels	**47,239**	**10**	**22,864**	**70,113**	45,050	12	20,717	65,779
Retail	**50,851**	**170**	**2,001**	**53,022**	37,496	194	1,520	39,210
Cheung Kong Infrastructure	**16,540**	**-**	**41,267**	**57,807**	15,918	287	38,995	55,200
Husky Energy	**-**	**-**	**26,052**	**26,052**	-	-	21,892	21,892
Finance & investments and others	**128,856**	**43**	**2,776**	**131,675**	116,461	32	2,676	119,169
Hutchison Telecommunications International	**-**	**-**	**7,043**	**7,043**	-	-	6,759	6,759
Subtotal - established businesses	**325,360**	**479**	**112,940**	**438,779**	284,547	740	102,415	387,702
TELECOMMUNICATIONS - 3 Group (f)	**221,536**	**16,680**	**521**	**238,737**	194,264	14,895	203	209,362
	546,896	**17,159**	**113,461**	**677,516**	478,811	15,635	102,618	597,064

	Total liabilities							
	Segment liabilities (g) **HK$ millions**	**Current & long term borrowings** (h) **and other non-current liabilities HK$ millions**	**Current & deferred tax liabilities HK$ millions**	**2006 Total liabilities HK$ millions**	Segment liabilities (g) HK$ millions	Current & long term borrowings (h) and other non-current liabilities HK$ millions	Current & deferred tax liabilities HK$ millions	2005 Total liabilities HK$ millions
ESTABLISHED BUSINESSES								
Ports and related services	**14,870**	**41,709**	**6,539**	**63,118**	11,980	27,057	6,532	45,569
Property and hotels	**2,277**	**805**	**4,276**	**7,358**	2,319	815	3,874	7,008
Retail	**10,033**	**28,520**	**331**	**38,884**	9,084	25,761	463	35,308
Cheung Kong Infrastructure	**1,441**	**9,505**	**1,809**	**12,755**	1,203	9,068	2,112	12,383
Husky Energy	**-**	**-**	**2,129**	**2,129**	-	-	1,651	1,651
Finance & investments and others	**14,818**	**66,055**	**1,126**	**81,999**	13,831	77,406	864	92,101
Hutchison Telecommunications International	**-**	**-**	**-**	**-**	-	-	-	-
Subtotal - established businesses	**43,439**	**146,594**	**16,210**	**206,243**	38,417	140,107	15,496	194,020
TELECOMMUNICATIONS - 3 Group	**25,426**	**154,844**	**438**	**180,708**	19,923	129,158	334	149,415
	68,865	**301,438**	**16,648**	**386,951**	58,340	269,265	15,830	343,435

3 Segment information (continued)

Geographical segment

	Revenue							
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**2006 Total HK$ millions**	**%**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2005 Total HK$ millions	%
Hong Kong	**31,060**	**14,105**	**45,165**	**17%**	36,459	13,154	49,613	20%
Mainland China	**16,135**	**8,811**	**24,946**	**9%**	13,256	6,310	19,566	8%
Asia and Australia	**20,028**	**18,032**	**38,060**	**14%**	36,055	7,108	43,163	18%
Europe	**106,908**	**12,651**	**119,559**	**45%**	89,028	9,645	98,673	41%
Americas and others	**9,681**	**30,253**	**39,934**	**15%**	7,786	23,061	30,847	13%
	183,812	**83,852**	**267,664**	**100%**	182,584	59,278	241,862	100%

	EBIT (LBIT) [b]							
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**2006 Total HK$ millions**	**%**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2005 Total HK$ millions	%
Hong Kong	**6,057**	**4,311**	**10,368**	**20%**	2,801	5,441	8,242	25%
Mainland China	**4,658**	**3,260**	**7,918**	**16%**	4,078	1,988	6,066	19%
Asia and Australia	**1,009**	**5,115**	**6,124**	**12%**	2,663	1,734	4,397	13%
Europe	**(14,480)**	**1,303**	**(13,177)**	**-26%**	(26,906)	755	(26,151)	-80%
Americas and others	**4,280**	**8,282**	**12,562**	**25%**	3,500	6,202	9,702	30%
Change in fair value of investment properties	**2,843**	**959**	**3,802**	**7%**	3,685	1,540	5,225	16%
Profit on disposal of investments and others (See note 4)	**23,290**	**-**	**23,290**	**46%**	25,117	-	25,117	77%
EBIT	**27,657**	**23,230**	**50,887**	**100%**	14,938	17,660	32,598	100%

	2006	2005
Group's share of the following profit and loss items of associated companies and jointly controlled entities:		
Interest and other finance costs	**(3,745)**	(2,751)
Current tax	**(3,273)**	(1,608)
Deferred tax	**(901)**	(1,285)
Minority interests	**(764)**	(22)
Share of profits less losses after tax of associated companies and jointly controlled entities	**14,547**	11,994

	Capital expenditure [d]				
	Fixed assets, investment properties and leasehold land HK$ millions	**Telecommunications licences HK$ millions**	**Telecommunications postpaid customer acquisition costs HK$ millions**	**Brand names and other rights HK$ millions**	**2006 Total HK$ millions**
Hong Kong	**1,503**	**-**	**-**	**55**	**1,558**
Mainland China	**4,622**	**-**	**-**	**-**	**4,622**
Asia and Australia	**2,337**	**-**	**445**	**14**	**2,796**
Europe	**14,207**	**-**	**14,778**	**1,794**	**30,779**
Americas and others	**1,239**	**-**	**-**	**-**	**1,239**
	23,908	**-**	**15,223**	**1,863**	**40,994**

	Capital expenditure [d]				
	Fixed assets, investment properties and leasehold land HK$ millions	Telecommunications licences HK$ millions	Telecommunications postpaid customer acquisition costs HK$ millions	Brand names and other rights HK$ millions	2005 Total HK$ millions
Hong Kong	1,789	-	477	-	2,266
Mainland China	2,355	-	-	-	2,355
Asia and Australia	6,500	-	617	-	7,117
Europe	15,418	221	11,538	-	27,177
Americas and others	944	-	-	796	1,740
	27,006	221	12,632	796	40,655

3 Segment information (continued)

Geographical segment (continued)

	Total assets							
	Company and Subsidiaries		**Investments in associated companies and interests in joint ventures**	**2006 Total assets**	Company and Subsidiaries		Investments in associated companies and interests in joint ventures	2005 Total assets
	Segment assets[(e)]	**Deferred tax assets**			Segment assets[(e)]	Deferred tax assets		
	HK$ millions	**HK$ millions**	**HK$ millions**	**HK$ millions**	HK$ millions	HK$ millions	HK$ millions	HK$ millions
Hong Kong	**91,032**	**101**	**36,890**	**128,023**	81,827	78	37,561	119,466
Mainland China	**33,937**	**43**	**27,650**	**61,630**	28,031	301	25,649	53,981
Asia and Australia	**36,831**	**134**	**14,211**	**51,176**	36,221	141	9,894	46,256
Europe	**286,799**	**16,815**	**6,366**	**309,980**	251,889	15,077	5,369	272,335
Americas and others	**98,297**	**66**	**28,344**	**126,707**	80,843	38	24,145	105,026
	546,896	**17,159**	**113,461**	**677,516**	478,811	15,635	102,618	597,064

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

(b) Earnings (losses) before interest expense and tax ("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 tax. 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 (loss) 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 (loss) from operations as determined in accordance with generally accepted accounting principles in Hong Kong.

(c) Included in LBIT of Telecommunications - **3** Group in 2006 are foreign exchange gains totalling HK$2,294 million (2005 - nil) which mainly comprise a HK$1,731 million gain arising from the Group's refinancing of certain non-Sterling borrowings with Sterling notes and bank loans and a HK$428 million gain arising from the Group's refinancing of certain non-Swedish Krona borrowings with Swedish Krona bank loans.

(d) Included in capital expenditures of Telecommunications - **3** Group in 2006 is the effect of foreign exchange translation of overseas subsidiaries' fixed assets balances at 31 December 2006 which increased total expenditure by HK$3,074 million (2005 - decrease of HK$3,019 million).

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

(f) Included in Telecommunications - **3** Group total assets is an unrealised foreign currency exchange gain arising in 2006 of HK$19,505 million (2005 - loss of HK$18,979 million) from the translation of overseas subsidiaries accounts to Hong Kong dollars with an offsetting amount recorded in exchange reserve.

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

(h) Current and long term borrowings comprise bank and other debts and interest bearing loans from minority shareholders.

4 Profit on disposal of investments and others

	2006	2005
	HK$ millions	HK$ millions
ESTABLISHED BUSINESSES		
Profit on partial disposal of subsidiaries	**24,380**	14,050
Profit on disposal of associated companies	**-**	3,699
Impairment loss	**-**	(2,032)
TELECOMMUNICATIONS - 3 Group		
Profit on sale of 3UK data centres	**751**	-
CDMA network closure costs	**(1,841)**	-
Profit on elimination of minority interests	**-**	9,400
	23,290	25,117

Profit on partial disposal of subsidiaries for the year arises from the disposal of 20% equity interest in Hutchison Port Holdings and Hutchison Ports Investments. The CDMA network closure costs relate to the closure in August 2006 of the Group's 2G CDMA services in Australia and the costs to migrate the 2G customers to the 3G network.

Profit on partial disposal of subsidiaries in 2005 represented 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 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 in 2005 related to the disposal of a 49% interest in Cheung Kong Infrastructure's Australian electricity distribution businesses.

The impairment loss in 2005 related 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, 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 in 2005 arose from the exercise of the right to purchase the minority shareholders' interests in Hutchison 3G UK Holdings at a substantial discount to its net asset value.

5 Interest and other finance costs

	2006	2005
	HK$ millions	HK$ millions
Bank loans and overdrafts	**5,856**	6,332
Other loans repayable within 5 years	**754**	572
Other loans not wholly repayable within 5 years	**6**	387
Notes and bonds repayable within 5 years	**2,688**	1,798
Notes and bonds not wholly repayable within 5 years	**6,492**	5,818
Interest bearing loans from minority shareholders repayable within 5 years	**558**	229
Interest bearing loans from minority shareholders not wholly repayable within 5 years	**71**	2
	16,425	15,138
Notional non-cash interest accretion	**611**	846
	17,036	15,984
Less: interest capitalised	**(435)**	(579)
	16,601	15,405

Borrowing costs have been capitalised at various applicable rates ranging from 4.6% to 7.9% per annum (2005 - 3% to 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 Tax

	Current tax HK$ millions	Deferred tax HK$ millions	2006 Total HK$ millions	Current tax HK$ millions	Deferred tax HK$ millions	2005 Total HK$ millions
Hong Kong	**424**	**388**	**812**	532	554	1,086
Outside Hong Kong	**1,136**	**1,029**	**2,165**	1,979	(5,092)	(3,113)
	1,560	**1,417**	**2,977**	2,511	(4,538)	(2,027)

Hong Kong profits tax has been provided for at the rate of 17.5% (2005 - 17.5%) on the estimated assessable profits less estimated available tax losses. Tax outside Hong Kong has been provided for at the applicable rate on the estimated assessable profits less estimated available tax losses. During the year, no deferred tax assets has been recognised for the losses of 3G businesses (2005 - HK$5,926 million).

7 Profit attributable to shareholders of the Company

Included in profit attributable to shareholders is a surplus of HK$671 million (2005 - HK$847 million) transferred from revaluation reserves upon disposal of the relevant investments.

8 Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders of the Company HK$20,030 million (2005 - HK$14,343 million) and on 4,263,370,780 shares in issue during 2006 (2005 - 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 2006. The employee share options and convertible debts of these subsidiary and associated companies outstanding as at 31 December 2006 did not have a dilutive effect on earnings per share.

9 Cash and cash equivalents

	2006 HK$ millions	2005 HK$ millions
Cash at bank and in hand	**10,889**	15,706
Short term bank deposits	**53,262**	34,011
	64,151	49,717

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

10 Trade and other receivables

	2006	2005
	HK$ millions	HK$ millions
Trade receivables	**20,178**	14,818
Other receivables and prepayments	**24,010**	21,336
	44,188	36,154

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:

	2006	2005
	HK$ millions	HK$ millions
Less than 30 days	**12,024**	10,338
Within 31 to 60 days	**2,533**	1,840
Within 61 to 90 days	**980**	678
Over 90 days	**4,641**	1,962
	20,178	14,818

The Group's 5 largest customers contributed less than 7% of the Group's turnover for the years ended 31 December 2006 and 2005.

11 Trade and other payables

	2006	2005
	HK$ millions	HK$ millions
Trade payables	**21,023**	17,141
Other payables and accruals	**41,652**	33,586
Provisions	**1,351**	1,868
Interest free loans from minority shareholders	**2,318**	3,159
Fair value hedges		
Interest rate swaps	**61**	-
Cash flow hedges		
Cross currency interest rate swap	**-**	231
Forward foreign exchange contracts	**82**	32
	66,487	56,017

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

	2006	2005
	HK$ millions	HK$ millions
Less than 30 days	**12,557**	11,009
Within 31 to 60 days	**3,980**	2,550
Within 61 to 90 days	**1,966**	3,033
Over 90 days	**2,520**	549
	21,023	17,141

The Group's 5 largest suppliers accounted for less than 20% of the Group's cost of purchases for the year ended 31 December 2006 (2005 - less than 15%).

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 the 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 cautiously 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 conducting businesses in non-Hong Kong or non-US dollar currencies, 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 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 rate exposures relate to US dollar, British pound, Euro and HK dollar borrowings.

At 31 December 2006, approximately 51% of the Group's principal amount of borrowings were at floating rates and the remaining 49% were at fixed rates. The Group has entered into various interest rate agreements with major creditworthy financial institutions to swap approximately HK$89,700 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$8,650 million principal amount of floating interest rate borrowings were swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 79% of the Group's principal amount of borrowings were at floating rates and the remaining 21% were at fixed rates at 31 December 2006.

Foreign Currency Exposure
For overseas subsidiaries and associates and other investments, which consist of non-HK dollar or 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 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 refinance these businesses with local currency borrowings. Exposure to movements in exchange rates for 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. During the year, the HK dollar weakened against the currencies of most of those countries where the Group has overseas operations. This gave rise to an unrealised gain of HK$15,416 million (2005 charge - HK$13,904 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.

At 31 December 2006, the Group had 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, excluding loans from minority shareholders and after taking into consideration these currency swaps, is denominated as to 14% in HK dollars, 33% in US dollars, 8% in British pounds, 31% in Euro 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 counterparties. The Group controls its credit risk to non-performance by its counterparties through monitoring their credit ratings and setting approved counterparty credit limits which are regularly reviewed.

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 2006, 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 and improving cash flow from the **3** Group businesses. Cash, liquid funds and other investments ("liquid assets") on hand increased 18% over last year's balance and amounted to HK$130,402 million at 31 December 2006 (2005 - HK$110,386 million). The year-on-year increase in liquid assets mainly reflects the cash proceeds of US$4,388 million received on the disposal of a 20% equity interest in the ports and related services division in April 2006. Of the liquid assets, 15% were denominated in HK dollars, 64% in US dollars, 2% in British pounds, 8% in Euro and 11% in other currencies.

Cash and cash equivalents represented 50% (2005 – 46%) of the liquid assets, listed fixed income securities 37% (2005 – 42%), listed equity securities 10% (2005 – 9%) and long-term deposits 3% (2005 – 3%).

The listed fixed income securities, including those held under managed funds, comprise US treasury notes (47%), government issued guaranteed notes (22%), supranational notes (17%) and others (14%). Of these listed fixed income securities, 83% are rated at Aaa/AAA, with an average maturity of approximately 2.1 years on the overall portfolio.

Cash Flow

Consolidated EBITDA before all CACs amounted to HK$96,853 million in 2006, a 32% increase from 2005. This included cash profits from disposals totalling HK$25,131 million, of which HK$24,380 million arose from the disposal of a 20% equity interest in the ports and related services division. Excluding the cash profits from disposals in both years, EBITDA before all CACs increased 26% to HK$71,722 million (2005 – HK$56,715 million). Funds from operations (“FFO”), before cash profits from disposals, capital expenditure, investment in all CACs and changes in working capital amounted to HK$31,096 million (2005 – HK$25,872 million), a 20% increase. The increase in recurring EBITDA and FFO are attributed to the solid and steady improvement in financial performance of the Group’s established businesses and the significantly better **3** Group results which reported a 625% improvement in EBITDA before all CACs and 148% improvement in FFO. Recurring EBITDA and FFO from the Group’s established businesses continued to be sound, totalling HK$58,499 million (2005 – HK$54,890 million) and HK$27,842 million (2005 – HK$32,681 million) respectively.

The **3** Group’s investment in CACs totalled HK$20,717 million, a 12% reduction from last year’s total of HK$23,543 million, mainly due to a lower average cost to acquire a customer. Prepaid CACs, which are expensed as incurred, totalled HK$5,494 million, a 52% reduction from last year’s total of HK$11,444 million. Postpaid CACs totalled HK$15,223 million, an increase of 26% compared to HK$12,099 million last year due to a greater focus on and penetration of the postpaid customer segment, particularly in Italy, the UK and Australia.

In 2006, the Group’s capital expenditures reduced by 11% to total HK$23,908 million (2005 – HK$27,006 million) of which HK$11,559 million (2005 – HK$14,051 million) related to the **3** Group. The decrease in the Group’s total capital expenditures reflects the reduced **3** Group expenditures as a majority of its networks has been completed and the non-consolidation of HTIL, which became an associated company in December last year. Capital expenditures for the **3** Group decreased 18% to total HK$11,559 million (2005 – HK$14,051 million). Capital expenditures for the ports and related services division amounted to HK$9,049 million (2005 – HK$4,951 million); for the property and hotels division HK$221 million (2005 - HK$226 million); for the retail division HK$2,668 million (2005 – HK$2,454 million) and for the energy, infrastructure, finance & investments and others division HK$411 million (2005 – HK$500 million).

The capital expenditures of the Group are primarily funded by cash generated from operations, cash on hand and to the extent appropriate, by external borrowings.

Debt Maturity and Currency Profile

The Group's total borrowings, excluding loans from minority shareholders, at 31 December 2006 amounted to HK$283,040 million (2005 - HK$259,482 million). The increase in borrowings was mainly due to the effect of the translation of foreign currency denominated loans as a result of the weakened HK dollar of HK$14,293 million and the increased borrowings by the ports and related services division to fund its construction of new capacity at its existing terminals. Loans from minority shareholders, which are viewed as quasi equity, totalled HK$12,030 million at 31 December 2006 (2005 – HK$5,429 million). The increase arose as part of the sale of a 20% equity interest in the ports and related services division to the PSA. The Group's weighted average cost of debt during 2006 was 5.7% (2005 – 4.7%).

The maturity profile of the Group's total borrowings, excluding loans from minority shareholders and after taking into consideration of foreign currency swaps, at 31 December 2006 is set out below:

	HK$	US$	£	€	Others	Total
In 2007	2%	3%	2%	-	1%	8%
In 2008	4%	-	-	2%	4%	10%
In 2009	3%	-	-	8%	4%	15%
In 2010	2%	4%	-	4%	4%	14%
In 2011	3%	4%	1%	7%	-	15%
In years 6 to 10	-	15%	1%	10%	-	26%
In years 11 to 20	-	1%	4%	-	-	5%
Beyond 20 years	-	6%	-	-	1%	7%
Total	14%	33%	8%	31%	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 consolidated 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 2006 were as follows:

- In March, obtained a short-term bridging loan of €500 million (approximately HK$4,885 million) to refinance the redemption at maturity of a €500 million bond;

- In April, entered into a structured transaction with an investment bank involving a private placement of an effective, approximately 10% indirect interest in **3** Italia S.p.A. for a cash consideration of €420 million (approximately HK$3,864 million), which has been accounted for as debt as required pursuant to Hong Kong Financial Reporting Standards;

- In July, A S Watson obtained a five-year, floating rate €600 million syndicated loan (approximately HK$5,862 million), mainly to refinance existing loans and provide funding to its operations in France;

- In September, issued ten-year, fixed rate, €1,000 million (approximately HK$10,260 million) of guaranteed notes to refinance existing indebtedness;

- In November, issued eleven-year, fixed rate, £300 million (approximately HK$4,581 million) of guaranteed notes to refinance a portion of the intercompany loan investment in **3** UK;

- In November, issued twenty-year, fixed rate, £400 million (approximately HK$6,108 million) of guaranteed notes to refinance a portion of the intercompany loan investment in **3** UK;

- In November, obtained a short-term 6-month, floating rate, £500 million (approximately HK$7,635 million) bank loan facility to refinance a portion of the intercompany loan investment in **3** UK; and

- In December, arranged a five-year, floating rate, €3,000 million (approximately HK$30,780 million) syndicated bank loan facility, which was fully drawn in January 2007, to refinance **3** Italy's existing loans.

Capital, Net Debt and Interest Coverage Ratios

The Group's total shareholders' funds increased 12% to HK$273,794 million at 31 December 2006 compared to HK$243,554 million at the end of last year. The increase in shareholders' funds mainly reflects the profit for the year and the favourable impact of exchange translation differences arising on translation of the net assets of overseas businesses to HK dollars recorded in reserves as mentioned previously.

At 31 December 2006, consolidated net debt of the Group, excluding loans from minority shareholders which are viewed as quasi equity, was HK$152,638 million (2005 – HK$149,096 million) and on this basis, the Group's net debt to net total capital ratio decreased to 33% from 36% at the end of last year.

As additional information, the following table shows the net debt to net total capital ratio calculated on the basis of including loans from minority shareholders and also with the Group's investments in its listed subsidiaries and associated companies marked to market value at 31 December 2006. The pro-forma column shows these ratios after accounting for receipt of the HK$15,976 million special dividend announced by HTIL payable upon the imminent completion of the announced sale of its India mobile telecommunications operation.

Net debt / Net total capital ratios at 31 December 2006:	Total	Pro-forma
A1 – excluding loans from minority shareholders from debt	33%	29%
A2 – as in A1 above and investments in listed subsidiaries and associated companies marked to market value	27%	23%
B1 – including loans from minority shareholders as debt	36%	31%
B2 – as in B1 above and investments in listed subsidiaries and associated companies marked to market value	29%	25%

The Group's consolidated gross interest expense and finance costs of subsidiaries, before capitalisation for the year, increased to total HK$17,036 million, compared to HK$15,984 million last year, mainly due to higher effective market interest rates in 2006, partially offset by a lower average loan balance due to the non-consolidation of HTIL.

Consolidated EBITDA and FFO before all CACs covered consolidated net interest expense and finance costs 7.9 times and 3.6 times respectively (2005 – 6.5 times and 3.3 times).

Secured Financing
At 31 December 2006, 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$81,007 million (2005 – HK$66,845 million). In January this year, the project financing facilities were repaid and the shares are not pledged under the new replacement syndicated bank loan. In addition, HK$10,781 million (2005 – HK$8,554 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 2006, amounted to the equivalent of HK$12,946 million (2005 - HK$4,007 million), of which HK$3,182 million (2005 – HK$2,628 million) related to the **3** Group.

CONTINGENT LIABILITIES

At 31 December 2006, the Group provided guarantees for banking and other borrowing facilities granted to associated companies and jointly controlled entities of HK$13,322 million (2005 – HK$15,125 million), and provided performance and other guarantees of HK$5,681 million (2005 – HK$6,165 million).

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 2006, they have complied with the provisions of such Model Code.

REVIEW OF ACCOUNTS

The consolidated financial statements of the Company and its subsidiary companies for the year ended 31 December 2006 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.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Thursday, 10 May 2007 to Thursday, 17 May 2007, both days inclusive. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 pm on Wednesday, 9 May 2007.

ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting of the Company will be held on 17 May 2007. 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*)

Please also refer to the published version of this announcement in The Standard and Sing Tao Daily.