

for the year ended 31 December 2004

2004 US\$ millions		Note	2004 HK\$ millions	2003 HK\$ millions
	<b>Operating activities</b>			
7,478	EBITDA <sup>1</sup> before prepaid 3G CAC <sup>2</sup> expense	25 (a)	58,327	33,903
(2,152)	Share of EBITDA of associated companies and jointly controlled entities		(16,784)	(16,805)
505	Dividends received from associated companies and jointly controlled entities		3,936	4,345
343	Distribution from property jointly controlled entities		2,674	3,127
87	Decrease in properties under development		675	1,727
(2,476)	Profit on disposal of subsidiary and associated companies and jointly controlled entities		(19,310)	(1,768)
(1,417)	Interest and other finance costs		(11,050)	(7,715)
(135)	Hong Kong profits tax paid		(1,051)	(98)
(169)	Overseas profits tax paid		(1,319)	(803)
1	Loss on disposal of unlisted investments		8	–
(36)	Loss (profit) on disposal of fixed assets		(277)	5
2,029	Funds from operations before prepaid 3G CAC expense		15,829	15,918
(1,080)	Prepaid 3G CAC expense		(8,423)	(917)
949	<b>Funds from operations</b>		7,406	15,001
(1,070)	Changes in working capital	25 (b)	(8,353)	(1,118)
(121)	<b>Cash flows from operating activities</b>		(947)	13,883
	<b>Investing activities</b>			
(1,635)	Purchase of fixed assets for established businesses		(12,754)	(14,288)
(2,747)	Purchase of fixed assets for 3G businesses		(21,428)	(23,422)
(23)	Purchase of telecommunications licences		(182)	(126)
(1,641)	Additions to telecommunications postpaid 3G CAC		(12,804)	(2,782)
(849)	Purchase of subsidiary companies	25 (c)	(6,623)	(265)
(47)	Purchase of and advances to associated companies		(367)	(678)
(525)	Purchase of and advances to jointly controlled entities		(4,093)	(3,395)
(206)	Additions to unlisted investments		(1,610)	(1,353)
106	Repayments from associated companies and non-property jointly controlled entities and other joint ventures		830	2,325
156	Proceeds on disposal of fixed assets		1,216	539
1,198	Proceeds on disposal of subsidiary companies	25 (d)	9,348	4,734
1,873	Proceeds on disposal of associated companies	25 (e)	14,611	93
–	Proceeds on disposal of other joint ventures		–	61
39	Proceeds on disposal of other unlisted investments		307	99
(4,301)	<b>Subtotal</b>		(33,549)	(38,458)

2004 US\$ millions		Note	2004 HK\$ millions	2003 HK\$ millions
	<b>Liquid funds and other listed investments</b>			
<b>1,978</b>	Disposals of liquid funds and other listed investments		<b>15,430</b>	48,403
<b>(919)</b>	Additions to liquid funds and other listed investments		<b>(7,166)</b>	(27,016)
<b>1,059</b>	Net transfer from liquid funds and other listed investments		<b>8,264</b>	21,387
<b>(3,242)</b>	<b>Cash flows from investing activities</b>		<b>(25,285)</b>	(17,071)
	<b>Financing activities</b>			
<b>(247)</b>	Net cash flows from financing activities	25 (f)	<b>(1,930)</b>	82,720
<b>(333)</b>	Dividends paid to minority shareholders		<b>(2,598)</b>	(3,076)
<b>(946)</b>	Dividends paid to shareholders		<b>(7,375)</b>	(7,375)
<b>(1,526)</b>	<b>Cash flows from financing activities</b>		<b>(11,903)</b>	72,269
<b>(4,889)</b>	Increase (decrease) in cash and cash equivalents		<b>(38,135)</b>	69,081
<b>14,350</b>	Cash and cash equivalents at 1 January		<b>111,933</b>	42,852
<b>9,461</b>	<b>Cash and cash equivalents at 31 December</b>		<b>73,798</b>	111,933
	<b>Analysis of cash, liquid funds and other listed investments</b>			
<b>9,461</b>	Cash and cash equivalents, as above		<b>73,798</b>	111,933
<b>5,942</b>	Managed funds, outside Hong Kong		<b>46,349</b>	45,812
<b>1,349</b>	Held-to-maturity listed debt securities and long term deposits		<b>10,524</b>	20,336
<b>642</b>	Listed equity securities, Hong Kong		<b>5,010</b>	4,410
<b>593</b>	Listed equity securities, outside Hong Kong		<b>4,620</b>	3,051
<b>8,526</b>	Liquid funds and other listed investments	17	<b>66,503</b>	73,609
<b>17,987</b>	<b>Total cash, liquid funds and other listed investments</b>		<b>140,301</b>	185,542
<b>36,281</b>	Bank and other interest bearing borrowings		<b>282,993</b>	273,144
<b>18,294</b>	<b>Net debt</b>		<b>142,692</b>	87,602

<sup>1</sup> EBITDA is defined as earnings before interest expense and finance costs, taxation, depreciation and amortisation, and includes profit on disposal of investments and other earnings of a cash nature but excludes changes in the fair value of investment properties. Information concerning EBITDA 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 gross cash flow generation. The Group considers EBITDA to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA is not a measure of cash liquidity or financial performance under generally accepted accounting principles in Hong Kong and the EBITDA measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA should not necessarily be construed as an alternative to cash flow as determined in accordance with generally accepted accounting principles in Hong Kong.

<sup>2</sup> CAC represents customer acquisition costs.