

Notes to the Accounts

1 Significant Accounting Policies

The principal accounting policies applied in the preparation of these accounts are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a Basis of Preparation

The accounts have been prepared in accordance with Hong Kong Financial Reporting Standards ('HKFRS'), and under the historical cost convention except as disclosed in the accounting policies below.

In 2005, the Group adopted the following new / revised standards and interpretations of HKFRS, which are relevant to its operations. The 2004 comparatives and 2005 opening balances have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Investments in Joint Ventures
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HK Int 3	Revenue – Pre-completion Contracts for the Sale of Development Properties
HK Int 4	Lease – Determination of the Length of Lease Term in respect of Hong Kong Land Leases
HK(SIC)-Int 13	Jointly Controlled Entities
HK(SIC)-Int 15	Operating Leases – Incentives
HK(SIC)-Int 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
HKFRS 2	Share-based Payment

1 Significant Accounting Policies *continued*

a Basis of Preparation *continued*

The adoption of new / revised HKFRS does not result in substantial changes to the Group's accounting policies except for the adoption of HKAS 1 which has affected the presentation of minority interest, share of net after-tax results of associated companies and jointly controlled entities and other disclosures, and also those relating to the accounting treatments of the followings, details of which are set out in the respective accounting policy set out in the accounts:

- i) Financial instruments;
- ii) Pre-completion contracts for sales of properties under development;
- iii) Leases;
- iv) Investment properties; and
- v) Deferred taxation.

Effective from 1 January 2005, HKFRS 2 requires the fair value of share options at grant date to be amortised over the relevant vesting periods to the profit and loss account. However, the Group had no unvested share option outstanding during the year ended 31 December 2005.

The Group has not early adopted the amendments, new standards and interpretations issued by the HKICPA that are not yet effective for the year ended 31 December 2005, and is in the process of assessing their impact on future accounting periods.

b Basis of Consolidation

The consolidated accounts incorporate the accounts of the Company and all its subsidiary companies made up to the balance sheet date. The results of subsidiary companies acquired or disposed of during the year are included as from the effective dates of acquisition or up to the effective dates of disposal respectively.

c Goodwill

Positive goodwill arising on acquisition of subsidiary companies, jointly controlled entities and associated companies represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Negative goodwill arising on acquisition of subsidiary companies, jointly controlled entities and associated companies represents the excess of the Group's share of the fair value of the identifiable assets, liabilities and contingent liabilities acquired over the cost of the acquisition.

Since 1 January 2004, with the early adoption of HKFRS 3 in 2004, positive goodwill will be stated in the consolidated balance sheet as a separate asset or included within jointly controlled entities and associated companies at cost less accumulated impairment losses and subject to impairment testing at least annually. Negative goodwill is recognised in profit and loss immediately on acquisition.

1 Significant Accounting Policies *continued*

d Subsidiary Companies

A subsidiary company is a company which is controlled by the Company through direct or indirect interest. Control represents the power to govern the financial and operating policies of that company.

Investments in subsidiary companies are carried in the Company's balance sheet at cost less any impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

e Jointly Controlled Entities

A jointly controlled entity is a joint venture in which the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

The consolidated profit and loss account includes the Group's share of the results of the jointly controlled entities for the year adjusted by impairment losses, if any. The consolidated balance sheet includes the Group's share of the net assets of the jointly controlled entities and goodwill on acquisition.

In the Company's balance sheet the investments in jointly controlled entities are stated at cost less any impairment losses. The results of jointly controlled entities are accounted for by the Company on the basis of dividends received and receivable.

f Associated Companies

Associated companies are companies, other than subsidiary companies and jointly controlled entities, in which the Group holds not more than 50 per cent of their equity share capital for the long term and can exercise significant influence in their management.

The consolidated profit and loss account includes the Group's share of the results of associated companies for the year adjusted by impairment losses, if any. The consolidated balance sheet includes the Group's share of net assets of the associated companies, after attributing fair values to the net assets at the date of acquisition.

In the Company's balance sheet the investments in associated companies are stated at cost less impairment losses. The results of associated companies are accounted for by the Company on the basis of dividends received and receivable.

g Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not amortised.

Depreciation of the vehicular tunnel was provided with reference to projected usage of the tunnel as compared to the actual tunnel usage.

Property, plant and equipment are depreciated at rates sufficient to write off their cost or valuation, less impairment losses, if any, over their estimated useful lives on a straight line basis at the following annual rates:

- Buildings: 2% – 4% or the remaining lease period of the land
- Plant and Machinery: 9% – 20%
- Other property, plant and equipment, comprising telecommunications equipment, traffic equipment, cargo lighters, computer installations, motor vehicles, furniture, fixtures and equipment: 10% – 25%

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

1 Significant Accounting Policies *continued*

h Investment Properties

Investment properties are interests in land and / or buildings in respect of which construction work and development have been completed and which are held for their investment potential, these include land held for a currently undetermined future use.

Investment properties are stated in the balance sheet at fair value and reviewed annually. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss account.

In prior years, the change in the fair value of investment properties was recognised in the property valuation reserve. The deficit of this reserve was charged to the profit and loss account and any subsequent increases were credited to the profit and loss account up to the amount previously charged.

i Properties under Development

Properties under development consist of investments in land for development and buildings under construction and development pending any positive intention either to retain them for investment purposes or to sell them for proceeds.

Investments in leasehold land are amortised over the lease term of the land, and are stated at cost less accumulated amortisation and any accumulated impairment losses. Such amortisation cost will be capitalised as the cost of buildings during the construction period. The investments in buildings under construction and development are stated at cost less any accumulated impairment losses.

In prior years, the leasehold land was accounted for at cost less any accumulated impairment.

j Capitalisation of Development Costs

Property development expenditure, inclusive of interest and professional fees, is capitalised as cost of development.

Borrowing costs incurred on assets under development that take a substantial period of time to get ready for their intended use or sale are capitalised into the carrying value of the assets under development.

The capitalisation rate applied to funds borrowed for the development of the assets is based on the attributable cost of funds to the Group.

All other borrowing costs are charged to the profit and loss account in the period in which they are incurred.

k Properties Held for Sale

Properties held for sale consisting of leasehold land and building cost are classified under current assets and stated at the lower of cost and net realisable value. Leasehold land is stated at cost less accumulated amortisation and any impairment loss. Building costs are stated at cost less any impairment loss.

l Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flow, discounted at the effective interest rate. The amount of the provision is recognised in the profit and loss account.

1 Significant Accounting Policies *continued*

m Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

n Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

o Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

p Revenue Recognition

i) Motor vehicles

Revenue arising from the sale of motor vehicles is recognised when the registration document is issued or on delivery of motor vehicles, whichever is earlier, which are taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes any government taxes and is after deduction of any trade discounts.

ii) Sales of properties under development and properties held for sale

Before 1 January 2005, sales of properties under development was recognised in the profit and loss account over the course of the development by reference to the proportion of construction costs incurred to date to the estimated total construction costs to completion of the development and the extent of the sales proceeds received, after taking into account due allowance for contingencies.

After 1 January 2005, following the adoption of HK-Int 3 'Revenue – Pre-Completion Contracts for the Sale of Development Properties', revenue from sales of properties under development is only recognised when the significant risks and rewards of ownership have been transferred to the buyer. The Group considers that the significant risks and rewards of ownership are transferred when the buildings contracted for sales are completed and the relevant permits essential for the delivery of the properties have been issued by the authorities.

The Group has chosen not to apply HK-Int 3 retrospectively to pre-completion contracts entered into before 1 January 2005 and will continue to account for those contracts using the method of accounting used prior to 1 January 2005.

Income from properties held for sale is recognised at the date when sale agreement is signed.

iii) Sales of goods

Revenue arising from the sale of goods is recognised on the delivery of goods to customers. Revenue is determined after deduction of any trade discounts.

1 Significant Accounting Policies *continued*

p Revenue Recognition *continued*

iv) Income from co-operative joint venture

Other income or dividend from co-operative joint venture is recognised when the right to receive is established.

Income from disposal of co-operative joint venture is recognised at the date when sale agreement is signed.

v) Rendering of services

Commission income and revenue arising from the rendering of repairing services are recognised when the goods concerned are sold to customers and when the relevant work is completed respectively.

vi) Revenue from the provision of telecommunications services is recognised upon delivery of the services.

vii) Rental income

Rental income is recognised on a straight-line basis over the period of the relevant leases.

viii) Dividend income

Dividend income is recognised when the right to receive the dividend is established.

Dividends proposed or declared after their balance sheet date by companies in which the Group has an investment are not recognised as revenue at the balance sheet date but on the date when the right to receive is established.

q Financial Instruments

From 1 January 2004 to 31 December 2004

Co-operative joint ventures in the People's Republic of China are stated at cost (net of capital repayment) less impairment losses or where appropriate, the cost is amortised over a period no longer than its estimated useful life to the Group.

Interest in other listed and unlisted investments held for the long term are stated at cost less impairment losses. The carrying amounts of individual listed investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such securities is reduced to its fair value. The amount of the reduction is recognised as an expense in the profit and loss account.

Interest in other listed investments not held for the long term are carried at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of such investments are recognised in the profit and loss account. Profits or losses on disposal of such investments, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

From 1 January 2005 onwards

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

1 Significant Accounting Policies *continued*

q Financial Instruments *continued*

i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in debtors, accounts receivable, deposits and prepayments in the notes to the accounts.

iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

On 1 January 2005, the financial assets previously categorised as 'Investments' have been reclassified as available-for-sale investments and carried at fair value or cost less impairment loss if their fair value cannot be reliably measured. Gains and losses arising from changes in fair value are recognised in investment revaluation reserve. On the disposal of the investment or when an investment is determined to be impaired, the cumulative gain or loss previously recognised in investment revaluation reserve will be transferred to the profit and loss account.

iv) Derivative financial instruments

Prior to 1 January 2005, derivatives of the Group were not recorded in the financial statements. Following the adoption of HKAS 32 and HKAS 39, all derivatives are stated at fair value. The gain or loss on changes in fair value is recognised generally in the profit and loss account unless the derivative qualifies for hedge accounting. Where a derivative qualifies for hedge accounting and is designated as a cash flow hedge, the effective part and the ineffective part of any unrealised gain or loss on the instrument is recognised directly in hedging reserve and in the profit and loss account respectively. The cumulative gain or loss associated with the effective part of the cash flow hedge recorded in hedging reserve will be recognised in the profit and loss account in the same period or periods during which the gain or loss arising from the hedged transaction is recognised in the profit and loss account.

r Operating Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals payable and receivable under operating leases are accounted for on a straight line basis over the respective periods of the leases.

1 Significant Accounting Policies *continued*

s Impairment of Assets

The Group reviews the carrying amounts of assets including goodwill for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such assets are considered to be impaired, the impairment to be recognised in the profit and loss account is measured by the amount by which the carrying amount of the assets exceeds the recoverable amount.

t Inventories

Inventories comprising mainly motor vehicles, spare parts, electrical appliances, food, trading items and steels are valued at the lower of cost and net realisable value. Cost represents the actual cost of purchase or production and is calculated on the first-in first-out, specific identification or weighted average basis as appropriate. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

u Foreign Currencies

The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

Transactions in foreign currencies are translated into Hong Kong dollars at the rates ruling at the transaction dates.

Assets and liabilities of subsidiary companies, jointly controlled entities and associated companies, together with all other monetary assets and liabilities expressed in foreign currencies, are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. Results in foreign currencies are translated at the average rates of exchange ruling during the year.

Exchange differences arising from the retranslation of the net investment in foreign entities, and of financial instruments which are designated as hedges of such investment, are taken directly to exchange reserve. On the disposal of these investments, such exchange differences are recognised in the consolidated profit and loss account as part of the profit or loss on disposal. All other exchange differences are dealt with in the consolidated profit and loss account.

Goodwill and fair value adjustments arising on acquisition of a foreign entity after 1 January 2005 are treated as assets and liabilities of the foreign entity and translated at the rate of exchange ruling at the balance sheet date, such differences are taken directly to exchange reserve.

v Deferred Taxation

A balance sheet liability method is adopted whereby deferred tax is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts. Provision for withholding tax that will arise on the remittance of retained earnings is only made where there is a current intention to remit such earnings. Deferred tax assets are recognised to the extent that the future utilisation is probable.

Prior to 1 January 2005, deferred tax on changes in fair value of investment properties arising from revaluation was recognised on the basis that the recovery of the carrying amount would be through sale and was calculated at the tax rate applicable on eventual sale.

Following the adoption of HKAS-Int 21, the deferred tax arising from revaluation of the investment properties is recognised on the basis that the recovery of the carrying amount of the properties would be through use and calculated at the applicable profits tax rate.

1 Significant Accounting Policies *continued*

The Group has applied the new accounting policies retrospectively except for HKAS 32, HKAS 39, HKAS 40 and HK-Int 3 (Notes 1(q), (h) and p(ii) above refers) which are applied prospectively in accordance with the transitional provisions. These effects are summarised as follows:

<i>in HK\$ million</i>	Effects on adopting					
	HKAS 16	HKAS 17	HK(SIC)-Int 21	HKAS 40	HKAS 32 & 39	Total
Effects on periods prior to 2004						
Increase in amortisation of leasehold land	–	(81)	–	–	–	(81)
Increase in deferred tax	–	–	(622)	–	–	(622)
Decrease in share of results of associated companies	(9)	(8)	(204)	–	–	(221)
<i>Decrease in retained profits</i>	(9)	(89)	(826)	–	–	(924)
Effects on 2004						
Increase in amortisation of leasehold land	–	(6)	–	–	–	(6)
Increase in deferred tax	–	–	(39)	–	–	(39)
Decrease in share of results of an associated company	–	(2)	–	–	–	(2)
<i>Decrease for the year ended 31 December 2004</i>	–	(8)	(39)	–	–	(47)
Decrease in retained profits as at 31 December 2004	(9)	(97)	(865)	–	–	(971)

1 Significant Accounting Policies *continued*

	Effects on adopting					Total
	HKAS 16	HKAS 17	HK(SIC)-Int 21	HKAS 40	HKAS 32 & 39	
Effects on 1 January 2005						
Decrease in fair value change of financial instruments	-	-	-	-	(20)	(20)
Increase in amortisation of finance charges	-	-	-	-	(3)	(3)
Increase in taxation	-	-	-	-	(14)	(14)
Increase in share of fair value change on investment properties of associated companies	-	-	-	524	-	524
Decrease in share of results of associated companies	-	-	-	-	(26)	(26)
Increase in share of results of jointly controlled entities	-	-	-	-	9	9
<i>Increase / (decrease) in retained profits</i>	-	-	-	524	(54)	470
Decrease in hedging reserve	-	-	-	-	(101)	(101)
Increase in investment revaluation reserve	-	-	-	-	42	42
Increase in share of investment revaluation reserve of associated companies	-	-	-	-	126	126
Decrease in share of fair value change on investment properties of associated companies	-	-	-	(524)	-	(524)
Decrease in hedging reserve of jointly controlled entities	-	-	-	-	(37)	(37)
Decrease in hedging reserve of an associated company	-	-	-	-	(14)	(14)
<i>(Decrease) / Increase in reserves</i>	-	-	-	(524)	16	(508)
Decrease in equity attributable to the shareholders of the Company	-	-	-	-	(38)	(38)
Decrease in equity attributable to the shareholders of the Company as at 1 January 2005	(9)	(97)	(865)	-	(38)	(1,009)
Effects on 2005						
Increase in amortisation of leasehold land	-	(4)	-	-	-	(4)
Decrease in deferred tax	-	-	3	-	-	3
Increase in fair value change of financial instruments	-	-	-	-	62	62
Increase in fair value change on investment properties and related deferred tax	-	-	(70)	520	-	450
Increase in share of fair value change on investment properties and related deferred tax of associated companies	-	-	(39)	372	-	333
Decrease in share of results of associated company	-	(2)	-	-	-	(2)
(Decrease) / increase in profit for the year	-	(6)	(106)	892	62	842

The effect of Prior Year Adjustments on basic and diluted earning per share is immaterial.

2 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i) Investment properties

The fair values of investment properties are determined annually by independent qualified valuers on open market value in existing use basis calculated on the net income allowing for reversionary potential.

In making the judgment, considerations have been given to assumptions that are mainly based on market conditions existing at the balance sheet date and appropriate capitalisation rates.

ii) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 1(s). For the purposes of impairment testing goodwill acquired has been allocated to individual cash-generated units which are revised for impairment based on forecast operating performance and cash flows. Cash flow projections are prepared on the basis of reasonable assumptions effective of the prevailing and future market conditions, and are discounted appropriately.

iii) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Recognition of deferred tax assets, which principally related to tax losses, depends on the management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

3 Turnover

The principal activity of the Company is holding its subsidiary companies and the principal activities of its principal subsidiary companies are set out in Note 35 to the accounts.

Turnover of the Group comprises the total invoiced value of goods supplied net of government taxes where applicable, and services rendered to customers, fees from provision of telecommunication services, gross proceeds from sale of investments and properties, amounts received and receivable in respect of dividends, income from co-operative joint ventures, toll income, gross property rental and godown and cold storage income, analysed as follows:

<i>in HK\$ million</i>	Group	
	2005	2004
Sales of goods	22,255	18,599
Services rendered to customers	1,669	1,924
Dividend income from unlisted other financial assets	155	400
Toll income	607	503
Others	1,878	1,486
	26,564	22,912

4 Segment Information

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

a Turnover and Segment Profit

An analysis of the Group's turnover and profit from consolidated activities and share of results of jointly controlled entities and associated companies by business are as follows:

in HK\$ million	Turnover		Profit from consolidated activities		Share of results of jointly controlled entities		Share of results of associated companies		Group total		Segment allocations		Segment profit	
	2005	2004	As restated		As restated		As restated		As restated		2005	2004	As restated	
			2005	2004	2005	2004	2005	2004	2005	2004			2005	2004
Special Steel Manufacturing	12,160	7,177	1,083	872	-	-	-	-	1,083	872	-	-	1,083	872
Property (Note)	1,409	768	675	421	-	-	495	253	1,170	674	78	72	1,248	746
Aviation	-	-	-	-	44	25	1,006	1,369	1,050	1,394	-	-	1,050	1,394
Power Generation	155	400	121	342	245	205	(2)	46	364	593	-	-	364	593
Communications	1,219	1,449	4	9	(140)	59	110	78	(26)	146	-	-	(26)	146
Marketing & Distribution (Note)	10,984	12,078	377	398	28	24	(8)	4	397	426	(78)	(72)	319	354
Civil Infrastructure	637	536	427	322	114	90	50	51	591	463	-	-	591	463
Others	-	504	-	124	36	85	-	-	36	209	-	-	36	209
Change in Fair Value of Investment Properties	-	-	520	181	-	-	333	-	853	181	-	-	853	181
Less: General and Administration Expenses	-	-	(369)	(382)	-	-	-	-	(369)	(382)	-	-	(369)	(382)
	26,564	22,912	2,838	2,287	327	488	1,984	1,801	5,149	4,576	-	-	5,149	4,576
Net finance charges													(507)	(302)
Taxation													(345)	(413)
Profit for the year													4,297	3,861

Note:

The presentation of segment turnover is same as turnover with an exception of segment allocations attributable to property segment as disclosed above.

An analysis of the Group's turnover by geographical area is as follows:

in HK\$ million	Group	
	2005	2004
Hong Kong	8,756	8,230
Mainland China	16,452	13,650
Japan	480	484
Others	876	548
	26,564	22,912

4 Segment Information *continued*

b Assets and Liabilities

An analysis of the Group's segment assets and liabilities by business segment is as follows:

<i>in HK\$ million</i>	Segment assets		Investments in jointly controlled entities		Investments in associated companies		Segment liabilities		Total	
	As restated		As restated		As restated		As restated		As restated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Special Steel Manufacturing	12,101	7,518	967	578	–	–	(3,589)	(2,302)	9,479	5,794
Property	13,602	11,816	1,101	–	8,996	8,751	(1,046)	(417)	22,653	20,150
Aviation	–	–	582	543	11,815	11,195	–	–	12,397	11,738
Power Generation	204	659	3,576	2,745	1,906	989	(34)	–	5,652	4,393
Communications	1,032	1,382	1,179	1,260	298	292	(402)	(496)	2,107	2,438
Marketing & Distribution	4,946	4,497	277	297	194	123	(1,337)	(1,360)	4,080	3,557
Civil Infrastructure	1,217	1,304	1,534	1,248	91	89	(36)	(36)	2,806	2,605
Others	635	279	1,367	1,181	–	–	–	–	2,002	1,460
Segment assets / (liabilities)	33,737	27,455	10,583	7,852	23,300	21,439	(6,444)	(4,611)	61,176	52,135
Corporate	2,890	2,558	–	–	–	–	(21,442)	(14,711)	(18,552)	(12,153)
Provision for taxation									(199)	(249)
Net deferred tax liabilities									(1,229)	(1,234)
									41,196	38,499

An analysis of the Group's segment assets by geographical area is as follows:

<i>in HK\$ million</i>	Group	
	2005	As restated 2004
Hong Kong	11,638	11,476
Mainland China	21,116	14,993
Japan	503	503
Others	480	483
	33,737	27,455

5 Profit from Consolidated Activities

<i>in HK\$ million</i>	Group	
	2005	As restated 2004
<i>The profit from consolidated activities is arrived at after crediting</i>		
Dividend income from unlisted other financial assets	155	400
Rental income from investment properties		
Gross income	461	428
Less: Direct outgoings	(87)	(75)
	374	353
other operating leases	130	174
Profit on disposal of subsidiary companies	362	112

<i>in HK\$ million</i>	Group	
	2005	As restated 2004
<i>And after charging</i>		
Cost of inventories	19,261	15,863
Staff costs	1,548	1,417
included in cost of sales, distribution and selling expenses and other operating expenses		
Auditors' remuneration	16	14
Contributions to staff retirement schemes	86	52
Depreciation of property, plant and equipment	774	590
Amortisation of leasehold land	38	33
Impairment losses on other financial assets	19	71
Impairment losses on properties held for sale	77	–
Management fee payable to CITIC Hong Kong (Holdings) Limited ('CITIC HK')	2	2
Operating lease rentals		
land and buildings	122	120

The Group's total future minimum lease payments receivable under non-cancellable operating leases are as follows:

<i>in HK\$ million</i>	2005	2004
Within 1 year	400	373
After 1 year but within 5 years	323	277
After 5 years	7	10
	730	660

6 Net Finance Charges

<i>in HK\$ million</i>	Group	
	2005	2004
<i>Finance charges</i>		
Interest expense		
Bank loans and overdrafts wholly repayable within five years	325	47
Bank loans not wholly repayable within five years	24	1
Other loans wholly repayable within five years	90	78
Other loans not wholly repayable within five years	268	268
	707	394
Amount capitalised	(111)	(18)
Other finance charges	26	34
Fair value gains on financial instruments	(62)	–
	560	410
<i>Finance income</i>		
Interest income	(53)	(108)
	507	302

7 Taxation

Hong Kong profits tax has been calculated at the rate of 17.5% (2004: 17.5%) on the estimated assessable profit for the year. Overseas taxation has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates. Tax provisions are reviewed regularly to take into account changes in legislation, practice and status of negotiations.

<i>in HK\$ million</i>	Group	
	2005	As restated 2004
<i>Current income tax</i>		
Hong Kong profits tax	165	269
Overseas taxation	105	109
<i>Deferred taxation (Note 29)</i>		
Change in fair value of investment properties	70	36
Origination and reversal of other temporary difference	5	(1)
	345	413

7 Taxation *continued*

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of the home country of the Company as follows:

<i>in HK\$ million</i>	Group	
	2005	As restated 2004
Profit before taxation	4,642	4,274
Less: share of results of jointly controlled entities	(327)	(488)
associated companies	(1,984)	(1,801)
	2,331	1,985
Calculated at taxation rate of 17.5% (2004: 17.5%)	408	347
Effect of different taxation rates in other countries	(74)	24
Income and expenses not subject to taxation	(64)	(125)
Utilisation of unrecognised tax losses this year and net of tax losses not recognised	14	1
Under provision in prior years	31	134
Others	30	32
Taxation charge	345	413

8 Profit attributable to Shareholders of the Company

The Group's profit attributable to shareholders of the Company is dealt with in the accounts of the Company to the extent of HK\$1,995 million (2004: HK\$1,300 million).

9 Dividends

<i>in HK\$ million</i>	2005	2004
2004 Final dividend paid: HK\$0.80 (2003: HK\$0.70) per share	1,754	1,532
2005 Interim dividend paid: HK\$0.30 (2004: HK\$0.30) per share	658	657
2005 Final dividend proposed: HK\$0.80 (2004: HK\$0.80) per share	1,754	1,754
	2,412	2,411
Dividend per share (HK\$)	1.10	1.10

10 Earnings per Share

The calculation of earnings per share is based on profit attributable to shareholders of HK\$3,989 million (2004: HK\$3,534 million).

The basic earnings per share is based on the weighted average number of 2,192,532,243 shares in issue during the year (2004: 2,190,347,374 shares in issue). The diluted earnings per share is based on 2,195,068,005 shares (2004: 2,191,793,568 shares) which is the weighted average number of shares in issue during the year plus the weighted average number of 2,535,762 shares (2004: 1,446,194 shares) deemed to be issued at no consideration if all outstanding options had been exercised.

11 Directors Emoluments

The remuneration of every Director for the year ended 31 December 2005 is set out below:

<i>in HK\$ million</i> Name of Director	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement benefits	2005 Total	2004 Total
Larry Yung Chi Kin*	0.15	3.20	25.60	0.01	28.96	30.29
Henry Fan Hung Ling*	0.15	2.98	21.80	0.01	24.94	25.85
Peter Lee Chung Hing*	0.15	1.69	17.00	0.07	18.91	19.94
Norman Yuen Kee Tong*	0.15	4.29	5.00	0.14	9.58	10.08
Vernon Francis Moore*	0.15	1.99	4.00	0.01	6.15	14.26
Carl Yung Ming Jie*	0.15	0.84	1.50	0.04	2.53	2.53
Yao Jinrong*	0.15	0.64	1.50	–	2.29	2.23
Leslie Chang Li Hsien*	0.11	1.05	6.00	0.07	7.23	–
Li Shilin*	0.15	0.49	1.00	–	1.64	1.64
Liu Jifu*	0.15	0.50	5.00	–	5.65	5.66
Chang Zhenming	0.07	0.36	–	–	0.43	1.64
Willie Chang	0.30	–	–	–	0.30	0.30
Hamilton Ho Hau Hay	0.15	–	–	–	0.15	0.15
Alexander Reid Hamilton	0.30	–	–	–	0.30	0.30
Hansen Loh Chung Hon	0.25	–	–	–	0.25	0.25
Norman Ho Hau Chong	0.20	–	–	–	0.20	0.20
Andr� Desmarais	0.15	–	–	–	0.15	0.15
	2.88	18.03	88.40	0.35	109.66	115.47

The five highest paid individuals of the Group during the year were also directors and their emoluments are reflected in the analysis presented above.

During the year, no share options were granted (2004: 7,600,000) to directors of the Company under the CITIC Pacific Share Incentive Plan 2000.

The executive directors as marked ‘*’ of the above being considered as key management personnel of the Group.

12 Retirement Benefits

With the consent of the majority of its members, the Group ceased making contributions to The CITIC Group Retirement Plan (‘ORSO Plan’), one of its principal retirement schemes in Hong Kong, with effect from 1 August 2003. The ORSO Plan will be operated as a closed fund and continue to be managed by an independent trustee according to the provisions of the Trust Deed and Rules.

All ORSO Plan members were enrolled onto the CITIC Group Mandatory Provident Fund Scheme (‘MPF Scheme’) – with a choice of either the Fidelity Retirement Master Trust or the Hang Seng Mandatory Provident Fund – SuperTrust. Contributions to the MPF Scheme as well as forfeited amounts derived from the employer voluntary contributions are administered in accordance with the terms and provisions of the master trusts.

Assets of the ORSO Plan and the MPF Scheme are held separately in funds under the custody of the respective trustees.

Retirement benefits for employees in China and other locations are based primarily on local mandatory requirements.

13 Property, Plant and Equipment

a Group

<i>in HK\$ million</i>	Self-used properties	Vehicular tunnel	Plant and machinery	Others (Note ii)	Total
<i>Cost</i>					
At 1 January 2004, as previously reported	3,611	1,983	2,237	2,417	10,248
Transfer to leasehold land	(1,373)	–	–	–	(1,373)
As restated	2,238	1,983	2,237	2,417	8,875
Exchange adjustments	7	–	4	10	21
Additions					
through acquisition of subsidiary companies	–	–	954	17	971
others	130	9	551	666	1,356
Disposals					
through disposal of subsidiary companies	(29)	–	(33)	(23)	(85)
others	(15)	–	(40)	(85)	(140)
Reclassification	32	–	196	(228)	–
Impairment loss	–	–	–	(1)	(1)
At 31 December 2004	2,363	1,992	3,869	2,773	10,997
<i>Accumulated depreciation</i>					
At 1 January 2004, as previously reported	665	622	824	1,247	3,358
Transfer to leasehold land	(179)	–	–	–	(179)
As restated	486	622	824	1,247	3,179
Exchange adjustments	2	–	1	3	6
Charge for the year	49	92	215	234	590
Written back on disposals					
through disposal of subsidiary companies	(11)	–	(14)	(10)	(35)
others	(7)	–	(22)	(58)	(87)
At 31 December 2004	519	714	1,004	1,416	3,653
<i>Net book value</i>					
At 31 December 2004	1,844	1,278	2,865	1,357	7,344

13 Property, Plant and Equipment *continued*

a Group *continued*

<i>in HK\$ million</i>	Self-used properties	Vehicular tunnel	Plant and machinery	Others (Note ii)	Total
<i>Cost</i>					
At 1 January 2005, as previously reported	4,165	1,992	3,869	2,773	12,799
Transfer to leasehold land	(1,802)	–	–	–	(1,802)
As restated	2,363	1,992	3,869	2,773	10,997
Exchange adjustments	16	–	83	18	117
Additions					
through acquisition of subsidiary companies	491	–	1,095	3	1,589
others	30	8	413	1,533	1,984
Disposals					
through disposal of subsidiary companies	–	–	–	(31)	(31)
others	(10)	–	(42)	(210)	(262)
Transfer to investment properties	(32)	–	–	–	(32)
Reclassification	308	–	(139)	(169)	–
At 31 December 2005	3,166	2,000	5,279	3,917	14,362
<i>Accumulated depreciation</i>					
At 1 January 2005, as previously reported	725	714	1,004	1,416	3,859
Transfer to leasehold land	(206)	–	–	–	(206)
As restated	519	714	1,004	1,416	3,653
Exchange adjustments	2	–	24	6	32
Charge for the year	69	94	347	264	774
Written back on disposals					
through disposal of subsidiary companies	–	–	–	(4)	(4)
others	(5)	–	(21)	(130)	(156)
Reclassification	1	–	(1)	–	–
At 31 December 2005	586	808	1,353	1,552	4,299
<i>Net book value</i>					
At 31 December 2005	2,580	1,192	3,926	2,365	10,063

Notes:

- i) As at 31 December 2005, certain of the Group's self-used properties and plant and machinery with the aggregate carrying value of HK\$483 million (2004: HK\$497 million) were pledged to secure banking facilities granted to a subsidiary company and a third party.
- ii) Other property, plant and equipment comprise traffic equipment, cargo lighters, computer installations, telecommunications equipment, motor vehicles, furniture, fixtures and equipment.

13 Property, Plant and Equipment *continued*

a Group *continued*

<i>in HK\$ million</i>	Group	
	2005	As restated 2004
<i>Analysis of additions by business</i>		
Special Steel Manufacturing	3,287	1,978
Property	19	23
Communications	123	141
Marketing & Distribution	135	167
Civil Infrastructure	9	12
Others	–	1
Corporate	–	5
	3,573	2,327
<i>Analysis of additions by geographical area</i>		
Hong Kong	197	198
Mainland China	3,367	2,096
Japan & Others	9	33
	3,573	2,327
<i>Analysis of depreciation by business</i>		
Special Steel Manufacturing	406	254
Property	36	15
Communications	104	86
Marketing & Distribution	132	126
Civil Infrastructure	96	96
Corporate	–	13
	774	590
<i>Analysis of impairment loss by business</i>		
Communications	–	1

13 Property, Plant and Equipment *continued*

b Company

<i>in HK\$ million</i>	Motor vehicles, equipment, furniture and fixtures	
	2005	2004
<i>Cost</i>		
At 1 January	99	95
Additions	5	4
Disposal	(3)	–
At 31 December	101	99
<i>Accumulated depreciation</i>		
At 1 January	66	55
Charge for the year	11	11
Written back on disposal	(3)	–
At 31 December	74	66
<i>Net book value</i>		
At 31 December	27	33

c The tenure of the self-used properties of the Group is as follows:

<i>in HK\$ million</i>	2005	2004
<i>Leasehold properties held</i>		
<i>In Hong Kong</i>		
Leases of over 50 years	24	24
Leases of between 10 to 50 years	1,030	1,057
Leases of less than 10 years	76	76
<i>In Mainland China</i>		
Leases of between 10 to 50 years	1,811	967
<i>Properties held overseas</i>		
Freehold	225	239
	3,166	2,363

13 Property, Plant and Equipment *continued*

d Property, plant and equipment and properties held for sale under current assets of the Group let under operating leases to generate rental income are as follows:

<i>in HK\$ million</i>	Self-used properties	Property, plant and equipment	Property, plant and equipment total	Properties held for sale
Cost	21	269	290	310
Accumulated depreciation / amortisation	(2)	(131)	(133)	(55)
Net book value at 31 December 2005	19	138	157	255
Depreciation charges / amortisation for the year	–	9	9	4

14 Investment Properties

a

<i>in HK\$ million</i>	2005	2004
At 1 January	8,115	7,923
Exchange adjustments	(35)	11
Additions	–	1
Disposals	(3)	(1)
Change in fair value of investment properties	520	181
Transfer from properties held for sale	6	–
Transfer from property, plant and equipment	32	–
Transfer from properties under development	2	–
Transfer from leasehold land	8	–
At 31 December	8,645	8,115

b The investment properties were revalued at 31 December 2005 by the following independent, professionally qualified valuers.

Properties located in	Valuers
Hong Kong and Shanghai	Knight Frank Hong Kong Limited
Japan	Tekko Building Co., Limited

14 Investment Properties *continued*

c Investment properties let under operating leases to generate rental income are as follows:

<i>in HK\$ million</i>	2005	2004
Valuation at 31 December	8,623	8,115

d The tenure of investment properties of the Group is as follow:

<i>in HK\$ million</i>	2005	2004
<i>Leasehold properties held</i>		
<i>In Hong Kong</i>		
Leases of over 50 years	682	601
Leases of between 10 to 50 years	3,287	2,995
<i>In Mainland China</i>		
Leases of over 50 years	950	950
Leases of between 10 to 50 years	3,464	3,300
<i>Properties held overseas</i>		
Freehold	262	269
	8,645	8,115

15 Properties under Development

a The Group's interests in properties under development are analysed as follows:

<i>in HK\$ million</i>	2005	2004
<i>Cost</i>		
At 1 January	1,707	713
Prior years adjustment		
Capitalisation of amortisation of leasehold land	18	8
Amortisation of leasehold land	(53)	(42)
As restated	1,672	679
Exchange adjustments	18	–
Additions		
through acquisition of subsidiary companies	271	–
others	1,323	1,224
Capitalised leasehold land amortisation	27	10
Disposals		
through disposal of subsidiary companies	(520)	–
others	(56)	(230)
Amortisation of leasehold land	(27)	(11)
Transfer to investment properties	(2)	–
Transfer to properties held for sale	(857)	–
<i>Net book value</i>		
At 31 December	1,849	1,672

15 Properties under Development *continued*

b The tenure of properties under development of the Group is as follow:

<i>in HK\$ million</i>	2005	2004
<i>Leasehold properties held</i>		
<i>In Hong Kong</i>		
Leases of between 10 to 50 years	–	889
<i>In Mainland China</i>		
Leases of over 50 years	1,471	622
Leases of between 10 to 50 years	378	161
	1,849	1,672

Interest capitalised in properties under development amounts to HK\$58 million (2004: HK\$9 million).

16 Leasehold Land

a The Group's interests in leasehold land represent prepaid operating lease payments and their net book value are analysed as follows:

<i>in HK\$ million</i>	2005	2004
<i>Cost</i>		
At 1 January	1,596	1,194
Exchange adjustments	13	–
Additions		
through acquisition of subsidiary companies	30	–
others	21	429
Transfer to investment properties	(8)	–
Amortisation of leasehold land	(34)	(27)
<i>Net book value</i>		
At 31 December	1,618	1,596

<i>in HK\$ million</i>	2005	2004
<i>Analysis of additions by business</i>		
Special Steel Manufacturing	41	429
Marketing & Distribution	10	–
	51	429
<i>Analysis of additions by geographical area</i>		
Mainland China	51	429
	51	429
<i>Analysis of amortisation by business</i>		
Special Steel Manufacturing	13	5
Property	21	22
	34	27

16 Leasehold Land *continued*

b The tenure of leasehold land of the Group is as follow:

<i>in HK\$ million</i>	2005	2004
<i>Leasehold land held</i>		
<i>In Hong Kong</i>		
Leases of between 10 to 50 years	927	947
<i>In Mainland China</i>		
Leases of between 10 to 50 years	691	649
	1,618	1,596

17 Subsidiary Companies

<i>in HK\$ million</i>	Company 2005	2004
Unlisted shares, at cost less impairment losses	364	169
Amounts due by subsidiary companies	48,173	45,814
Amounts due to subsidiary companies	(7,441)	(6,916)
	41,096	39,067

Particulars of the principal subsidiary companies are shown in Note 35.

18 Jointly Controlled Entities

<i>in HK\$ million</i>	Group	
	2005	2004
Share of net assets	8,279	5,850
Goodwill		
At 1 January	208	168
Addition	133	40
At 31 December	341	208
	8,620	6,058
Loans due from jointly controlled entities (Note b)	2,105	1,932
Loans due to jointly controlled entities (Note b)	(142)	(138)
	10,583	7,852

<i>in HK\$ million</i>	Company	
	2005	2004
Unlisted shares, at cost	1,524	789
Loans due from jointly controlled entities	475	660
Loans due to jointly controlled entities	(140)	(135)
	1,859	1,314

Note:

- a. Included in jointly controlled entities is Western Harbour Tunnel Company Limited ('WHTCL') whose year end is 31 July which is not coterminous with the Group. The results of WHTCL has been equity accounted for based on its management accounts for the period from 1 January 2005 to 31 December 2005.
- b. Loans due from jointly controlled entities and loans due to jointly controlled entities are interest bearing at market rates except for an amount of approximately HK\$1,050 million (2004: HK\$783 million loans from jointly controlled entities) loans to jointly controlled entities, which are non-interest bearing. These loans have no fixed repayment terms.
- c. The following amounts represent the Group's share of the assets and liabilities, and sales and results of jointly controlled entities and are included in the consolidated balance sheet and profit and loss account using the equity method:

<i>in HK\$ million</i>	2005	2004
Assets		
Non-current assets	13,044	10,468
Current assets	7,644	4,677
	20,688	15,145
Liabilities		
Non-current liabilities	(7,686)	(5,099)
Current liabilities	(5,207)	(4,274)
	(12,893)	(9,373)
Net assets	7,795	5,772
Income	5,419	3,803
Expenses	(5,114)	(3,479)
Profit for the year	305	324
Proportionate interest in jointly controlled entity's commitment	698	1,004

- d. Particulars of the principal jointly controlled entities are shown in Note 35.

19 Associated Companies

<i>in HK\$ million</i>	Group	
	2005	As restated 2004
Share of net assets	16,087	14,138
Goodwill		
At 1 January	1,825	1,856
Addition	9	–
Disposal	(5)	(31)
At 31 December	1,829	1,825
Loans due from associated companies (Note b)	5,406	5,501
Loans due to associated companies (Note b)	(22)	(25)
	23,300	21,439
<i>Investment at cost</i>		
Unlisted shares	7,105	6,142
Shares listed in Hong Kong	8,591	8,591
	15,696	14,733
Market value of listed shares	11,644	12,632

<i>in HK\$ million</i>	Company	
	2005	2004
<i>Investment at cost</i>		
Unlisted shares	2,197	1,245
Shares listed in Hong Kong	931	931
	3,128	2,176
Loans due from associated companies	2,522	2,586
Loans due to associated companies	(19)	(19)
	5,631	4,743
Market value of listed shares	970	1,053

Dividend income from associated companies during the year is as follows:

<i>in HK\$ million</i>	Group	
	2005	2004
Listed associated companies	559	558
Unlisted associated companies	546	326
	1,105	884

Note:

- Included in associated companies is Hong Kong Resort Company Limited ('HKR') whose year end is 31 March which is not coterminous with the Group. The results of HKR has been equity accounted for based on its management accounts for the period from 1 January 2005 to 31 December 2005.
- Loans due from associated companies and loans due to associated companies are interest bearing at market rates except for an amount of approximately HK\$14 million (2004: HK\$25 million) loans from / to associated companies, which are non-interest bearing. These loans have no fixed repayment terms.
- Particulars of the principal associated companies are shown in Note 35.

19 Associated Companies *continued*

Summary financial information of the associated companies:

<i>in HK\$ million</i>	Group	
	2005	2004
Assets	154,959	145,189
Liabilities	97,108	92,964
Revenue	69,721	58,373
Profit	5,957	8,203

20 Other Financial Assets

<i>in HK\$ million</i>	Group	
	2005	2004
<i>Co-operative joint ventures</i>		
Unlisted investments, at fair value / cost	65	1,317
Amounts due by co-operative joint ventures	53	57
	118	1,374
Less: Amortisation	–	(673)
	118	701
<i>Listed investment, at fair value / cost</i>		
Shares listed in Hong Kong	530	–
Shares listed in overseas	144	374
	674	374
<i>Unlisted investments</i>		
Shares, at cost	26	70
Add: Advances made	16	19
	42	89
Less: Impairment	(25)	(40)
	17	49
Less: Advances received	(2)	(3)
	15	46
Performance guarantee deposit	122	–
	929	1,121
Market value of listed shares	674	680

Amortisation represents amortisation of investment in Power in prior year.

Pursuant to Daye Special Steel Co. Ltd.'s share reform plan proposal subsequently approved in January 2006 ('the Share Reform Plan'), a performance guarantee deposit of approximately RMB 127 million was paid by a subsidiary company to Shenzhen Stock Exchange. In accordance with the Share Reform Plan, the deposit will be frozen until March 2007 and it represents 20% of the total consideration for acquiring all the freely transferable shares at RMB 3.8 per share. Details of the Share Reform Plan are set out in the Company's circular to shareholders dated 22 December 2005.

Particulars of the principal co-operative joint ventures are shown in Note 35

21 Goodwill

<i>in HK\$ million</i>	Subsidiary companies
<i>Cost and net book value</i>	
At 1 January 2005, as previously reported	272
Prior Year Adjustments	
Deferred tax arising from fair value change of investment properties	235
As restated	507
Fair value adjustments (Note)	55
Additions	41
Disposals	-
At 31 December 2005	603
<i>Cost and net book value</i>	
At 1 January 2004, as previously reported	258
Prior Year Adjustments	
Deferred tax arising from fair value change of investment properties	235
As restated	493
Additions	14
Disposals	-
At 31 December 2004	507

Analysed by:

<i>in HK\$ million</i>	Subsidiary companies	
	2005	2004
Special Steel Manufacturing	74	-
Property	235	235
Communications	118	96
Marketing & Distribution	169	169
Civil Infrastructure	7	7
	603	507

Note:

Fair value adjustments are in respect of the acquisition of a subsidiary in 2004, principally due to adjustments to the value of fixed assets and tax payable.

22 Inventories

<i>in HK\$ million</i>	2005	2004
Raw material	652	489
Work-in-progress	506	294
Finished goods	2,182	1,992
Others	87	3
	3,427	2,778

23 Debtors, Accounts Receivable, Deposits and Prepayments

<i>in HK\$ million</i>	Group		Company	
	2005	2004	2005	2004
<i>Trade debtors</i>				
Within 1 year	1,649	1,754	–	–
Over 1 year	45	179	–	–
	1,694	1,933	–	–
Accounts receivable, deposits and prepayments	3,997	2,255	138	98
	5,691	4,188	138	98

Note:

- i) Trade debtors are net of provision and the ageing is classified based on invoice date.
- ii) The Group has a defined credit policy for the respective business units.
- iii) The carrying amounts of debtors, accounts receivables, deposits and prepayments approximates their fair value.
- iv) Accounts receivables, deposits and prepayments included derivative financial assets of HK\$12 million.

24 Creditors, Accounts Payable, Deposits and Accruals

<i>in HK\$ million</i>	Group		Company	
	2005	2004	2005	2004
<i>Trade creditors</i>				
Within 1 year	2,833	1,608	–	–
Over 1 year	214	94	–	–
	3,047	1,702	–	–
Accounts payable, deposits and accruals	3,581	3,040	120	73
	6,628	4,742	120	73

Note:

- i) Accounts payable, deposits and accruals included derivative financial liabilities of HK\$17 million.

25 Share Capital

	Number of shares of HK\$0.40 each	HK\$ million
<i>Authorised</i>		
At 31 December 2004 and 2005	3,000,000,000	1,200
<i>Issued and fully paid</i>		
At 1 January 2005	2,192,040,160	877
Issue of shares pursuant to the Plan	880,000	–
At 31 December 2005	2,192,920,160	877

Changes subsequent to the year end:

Since 1 January 2006 to the date of this report, the Company issued and allotted a total of 360,000 shares at HK\$18.20 per share and 85,000 shares at HK\$19.90 per share upon the exercise of share options which were granted under the Plan.

Share Option Plan:

Under the CITIC Pacific Share Incentive Plan 2000 ('the Plan') adopted on 31 May 2000, the Board may invite any director, executive or employee of the Company or any of its subsidiary companies to subscribe for options over the Company's shares on payment of HK\$1 per acceptance. The subscription price determined by the Board will be at least the higher of (i) the closing price of the Company's share as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the Company's share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant and (iii) the nominal value of the Company's shares. The maximum number of shares over which options may be granted under the Plan shall not exceed 10% of (i) the issued share capital of the Company from time to time or (ii) the issued share capital of the Company as at the date of adopting the Plan, whichever is the lower.

Since adoption of the Plan, the Company have granted two lots of share options on 28 May 2002 and 1 November 2004 respectively. On 28 May 2002 options to subscribe for a total of the 11,550,000 shares in the Company representing 0.53% of the issued share capital, at the exercise price of HK\$18.20 per share, were granted under the Plan. The closing price of the Company's share immediately before the date of grant was HK\$18.10. On 1 November 2004 options to subscribe for a total of the 12,780,000 shares in the Company representing 0.58% of the issued share capital, at the exercise price of HK\$19.90 per share, were granted under the Plan. The closing price of the Company's share immediately before the date of grant was HK\$19.90. All options granted and accepted can be exercised in whole or in part within 5 years from the date of grant. All were accepted, and none were cancelled, but options for 500,000 shares in the Company have lapsed in the period up to 31 December 2005.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2005		2004	
	Average exercise price in HK\$ per share	Options	Average exercise price in HK\$ per share	Options
At 1 January		20,750,000		11,550,000
Granted		–	19.90	12,780,000
Exercised	18.61	(880,000)	18.96	(3,580,000)
Lapsed	18.20	(500,000)		–
At 31 December		19,370,000		20,750,000

25 Share Capital *continued*

Details of share options exercised during the year:

Period	Exercise price	Number of shares	
	HK\$	2005	2004
11 January to 21 September 2005	18.20	670,000	1,980,000
28 February to 6 December 2005	19.90	210,000	1,600,000
		880,000	3,580,000

26 Reserves

a Group

<i>in HK\$ million</i>	Share premium	Capital redemption reserve	Goodwill	Investment property revaluation reserve	Exchange fluctuation reserve	General reserve	Retained profits	Total
At 1 January 2004, as previously reported	24,782	19	(2,499)	523	(194)	182	12,860	35,673
Prior year adjustments								
Deferred tax arising from fair value change of investment properties	–	–	–	–	–	–	(622)	(622)
Amortisation of leasehold land	–	–	–	–	–	–	(81)	(81)
Share of associated companies								
Deferred tax arising from fair value change of investment properties	–	–	–	–	–	–	(204)	(204)
Amortisation of leasehold land	–	–	–	–	–	–	(8)	(8)
Adjustment on property, plant and equipment	–	–	–	–	–	–	(9)	(9)
As restated	24,782	19	(2,499)	523	(194)	182	11,936	34,749
Share of reserves of associated companies	–	–	–	1	(131)	–	–	(130)
Share of reserves of jointly controlled entities	–	–	–	–	–	11	–	11
Exchange translation differences	–	–	–	–	2	–	–	2
Issue of shares pursuant to the Plan	66	–	–	–	–	–	–	66
Reserves written back on disposal	–	–	5	–	(2)	(2)	–	1
Transfer from profits	–	–	–	–	–	53	(53)	–
Profit attributable to shareholders of the Company	–	–	–	–	–	–	3,534	3,534
Dividends (Note 9)	–	–	–	–	–	–	(2,189)	(2,189)
At 31 December 2004	24,848	19	(2,494)	524	(325)	244	13,228	36,044

26 Reserves *continued*

a Group *continued*

<i>in HK\$ million</i>	Share premium	Capital redemption reserve	Goodwill	Investment property revaluation reserve	Investment revaluation reserve	Exchange fluctuation reserve	General reserve	Retained profits	Total
<i>Representing</i>									
At 31 December 2004 after proposed final dividend									34,290
2004 Final dividend proposed									1,754
									36,044
<i>Retained by</i>									
Company and subsidiary companies	24,848	19	(2,494)	–	–	6	226	8,133	30,738
Jointly controlled entities	–	–	–	–	–	–	15	660	675
Associated companies	–	–	–	524	–	(331)	3	4,435	4,631
	24,848	19	(2,494)	524	–	(325)	244	13,228	36,044

<i>in HK\$ million</i>	Share premium	Capital redemption reserve	Goodwill	Investment property revaluation reserve	Investment revaluation reserve	Exchange fluctuation reserve	Hedging reserve	General reserve	Retained profits	Total
At 1 January 2005, as previously reported	24,848	19	(2,494)	524	–	(325)	–	244	14,199	37,015
<i>Prior year adjustments</i>										
Deferred tax arising from fair value change of investment properties	–	–	–	–	–	–	–	–	(661)	(661)
Amortisation of leasehold land	–	–	–	–	–	–	–	–	(87)	(87)
<i>Share of associated companies</i>										
Deferred tax arising from fair value change of investment properties	–	–	–	–	–	–	–	–	(204)	(204)
Amortisation of leasehold land	–	–	–	–	–	–	–	–	(10)	(10)
Adjustment on property, plant and equipment	–	–	–	–	–	–	–	–	(9)	(9)
As restated, before opening adjustments	24,848	19	(2,494)	524	–	(325)	–	244	13,228	36,044
Opening adjustment for the adoption of HKAS 39	–	–	–	–	168	–	(152)	–	(54)	(38)
Opening adjustment for the adoption of HKAS 40	–	–	–	(524)	–	–	–	–	524	–
At 1 January, as restated	24,848	19	(2,494)	–	168	(325)	(152)	244	13,698	36,006

26 Reserves *continued***a Group** *continued*

<i>in HK\$ million</i>	Share premium	Capital redemption reserve	Goodwill	Investment property revaluation reserve	Investment revaluation reserve	Exchange fluctuation reserve	Hedging reserve	General reserve	Retained profits	Total
At 1 January, as restated	24,848	19	(2,494)	–	168	(325)	(152)	244	13,698	36,006
Share of reserves of associated companies	–	–	–	–	(67)	–	350	–	–	283
Share of reserves of jointly controlled entities	–	–	–	–	–	–	40	–	–	40
Exchange translation differences	–	–	–	–	–	158	–	–	–	158
Gain on cash flow hedge of financial instruments	–	–	–	–	–	–	163	–	–	163
Fair value loss on other financial assets	–	–	–	–	(17)	–	–	–	–	(17)
Transfer from profits	–	–	–	–	–	–	–	57	(57)	–
Issue of shares pursuant to the Plan	16	–	–	–	–	–	–	–	–	16
Profit attributable to shareholders of the Company	–	–	–	–	–	–	–	–	3,989	3,989
Dividends (Note 9)	–	–	–	–	–	–	–	–	(2,412)	(2,412)
At 31 December 2005	24,864	19	(2,494)	–	84	(167)	401	301	15,218	38,226
<i>Representing</i>										
At 31 December 2005 after proposed final dividend										36,472
2005 Final dividend proposed										1,754
										38,226
<i>Retained by</i>										
Company and subsidiary companies	24,864	19	(2,494)	–	25	164	62	283	7,305	30,228
Jointly controlled entities	–	–	–	–	–	–	3	15	996	1,014
Associated companies	–	–	–	–	59	(331)	336	3	6,917	6,984
	24,864	19	(2,494)	–	84	(167)	401	301	15,218	38,226

26 Reserves *continued*

b Company

<i>in HK\$ million</i>	Capital redemption reserve	Hedging reserve	Share premium	Retained profits	Total
At 1 January 2004	19	–	24,782	11,416	36,217
Issue of shares pursuant to the Plan	–	–	66	–	66
Profit for the year available for distribution (Note 8)	–	–	–	1,300	1,300
Dividends (Note 9)	–	–	–	(2,189)	(2,189)
At 31 December 2004	19	–	24,848	10,527	35,394
<i>Representing</i>					
At 31 December 2004 after proposed final dividend					33,640
2004 Final dividend proposed					1,754
					35,394

<i>in HK\$ million</i>	Capital redemption reserve	Hedging reserve	Share premium	Retained profits	Total
At 1 January 2005, as previously reported	19	–	24,848	10,527	35,394
Opening adjustments for the adoption of HKAS 39	–	(110)	–	(33)	(143)
As restated	19	(110)	24,848	10,494	35,251
Issue of shares pursuant to the Plan	–	–	16	–	16
Gain on cash flow hedge of financial instruments	–	173	–	–	173
Profit for the year available for distribution (Note 8)	–	–	–	1,995	1,995
Dividends (Note 9)	–	–	–	(2,412)	(2,412)
At 31 December 2005	19	63	24,864	10,077	35,023
<i>Representing</i>					
At 31 December 2005 after proposed final dividend					33,269
2005 Final dividend proposed					1,754
					35,023

Distributable reserves of the Company at 31 December 2005, calculated under section 79B of the Hong Kong Companies Ordinance, amounted to HK\$10,077 million (2004: HK\$10,527 million).

27 Borrowings

a

in HK\$ million	Group		Company	
	2005	2004	2005	2004
<i>Bank loans</i>				
unsecured	14,804	9,522	12,101	8,322
secured	519	108	-	-
	15,323	9,630	12,101	8,322
<i>Other loans</i>				
unsecured	4,713	4,290	780	780
	20,036	13,920	12,881	9,102
Amounts repayable within one year included under current liabilities	(1,224)	(151)	(807)	(27)
	18,812	13,769	12,074	9,075

Note:

- i) Bank loans and other loans of the Group not wholly repayable within five years amounted to HK\$7,229 million (2004: HK\$4,733 million).
- ii) The Company has issued a US\$100,000,000 Senior Note due 15 February 2006 ('the Notes'). The Notes will rank in right of payment *pari passu* to all other indebtedness of the Company. Interest on the Notes is payable semi-annually in arrears at 7.37% per annum. The Notes was fully repaid upon maturity subsequent to the year end.
- iii) On 1 June 2001, CITIC Pacific Finance (2001) Limited, a wholly owned subsidiary of the Company, issued and sold a total of US\$450 million principal amount of 7.625% guaranteed notes due 2011 ('Guaranteed Notes') for refinancing the indebtedness of the Company and for general corporate purposes, to investors pursuant to the purchase agreements dated 24 May 2001 and 1 June 2001. All of the Guaranteed Notes remained outstanding at the end of the year.
- iv) On 26 October 2005, CITIC Pacific Finance (2005) Limited, a wholly owned subsidiary of the Company, issued and sold JPY8.1 billion in aggregate principal amount of guaranteed floating rate note due 2035 ('JPY Notes') to investors for general corporate purposes pursuant to the subscription agreement dated 26 October 2005. All of the JPY Notes remained outstanding at the end of the year.
- v) Bank loans and other loans, other than the JPY Notes, are fully repayable up to 2012 and bear interest at the prevailing market rate.
- vi) As at 31 December 2005, certain of the Group's inventories, time deposit, accounts receivable, leasehold land and self-used properties with the aggregate carrying value of HK\$585 million (2004: HK\$538 million) were pledged to secure loans and banking facilities granted to certain subsidiary companies of the Group.

27 Borrowings *continued*

b The maturity of the Group's and the Company's long term liabilities is as follows:

<i>in HK\$ million</i>	Group		Company	
	2005	2004	2005	2004
<i>Bank loans are repayable</i>				
in the first year	440	151	27	27
in the second year	2,167	834	526	154
in the third to fifth years inclusive	9,416	7,422	8,248	6,918
after the fifth year	3,300	1,223	3,300	1,223
	15,323	9,630	12,101	8,322
<i>Other loans are repayable</i>				
in the first year	784	–	780	–
in the second year	–	780	–	780
in the third to fifth years inclusive	–	–	–	–
after the fifth year	3,929	3,510	–	–
	4,713	4,290	780	780
	20,036	13,920	12,881	9,102

c The exposure of the Group's total borrowings to interest-rate changes and the contractual repricing dates are as follows:

<i>in HK\$ million</i>	One year or less
At 31 December 2004	
Total borrowings	10,100
Effect of interest rate swap	2,750
At 31 December 2005	
Total borrowings	16,456
Effect of interest rate swap	4,575

Part of the interest rate exposure are hedged by interest rate swaps. Details see descriptions under 'Derivative transactions' on page 48 of the 2005 Annual Report.

The effective interest rates of the Group were as follows:

	2005	2004
Total borrowings	4.3%	3.4%

27 Borrowings *continued*

d The carrying amounts of borrowings approximate their fair value. The fair values are estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

e The carrying amounts of the total borrowings are denominated in the following currencies:

<i>in HK\$ million</i>	Group		Company	
	2005	2004	2005	2004
Hong Kong dollar	12,745	8,364	11,516	7,667
US dollar	4,519	4,491	857	860
Renminbi	3,351	1,053	–	–
Other currencies	603	672	511	581
	21,218	14,580	12,884	9,108

<i>in HK\$ million</i>	2005	2004
<i>The Group has the following undrawn borrowing facilities</i>		
Floating rate		
expiring within one year	1,767	1,836
expiring beyond one year	8,390	7,063
	10,157	8,899

28 Derivative Financial Instruments

Financial risk management

The Group exposes to a variety of financial risk. The Group employs a combination of financial instruments, including derivative products, to manage its exposure to financial risk.

Risk management is centralized at head office level in accordance with the Group's risk management policy. The policy provided written principles and guidelines for financial risk management, use of derivative transactions and measurement of derivative transactions.

a Exposure to interest rate fluctuations

Most of the Group's bank borrowings are on floating rate basis. Interest rate risk arises from the movement in interest rate.

The Group aims to maintain a suitable mixture of fixed rate / floating rate borrowings in order to stabilize interest costs of a long period of time despite rate movements. Interest rate hedging ratio is determined after taking into consideration of the general market condition and trend, the Group's overall cash flow pattern, interest coverage ratio and etc. Interest rate swap, forward rate agreement and interest rate option may be employed to maintain the desired hedging ratio.

b Exposure to foreign currency fluctuations

The Group's reporting currency is HKD. Foreign currency risk arises from the assets / liabilities which are denominated in currencies other than HKD. Foreign exchange swap or forward contract (include non-deliverable forward) and foreign exchange option may be employed to minimize the net exposure to foreign currency fluctuations. Currently, the Renminbi is not a free convertible currency. In addition, 'Registered Capital', which is usually accounted for no less than 25% of the total project investment amount, is required to be paid in US or HK Dollars. As a result, the Group has exposure to the Renminbi.

c Credit exposure

When depositing surplus funds or entering into derivative contracts, the Group controls its exposure to non-performance of counterparties by transacting only with those institutions that have investment grade. Credit monitoring procedures will also be applied. In addition, the counterparties' lending exposure to the Group is also an important consideration as a means to control credit risk.

d Liquidity risk

Liquidity risk is prudently managed by maintaining sufficient amount of available committed credit facilities. In addition, the Group actively manages and extends its debt maturity profile to ensure that the Group's maturing debt each year will not exceed the anticipated cash flow and the Group's ability to refinance the debt in that year.

For more detailed descriptions, please refer to 'Group Liquidity and Capital Resources' section in the Annual Report.

28 Derivative Financial Instruments *continued*

<i>in HK\$ million</i>	2005	
	Group	
	Assets	Liabilities
Interest-rate swaps	169	41
Forward foreign exchange contracts	11	16
	180	57
Less: current portion		
Interest-rate swaps	5	5
Forward foreign exchange contracts	7	12
	12	17
	168	40

Interest-rate swaps

The notional principal amounts of the outstanding interest-rate swap contracts at 31 December 2005 were HK\$11,400 million (2004: HK\$9,770 million).

<i>in HK\$ million</i>	2005	
	Company	
	Assets	Liabilities
Interest-rate swaps	151	41
Forward foreign exchange contracts	7	10
	158	51
Less: current portion		
Interest-rate swaps	5	5
Forward foreign exchange contracts	3	6
	8	11
	150	40

29 Deferred Taxation

a Group

Deferred taxation are calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2004: 17.5%). The components of deferred tax (assets) and liabilities recognised in the consolidated balance sheet and the movements during the year is as follows:

<i>in HK\$ million</i>	Depreciation allowances in excess of related depreciation		Losses		Revaluation of investment properties and valuation of other properties		Others		Total	
	As restated		As restated		As restated		As restated		As restated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
<i>Deferred tax arising from</i>										
At 1 January	510	503	(107)	(102)	818	779	13	13	1,234	1,193
Exchange adjustment	(3)	2	–	–	(3)	1	(3)	1	(9)	4
Acquisition of subsidiaries	–	–	(72)	–	–	–	–	–	(72)	–
Charged to revaluation reserve	–	–	–	–	1	2	–	–	1	2
Charged / (Credited) to consolidated profit and loss account	66	5	(61)	(5)	70	36	–	(1)	75	35
At 31 December	573	510	(240)	(107)	886	818	10	13	1,229	1,234

<i>in HK\$ million</i>	2005	2004
Net deferred tax assets recognised on the consolidated balance sheet	(158)	(94)
Net deferred tax liabilities recognised on the consolidated balance sheet	1,387	1,328
	1,229	1,234

29 Deferred Taxation *continued*

b Deferred Tax Assets Unrecognised

The Group has not recognised deferred tax assets in respect of the following items:

<i>in HK\$ million</i>	Group	
	2005	As restated 2004
Deductible temporary difference	727	933
Tax losses	3,570	3,694
Taxable temporary difference	(237)	(168)
	4,060	4,459

<i>in HK\$ million</i>	Company	
	2005	2004
Deductible temporary difference	15	11
Tax losses	402	339
	417	350

Note:

Deductible temporary differences and tax losses in certain tax jurisdictions of HK\$158 million (2004: HK\$206 million) will expire within the next five years. The rest of the amount does not expire under current tax legislation.

c Deferred Tax Liabilities Not Recognised

At 31 December 2005, temporary differences relating to the undistributed profits of subsidiaries amounted to HK\$641 million (2004: HK\$715 million). Deferred tax liabilities of HK\$131 million (2004: HK\$145 million) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

30 Capital Commitments

<i>in HK\$ million</i>	Group	
	2005	2004
Authorised but not contracted for (Note)	759	1,159
Contracted but not provided for (Note)	3,538	3,370

<i>in HK\$ million</i>	Company	
	2005	2004
Contracted but not provided for	–	1,229

Note:

The capital commitments of authorised but not contracted for and contracted but not provided for of the Group in respect of property, plant and equipment amount to HK\$759 million (2004: HK\$1,159 million) and HK\$1,891 million (2004: HK\$2,087 million) respectively. The balance of contracted but not provided for represents amount committed for investments in special steel manufacturing of HK\$1,421 million (2004: nil), power generation of HK\$173 million (2004: HK\$1,108 million) and others of HK\$53 million (2004: HK\$175 million).

31 Operating Lease Commitments

The future aggregate minimum lease payments under non-cancellable operating leases at 31 December are as follows:

<i>in HK\$ million</i>	Group		Company	
	2005	2004	2005	2004
<i>Properties commitments</i>				
Within 1 year	109	88	18	6
After 1 year but within 5 years	115	103	21	–
After 5 years	39	32	–	–
	263	223	39	6
<i>Other commitments</i>				
Within 1 year	24	38	–	–
After 1 year but within 5 years	67	66	–	–
After 5 years	38	54	–	–
	129	158	–	–
	392	381	39	6

32 Contingent Liabilities

a The Company together with other beneficial shareholders of Western Harbour Tunnel Company Limited ('WHTCL') have agreed jointly and severally to guarantee the Government of the Hong Kong Special Administrative Region that WHTCL will complete the Western Harbour Crossing ('Crossing') within budget of approximately HK\$7.5 billion including repair costs to be incurred after the operation date of the Crossing but before the issuance of the Maintenance Certificate. The Crossing was completed in April 1997 with total cost of approximately HK\$6.8 billion, pending the issuance of the Maintenance Certificate.

The beneficial shareholders of WHTCL have agreed that in relation to any claim made or asserted under the aforesaid guarantee, as between themselves, the total of all liabilities in respect of a claim thereunder and of all costs, charges and expenses suffered or incurred by any of them resulting therefrom or attributable thereto shall be shared by them in proportion to their respective ultimate ownership in WHTCL.

b The Company has provided a guarantee on the US\$450 million Guaranteed Notes issued by a wholly owned subsidiary of the Company.

c The Company has provided a guarantee on the JPY8.1 billion Guaranteed Floating Rate Notes issued by a wholly owned subsidiary of the Company.

d The Company has provided a several guarantee of up to 60% to support banking facilities of RMB531 million and US\$65 million to Jilin Xinli Power Cogeneration Co., Ltd.

e The Company has provided a guarantee to support a banking facility of up to RMB400 million granted to a subsidiary of Shijiazhuang Iron & Steel Co. Ltd. ('Shijiazhuang Steel'). The Company has entered into an acquisition agreement to acquire Shijiazhuang Steel and the transaction is pending for regulatory approval.

f The Company has provided several guarantees of up to 79.998% to support banking facilities of up to HK\$528 million granted to a subsidiary of the Company.

g The Company has provided a guarantee to support a banking facility of RMB600 million granted to a subsidiary of the Company.

h The Company has provided guarantees to support banking facilities of up to RMB600 million granted to a subsidiary of the Company.

i The Company has provided guarantees to support banking facilities of RMB200 million and US\$10 million granted to a subsidiary of the Company. The US\$10 million facility was not utilised as at 31 December 2005.

j Hubei Xin Yegang Co. Ltd., a 95% owned subsidiary of the Company, has provided guarantees to support banking facilities of up to RMB1,050 million granted to another subsidiary of the Company, Daye Special Steel Co., Ltd., and banking facilities of up to RMB33 million to Daye Steel Group companies.

k The Company has provided guarantees to support banking facilities of up to RMB410 million granted to a wholly owned subsidiary of the Company. These facilities were not utilised as at 31 December 2005.

l The Company has provided a guarantee to support a banking facility of up to RMB100 million granted to a wholly owned subsidiary of the Company. This facility was not utilised as at 31 December 2005.

33 Post Balance Sheet Events

On 20 January 2006, the Company entered into joint venture agreements and a framework agreement with PRC parties in relation to Phase 2 and Phase 3 of the Shanghai Shipyard Land Development Project respectively. Under the agreements, the Company agreed to make a total investment of approximately HK\$2.37 billion for Phase 2 and approximately HK\$3.53 billion for Phase 3.

On the same date, a wholly-owned subsidiary of the Company disposed an interest in a property company for a consideration of HK\$6.18 billion (subject to completion adjustment).

34 Approval of Accounts

The accounts were approved by the Board of Directors on 22 March 2006.

35 Principal Subsidiary Companies, Jointly Controlled Entities and Associated Companies

The following are the principal subsidiary companies, jointly controlled entities and associated companies of the Group which in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of all companies would in the opinion of the directors result in particulars of excessive length.

Name	Place of incorporation / Principal place of operation Kind of legal entity*	Attributable to the Group %	Interest in equity shares held by		Particulars of issued shares [†]		Principal activities
			Company %	Subsidiary %	No. of shares	Par value	
Power Generation							
<i>Jointly controlled entities</i>							
Huaibei Guoan Power Company Ltd.	People's Republic of China Sino-foreign equity joint venture*	12.5	–	12.5	–	–	Building, possession and operation of power plant and sale of electricity
Inner Mongolia Fengtai Electric Power Generation Company Limited	People's Republic of China Sino-foreign equity joint venture*	35	–	35	–	–	Coal-fired power station operation and management
Jiangyin Ligang Electric Power Generation Company Limited	People's Republic of China Foreign investment stock company*	54.31	–	54.31	1,170,000,000	RMB1	Electric power plant construction and operation
Jilin Xinli Power Cogeneration Co., Ltd.	People's Republic of China Sino-foreign equity joint venture*	60	–	60	–	–	Coal-fired co-generation power plant construction and operation and related business
Kaifeng Xinli Power Generation Co., Ltd. [§]	People's Republic of China Sino-foreign equity joint venture*	50	–	50	–	–	Coal-fired power station operation
Sunburst Energy Development Co., Ltd.	People's Republic of China Sino-foreign equity joint venture*	65	–	65	–	–	Investment holding
Widewin Investments Limited [§]	British Virgin Islands	37.5	–	37.5	–	–	Investment holding
Wuxi Taihu Lake Pumped Storage Power Co., Ltd.	People's Republic of China Sino-foreign equity joint venture*	70	–	70	–	–	Pumped storage hydraulic power plant construction
江陰利電能源材料有限公司	People's Republic of China Sino-foreign equity joint venture*	54.31	–	54.31	–	–	Coal related businesses and provision of maintenance and technical services for electrical appliances

35 Principal Subsidiary Companies, Jointly Controlled Entities and Associated Companies *continued*

Name	Place of incorporation / Principal place of operation Kind of legal entity*	Attributable to the Group %	Interest in equity shares held by		Particulars of issued shares†		Principal activities
			Company %	Subsidiary %	No. of shares	Par value	
Jiangsu Ligang Electric Power Company Limited	People's Republic of China Sino-foreign equity joint venture*	56.31	–	56.31	–	–	Electric power plant construction and operation
Zhengzhou Xinli Electric Power Co., Ltd.	People's Republic of China Sino-foreign equity joint venture*	50	–	50	–	–	Electric power plant construction and operation
<i>Associated companies</i>							
North United Power Corporation	People's Republic of China Sino-foreign equity joint venture*	20	20	–	–	–	Investment holding and generation of electricity and heat and related businesses
Tunnels							
<i>Subsidiary companies</i>							
New Hong Kong Tunnel Company Limited	Hong Kong	70.8	–	70.8	75,000,000	HK\$10	Tunnel operation
<i>Jointly controlled entities</i>							
Eastern Harbour Crossing Company Limited [§]	Hong Kong	50	–	50	–	–	Tunnel operation
Hong Kong Tunnels and Highways Management Company Limited	Hong Kong	35	–	35	–	–	Management, operation and maintenance of the Cross Harbour Tunnel
Western Harbour Tunnel Company Limited [§]	Hong Kong	35	–	35	–	–	Franchise to construct and operate the Western Harbour Crossing

35 Principal Subsidiary Companies, Jointly Controlled Entities and Associated Companies *continued*

Name	Place of incorporation / Principal place of operation Kind of legal entity*	Attributable to the Group %	Interest in equity shares held by		Particulars of issued shares ¹		Principal activities
			Company %	Subsidiary %	No. of shares	Par value	
Environmental							
<i>Jointly controlled entities</i>							
Changzhou CGE Water Co., Ltd.	People's Republic of China Sino-foreign equity joint venture*	24.01	–	24.01	–	–	Production and supply of tap water
Ecoserve Limited	Hong Kong	50	–	50	–	–	Design, construction and operation of refuse transfer station
<i>Associated companies</i>							
Enviropace Limited	Hong Kong	20	–	20	–	–	Design, construction, operation and management of chemical waste treatment plant
Green Valley Landfill, Limited	Hong Kong	30	–	30	–	–	Landfill construction and operation
South China Transfer Limited	Hong Kong	30	–	30	–	–	Design, construction and operation of transfer station
上海老港生活垃圾處置有限公司	People's Republic of China Sino-foreign equity joint venture*	30	–	30	–	–	Design, construction and operation of landfill
Communications							
<i>Subsidiary companies</i>							
AAA Internet Limited	Hong Kong	100	–	100	2	HK\$1	Provision of internet services
Asia Pacific Internet Exchange Limited	Hong Kong	75	–	75	100,000	HK\$1	Provision of internet services
CITIC Concept 1616 Limited	Hong Kong	100	–	100	2	HK\$1	Provision of telecommunications services
CITIC Consultancy 1616 Limited	Hong Kong	100	–	100	2	HK\$1	Provision of telecommunications consultancy services

35 Principal Subsidiary Companies, Jointly Controlled Entities and Associated Companies *continued*

Name	Place of incorporation / Principal place of operation Kind of legal entity*	Attributable to the Group %	Interest in equity shares held by		Particulars of issued shares†		Principal activities
			Company %	Subsidiary %	No. of shares	Par value	
CITIC Data 1616 Limited	Hong Kong	100	–	100	2	HK\$1	Provision of data transmission services
CITIC Media 1616 Limited (Formerly CITIC Mobile Services 1616 Limited)	Hong Kong	100	–	100	1	HK\$1	Provision of telecommunications services
CITIC Networks 1616 Limited	Hong Kong	100	–	100	2	HK\$1	Provision of telecommunications services
CITIC Pacific Communications Limited	Bermuda	100	–	100	100,000	HK\$1	Investment holding
CITIC Telecom 1616 Limited	Hong Kong	100	–	100	2	HK\$1	Provision of international telecommunications services
CITIC TeleSoft 1616 Limited	Hong Kong	100	–	100	2	HK\$1	Provision of software development services
CPCNet Hong Kong Limited	Hong Kong	100	–	100	394,866,986	HK\$1	Provision of telecommunications services
CPCNet Japan Limited	Japan	100	–	100	10,000	JPY1,000	Provision of telecommunications services
CPCNet Singapore Private Limited	Singapore	100	–	100	2	S\$1	Provision of telecommunications services
Dalian CP Digital Technology Co., Ltd.	People's Republic of China Sino-foreign equity joint venture*	73.30	–	73.30	N/A	N/A	Broadband network and related businesses
Data Communication Services Limited	Hong Kong	100	–	100	1,000 38,000,000‡	HK\$1 HK\$1	Provision of telecommunications equipment
Global Link Information Services Limited	Hong Kong	100	–	100	300,000	HK\$10	Provision of internet services

35 Principal Subsidiary Companies, Jointly Controlled Entities and Associated Companies *continued*

Name	Place of incorporation / Principal place of operation Kind of legal entity*	Attributable to the Group %	Interest in equity shares held by		Particulars of issued shares [†]		Principal activities
			Company %	Subsidiary %	No. of shares	Par value	
Vision Network Limited	Hong Kong	100	–	100	2,250,000	HK\$1	Provision of internet services
World Navigation Limited	Hong Kong	100	–	100	1,000 2,000,000 [†]	HK\$1 HK\$1	Provision of international telecommunications services
Wonder Delight Enterprises Inc.	British Virgin Islands	100	–	100	1	US\$1	Provision of e-commerce services
廣州市泰富信通技術有限公司	People's Republic of China Wholly foreign-owned enterprise*	100	–	100	N/A	N/A	Provision of internet value added services
廣州市泰富信通科技有限公司	People's Republic of China Wholly foreign-owned enterprise*	100	–	100	N/A	N/A	Provision of internet value added services
易邦科技(廣州)有限公司	People's Republic of China Wholly foreign-owned enterprise*	85	–	85	N/A	N/A	Provision of value added telecom services
火石軟件(廣州)有限公司	People's Republic of China Wholly foreign-owned enterprise*	85	–	85	N/A	N/A	Software development
<i>Jointly controlled entities</i>							
CITIC Guoan Co., Ltd.	People's Republic of China Sino-foreign equity joint venture*	50	–	50	–	–	Investment holding
CPCNet Macau Limited	Macau	55	–	55	–	–	Provision of internet and e-commerce services
China Interactive Sports Technology Company Limited	People's Republic of China Wholly foreign-owned enterprise*	50	–	50	–	–	Provision of sports related online services
<i>Associated companies</i>							
Companhia de Telecomunicacoes de Macau S.A.R.L.	Macau	20	20	–	–	–	Telecommunications services

35 Principal Subsidiary Companies, Jointly Controlled Entities and Associated Companies *continued*

Name	Place of incorporation / Principal place of operation Kind of legal entity*	Attributable to the Group %	Interest in equity shares held by		Particulars of issued shares†		Principal activities
			Company %	Subsidiary %	No. of shares	Par value	
Aviation							
<i>Jointly controlled entities</i>							
Air China Cargo	People's Republic of China Sino-foreign equity joint venture*	25	25	–	–	–	Operation of international and domestic air-cargo services and related ground services
<i>Associated companies</i>							
Cathay Pacific Airways Limited*	Hong Kong	25.42	2.12	23.30	–	–	Airlines and related services
Hong Kong Dragon Airlines Limited	Hong Kong	28.50	–	28.50	–	–	Aviation
Swire Aviation Limited	Hong Kong	33.33	–	33.33	–	–	Investment in Hong Kong Air Cargo Terminals Limited with 10% effective interest
Marketing & Distribution							
<i>Subsidiary companies</i>							
Adachi Trading Company Limited	Japan	100	–	100	250	JPY50,000	Trader of motor vehicle spare parts
Consolidated Parts & Accessories Sales Centre Limited	Hong Kong	100	–	100	1,000	HK\$100	Trader of motor vehicle spare parts
Dah Chong Hong (Canada) Ltd.	Canada	100	–	100	650,000	CAN\$1	General import / export and investment holding
Dah Chong Hong – Dragonair Airport GSE Service Limited	Hong Kong	70	–	70	10,000	HK\$1	Provision of airport ground support equipment maintenance services

35 Principal Subsidiary Companies, Jointly Controlled Entities and Associated Companies *continued*

Name	Place of incorporation / Principal place of operation Kind of legal entity*	Attributable to the Group %	Interest in equity shares held by		Particulars of issued shares ¹		Principal activities
			Company %	Subsidiary %	No. of shares	Par value	
Dah Chong Hong (Engineering) Limited	Hong Kong	100	–	100	245,950	HK\$100	Engineering services
Dah Chong Hong Holdings Limited	Hong Kong	100	–	100	21,031,837	HK\$10	Investment holding
Dah Chong Hong, Limited	Hong Kong	100	–	100	50,000	HK\$1,000	Investment holding; general importers, retailers and exporters dealing in foodstuffs, electrical appliances and other products
Dah Chong Hong (Japan) Limited	Japan	100	–	100	480,000	JPY1,000	Importer and exporter of foodstuffs, motor vehicles and garments; property investment and investment holding
Dah Chong Hong Motors (China) Limited	Hong Kong	100	–	100	20,000	HK\$100	Investment holding
Dah Chong Hong (Motor Leasing) Limited	Hong Kong	100	–	100	10,000	HK\$10	Motor leasing
Dah Chong Hong (Motor Service Centre) Limited	Hong Kong	100	–	100	2,000	HK\$100	Motor vehicle repairing and servicing
Dah Chong Hong Motors (Nissan – China) Limited	Hong Kong	100	–	100	2	HK\$10	Motor vehicle distributor
Dah Chong Hong Trading (Singapore) Pte. Ltd.	Singapore	100	–	100	3,500,000	S\$1	Investment holding and trading of foodstuffs
DAS Aviation Support Limited	Hong Kong	70	–	70	10,000	HK\$1	Distributor of air cargo equipment and related spare parts
DAS Nordisk Limited	Hong Kong	49	–	49	10,000	HK\$1	Repairs and maintenance services for air cargo containers and sale of related spare parts

35 Principal Subsidiary Companies, Jointly Controlled Entities and Associated Companies *continued*

Name	Place of incorporation / Principal place of operation Kind of legal entity*	Attributable to the Group %	Interest in equity shares held by		Particulars of issued shares†		Principal activities
			Company %	Subsidiary %	No. of shares	Par value	
DCH Beverage Solutions Limited	Hong Kong	100	–	100	60,000	HK\$10	Trading
DCH Logistics Company Limited	Hong Kong	100	–	100	10,000	HK\$10	Provision of warehouse and transportation services
DCH Motors (Bentley) Limited	Hong Kong	100	–	100	2	HK\$1	Motor vehicle distributor
DCH Motors Ltd.	Canada	100	–	100	100	CAN\$1	Motor vehicle distributor
Epic Motors Limited	Hong Kong	100	–	100	22,000	HK\$10	Motor vehicle distributor
Gentech Vehicle Engineering Limited	Hong Kong	100	–	100	166,000	HK\$1	Trading of special function vehicles
Harmony Motors Limited	Hong Kong	100	–	100	1,000	HK\$100	Motor vehicle distributor
Honest Motors, Limited	Hong Kong	100	–	100	3,000	HK\$1,000	Motor vehicle distributor
Japan Auto Parts Company Limited	Hong Kong	100	–	100	1,000	HK\$100	Trader of motor vehicle spare parts
Jiangmen Dah Chong Hong – Sims Industrial Development Limited	People's Republic of China Wholly foreign-owned enterprise*	100	–	100	N/A	N/A	Construction and development of industrial factories and warehouses
Metro Motors Limited	Hong Kong	100	–	100	3,000,000	HK\$1	Motor vehicle distributor
Premium Motors Limited	Hong Kong	100	–	100	2	HK\$1	Motor vehicle distributor
Regal Motors, Limited	Hong Kong	100	–	100	2,000	HK\$100	Motor vehicle distributor
Reliance Motors, Limited	Hong Kong	100	–	100	3,000	HK\$1,000	Motor vehicle distributor
Sims Trading Company Limited	Hong Kong	100	–	100	3,000	HK\$100	Wholesaling
Shanghai DCH Food Industries Ltd.	People's Republic of China Wholly foreign-owned enterprise*	100	–	100	N/A	N/A	Food processing and trading
Triangle Auto Pte Ltd	Singapore	100	–	100	3,000,000	S\$1	Motor vehicle distributor

35 Principal Subsidiary Companies, Jointly Controlled Entities and Associated Companies *continued*

Name	Place of incorporation / Principal place of operation Kind of legal entity*	Attributable to the Group %	Interest in equity shares held by		Particulars of issued shares [†]		Principal activities
			Company %	Subsidiary %	No. of shares	Par value	
Triangle Motors Limited	Hong Kong	100	–	100	30,000	HK\$100	Motor vehicle distributor
Triangle Motors (China) Limited	Hong Kong	100	–	100	2	HK\$10	Investment holding and trading of motor vehicles
Twin Tiger International Limited	Hong Kong	100	–	100	2	HK\$1	Trading
江門大昌慎昌食品加工倉儲有限公司	People's Republic of China Wholly foreign-owned enterprise*	100	–	100	N/A	N/A	Processing of food products and provision of logistics services
<i>Jointly controlled entities</i>							
Shiseido Dah Chong Hong Cosmetics Limited	Hong Kong	50	–	50	–	–	Trading in cosmetic products
<i>Associated companies</i>							
Alto China Limited [§]	Hong Kong	50	–	50	–	–	Distributor of audio equipment and components
Shanghai Shineway DCH Tyson Co., Ltd. [§]	People's Republic of China Sino-foreign equity joint venture*	22	–	22	–	–	Production and selling of meat and related food products
Victory (HK) Industries International Company Limited	Hong Kong	20	–	20	–	–	Sales and distribution of household electrical appliances
Wal-Mart East China Stores Co., Ltd.	People's Republic of China Wholly foreign-owned enterprise*	35	–	35	–	–	Hypermarket business
Property							
<i>Subsidiary companies</i>							
Admarch Limited	Hong Kong	100	–	100	2	HK\$10	Property investment
Admarch Property Management Company, Limited	Hong Kong	100	–	100	2	HK\$1	Property management

35 Principal Subsidiary Companies, Jointly Controlled Entities and Associated Companies *continued*

Name	Place of incorporation / Principal place of operation Kind of legal entity*	Attributable to the Group %	Interest in equity shares held by		Particulars of issued shares†		Principal activities
			Company %	Subsidiary %	No. of shares	Par value	
Borgia Limited	Hong Kong	100	–	100	2	HK\$10	Property investment
Broadway Centre Property Management Company Limited	Hong Kong	100	–	100	2	HK\$1	Property management
Campbellton Development Limited	Hong Kong	100	–	100	2	HK\$1	Property development
Famous Land Limited	Hong Kong	100	–	100	2	HK\$1	Property investment
Glenridge Company Limited	Hong Kong	100	–	100	2	HK\$10	Property investment
Hang Luen Chong Investment Company, Limited	Hong Kong	100	–	100	80,000	HK\$100	Property investment
Hang Luen Chong Property Management Company, Limited	Hong Kong	100	–	100	2	HK\$1	Property management
Hang Wah Chong Investment Company Limited	Hong Kong	100	–	100	50,000	HK\$100	Property investment
Lindenford Limited	Hong Kong	100	–	100	2	HK\$10	Property investment
Neostar Investment Limited	Hong Kong	100	–	100	2	HK\$1	Property investment
Pacific Grace Limited	Hong Kong	100	–	100	2	HK\$1	Property investment
Shanghai Super Property Co., Ltd.	People's Republic of China Wholly foreign-owned enterprise*	100	–	100	N/A	N/A	Property investment and management
Tendo Limited	Hong Kong	100	–	100	2	HK\$10	Property investment
Yee Lim Godown & Cold Storage Limited	Hong Kong	100	–	100	1,000,000	HK\$1	Operate a dry and cold storage godown
上海中信泰富廣場有限公司	People's Republic of China Sino-foreign equity joint venture*	80	–	80	N/A	N/A	Property investment and management
上海老西門新苑置業有限公司	People's Republic of China Sino-foreign co-operative joint venture*	100	–	100	N/A	N/A	Property development
無錫太湖景發展有限公司	People's Republic of China Sino-foreign equity joint venture*	70	–	70	N/A	N/A	Sports related services

35 Principal Subsidiary Companies, Jointly Controlled Entities and Associated Companies *continued*

Name	Place of incorporation / Principal place of operation Kind of legal entity*	Attributable to the Group %	Interest in equity shares held by		Particulars of issued shares ¹		Principal activities
			Company %	Subsidiary %	No. of shares	Par value	
無錫太湖苑置業有限公司	People's Republic of China Sino-foreign equity joint venture*	70	–	70	N/A	N/A	Property investment and development
無錫太湖美生態環保有限公司	People's Republic of China Sino-foreign equity joint venture*	70	–	70	N/A	N/A	Environmental protection
中信泰富(上海)物業管理有限公司	People's Republic of China Wholly foreign-owned enterprise*	100	–	100	N/A	N/A	Property management
CITIC Pacific (Yangzhou) Properties Co., Ltd.	People's Republic of China Wholly foreign-owned enterprise*	100	–	100	N/A	N/A	Property development
寧波信富置業有限公司	People's Republic of China Sino-foreign co-operative joint venture*	99	–	99	N/A	N/A	Property development
中信泰富萬寧發展有限公司	People's Republic of China Wholly foreign-owned enterprise*	100	–	100	N/A	N/A	Property development
中信泰富萬寧(聯合)開發有限公司	People's Republic of China Limited liability company*	80	–	80	N/A	N/A	Property development
上海珠街閣房地產開發有限公司	People's Republic of China Wholly foreign-owned enterprise*	100	–	100	N/A	N/A	Property development
上海雄泰置業有限公司	People's Republic of China Wholly foreign-owned enterprise*	100	100	–	N/A	N/A	Property development
<i>Jointly controlled entities</i>							
上海瑞明置業有限公司	People's Republic of China Sino-foreign equity joint venture*	49	49	–	–	–	Property development
<i>Associated companies</i>							
CITIC Tower Property Management Company Limited	Hong Kong	40	–	40	–	–	Property management

35 Principal Subsidiary Companies, Jointly Controlled Entities and Associated Companies *continued*

Name	Place of incorporation / Principal place of operation Kind of legal entity*	Attributable to the Group %	Interest in equity shares held by		Particulars of issued shares†		Principal activities
			Company %	Subsidiary %	No. of shares	Par value	
Festival Walk Holdings Limited ⁵	Hong Kong	50	–	50	–	–	Property investment
Goldon Investment Limited	Hong Kong	40	–	40	–	–	Property investment
Hong Kong Resort Company Limited ⁵	Hong Kong	50	–	50	–	–	Property development
Kido Profits Limited	British Virgin Islands / Hong Kong	15	–	15	–	–	Property development
Shinta Limited ⁵	Hong Kong	20	–	20	–	–	Property investment
Industrial Manufacturing							
<i>Subsidiary companies</i>							
Jiangyin Xingcheng Special Steel Works Co., Ltd.	People's Republic of China Sino-foreign equity joint venture*	79.56	–	79.56	N/A	N/A	Steel making
Jiangyin Xingcheng Steel Products Co., Ltd.	People's Republic of China Sino-foreign equity joint venture*	80	–	80	N/A	N/A	Steel making
Jiangyin Xingcheng Storage and Transportation Co., Ltd.	People's Republic of China Sino-foreign equity joint venture*	80	–	80	N/A	N/A	Loading and unloading business
Jiangsu CP Xingcheng Special Steel Co., Ltd.	People's Republic of China Sino-foreign equity joint venture*	77.78	–	77.78	N/A	N/A	Steel making
Wuxi Xingcheng Steel Products Co., Ltd.	People's Republic of China Sino-foreign equity joint venture*	80	–	80	N/A	N/A	Production and sale of ferrous metal materials
江陰泰富興澄特種材料有限公司	People's Republic of China Sino-foreign equity joint venture*	79	–	79	N/A	N/A	Production and sale of hot iron and the related products
Hubei Xin Yegang Co., Ltd.	People's Republic of China Sino-foreign equity joint venture*	95	–	95	N/A	N/A	Steel making
Daye Special Steel Co., Ltd.	People's Republic of China Sino-foreign joint stock limited company*	56.63	–	56.63	N/A	N/A	Steel making

35 Principal Subsidiary Companies, Jointly Controlled Entities and Associated Companies *continued*

Name	Place of incorporation / Principal place of operation Kind of legal entity*	Attributable to the Group %	Interest in equity shares held by		Particulars of issued shares [†]		Principal activities
			Company %	Subsidiary %	No. of shares	Par value	
Finance							
<i>Subsidiary companies</i>							
CITIC Pacific Finance (2001) Limited	British Virgin Islands	100	100	–	1,000	US\$1	Financing
Idealand Investment Inc.	Republic of Panama	100	–	100	100	US\$1	Financing
CITIC Pacific Finance (2005) Limited	British Virgin Islands	100	100	–	1	US\$1	Financing
<i>Associated companies</i>							
Cheer First Limited [§]	Hong Kong	40	–	40	–	–	Financing
Treasure Trove Limited	Hong Kong	50	–	50	–	–	Financing
Way Chong Finance Limited	Hong Kong	50	–	50	–	–	Provision of hire purchase and leasing finance
Others							
<i>Subsidiary companies</i>							
CITIC Pacific China Holdings Limited	People's Republic of China Wholly foreign-owned enterprise*	100	–	100	N/A	N/A	Investment holding
上海滙信東倉儲有限公司	People's Republic of China Sino-foreign co-operative joint venture*	100	–	100	N/A	N/A	Logistic development
<i>Jointly controlled entities</i>							
CITIC Capital Markets Holdings Limited	Hong Kong	50	–	50	–	–	Investment holding
<i>Associated companies</i>							
上海國睿生命科技有限公司	People's Republic of China Sino-foreign equity joint venture*	24.94	24.94	–	–	–	Research and development of tissue engineering products

Note :

[†] Represented ordinary shares, unless otherwise stated.

[‡] Non-voting deferred shares – the rights, privileges and restrictions of which are set out in the Articles of Association of the respective company.

[§] The above companies are the affiliated companies have been given to financial assistance and guarantees given for facilities granted by the Company and/or its subsidiary company as at 31 December 2005.

^{*} Extracts from the published accounts of Cathay Pacific Airways Limited, a significant associated company of the Group, are shown on pages 144 and 145.