



Cheung Kong Infrastructure Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1038)

THE CHAIRMAN'S LETTER FOR 2004

Global Achievements – From Strength to Strength

Highlights

- In 2004,
 - Profit after tax attributable to shareholders was HK\$3,556 million, an increase of 6.2%
 - Annual dividend growth of 10.5%
- Eight consecutive years of sustained growth
- Hongkong Electric continued to generate a substantial profit contribution: HK\$2,405 million
- Profit contribution from infrastructure investments up 26% to HK\$2,074 million
- A year of business diversification and expansion
 - Acquisition of 49% of AquaTower in Victoria, Australia
 - Acquisition of 100% of Cambridge Water in Cambridgeshire, the United Kingdom
 - Acquisition of 40% of Lane Cove Tunnel in Sydney, Australia
 - Acquisition of 40% of North England Gas Distribution Network, the United Kingdom
- Strong financial platform, poised for future growth
 - Cash on hand of HK\$9,029 million
 - Net debt to equity ratio of 14%
 - S&P ratings of “A-” reaffirmed

2004 – New Heights in Global Achievements

A Year of Solid Financial Performance

We are pleased to report that Cheung Kong Infrastructure Holdings Limited (“CKI” or the “Group”) has recorded its eighth consecutive year of growth in 2004. Profit after tax attributable to shareholders increased by 6.2 per cent. to HK\$3,556 million. Earnings per share were HK\$1.58.

The Board of Directors of CKI (the “Board”) has recommended a final dividend of HK\$0.57 per share. Together with the interim dividend of HK\$0.22, this will bring the total dividend for the year to HK\$0.79 per share, a 10.5 per cent. increase from the HK\$0.715 per share paid for 2003. The proposed dividend will be paid on 17th May, 2005 following approval at the Annual General Meeting, to shareholders whose names appear on the Register of Members on 12th May, 2005.

A Year of Strong Organic Growth

2004 has been a year of good performance on all fronts. With strong organic growth and a number of milestone achievements in global acquisitions, we have further strengthened our position as the largest diversified infrastructure company listed on the Stock Exchange of Hong Kong and a key player in the international infrastructure arena.

1. Hongkong Electric

Hongkong Electric Holdings Limited (“Hongkong Electric”) remains a steady and substantial revenue generator for the Group. In 2004, the contribution was HK\$2,405 million, accounting for approximately 57 per cent. of CKI’s total profit contribution and representing an increase of 5 per cent. over last year. Performance in Hong Kong was affected by unforeseen increases in operating costs fuelled by volatile coal and freight markets, a substantial increase in Government rates as well as a tariff freeze in 2004, resulting in earnings below the permitted level specified in the Scheme of Control Agreement. Overseas investments in Australia have generated good returns and a strong growth in profit contribution.

2. Australian Investments

2004 has been another exceptional year for CKI's Australian investment portfolio, with a profit contribution growth of 41 per cent. over last year. Accounting for approximately 33 per cent. of the Group's profit contribution, Envestra Limited, ETSA Utilities, Powercor Australia Limited ("Powercor") and CitiPower I Pty Ltd. have all continued to generate a substantial income and source of cash for CKI. The Group's investments in these major assets have matured and prospered, backed by a strong management team as well as fuelled by the strong local economy in Australia and industrious activity in the country's infrastructure industry.

A strong financial performance was achieved through a combination of customer growth, increased consumption and productivity improvements within and across the businesses. These investments have further benefited from the strengthening of the Australian dollar. In addition, under Australia's new tax consolidation rules, Powercor benefited from a one-off reduction in its deferred tax liability, further enhancing the financial results for 2004.

3. Infrastructure Portfolio in Mainland China

Our energy investments in the Mainland delivered a good performance, contributing HK\$480 million to the Group supported by the strong growth of the Mainland economy. The Zhuhai Power Plant registered a stellar performance in 2004 and recorded its best power performance to date, generating more than 30 per cent. above the minimum purchasing requirement with the power off-taker.

CKI's portfolio of toll roads in the Mainland reported a mixed performance in 2004. Despite the adverse effect of traffic diversion on completion of a new toll road which runs in parallel to our National Highway 107 (Zhumadian Sections), a strong performance was recorded by our transportation infrastructure portfolio in Guangdong Province which reported a double-digit growth in toll revenue. In particular, the Shenzhen-Shantou Highway (Eastern Section), the Panyu Beidou Bridge and the Guangzhou East-South-West Ring Road in Guangzhou all registered over 30 per cent. increase in toll revenue.

A Year of Global Expansion and Diversification

2004 represents a year of significant expansion and diversification for CKI as investments of HK\$13 billion were made. A number of key milestones have been recorded during the year as the Group aggressively grew the scope of its business through four major acquisitions. We have diversified into water and expanded into the United Kingdom.

1. AquaTower

CKI acquired a 49 per cent. stake in AquaTower Pty Ltd. in Victoria, Australia in March 2004. This acquisition represents CKI's first investment into the water industry in Australia.

2. Cambridge Water

In April 2004, CKI made its first foray into the United Kingdom through the acquisition of 100 per cent. shareholding of Cambridge Water PLC in Cambridgeshire. The acquisition represents CKI's second investment in water during the year.

3. Lane Cove Tunnel

The Group acquired the Lane Cove Tunnel Company Pty Ltd. in Australia in July 2004. CKI is the single largest shareholder with a 40 per cent. stake in the asset, representing the Group's second tunnel project in Sydney.

4. North of England Gas Distribution Network

In August 2004, CKI made an investment in the North of England Gas Distribution Network. The total consideration for the project was HK\$20 billion (GBP1.393 billion), of which CKI holds a 40 per cent. stake. The acquisition is CKI's first investment in gas distribution in the United Kingdom and the transaction is expected to be completed in mid-2005.

A Year of Portfolio Consolidation

While looking at outward growth and expansion, CKI has also pursued a stringent strategy of portfolio consolidation during the course of 2004.

1. Transportation in Mainland China

Documentation for the buyback transactions by the Group's partners in the Shenyang Roads project and the Jianghe Highway in Jiangmen have been concluded.

2. Infrastructure Related Business

The Group's materials business has faced depressed market conditions for a number of years as the consumption of cement dropped to the lowest levels in the last two decades. The merger of the concrete and quarry operations of Anderson Asia (Holdings) Limited with the Hong Kong arm of Hanson PLC in early 2004 has been a successful effort to consolidate operations and cut costs. Additionally, in accordance with the Group's prudent management principles, a sizeable impairment of HK\$250 million was taken in 2004 against certain assets.

New Horizons in the Global Infrastructure Arena

In 2004, CKI realised a number of expansion strategies and continued our course of organic growth. The Group has a strong foundation for future investments and expansion. We expect to reap the rewards of our much-strengthened investment portfolio while pursuing new investments and considering fresh opportunities in Australia, Europe and North America. The Group's financials remain very strong with cash on hand of HK\$9,029 million, net debt to equity ratio of 14 per cent. and an S&P rating of "A-". With our financial resources and industry expertise, it is expected that CKI will grow from strength to strength and reach higher levels of achievement. We will strive to reach new horizons in the arena of global infrastructure.

I would like to take this opportunity to welcome four new Independent Non-executive Directors to the Board of CKI: Mrs. Kwok Eva Lee, Mrs. Sng Sow-Mei, Mr. Colin Stevens Russel and Mr. Lan Hong Tsung, David. I am sure CKI stands to benefit from their contributions to the Group in the future as they bring with them tremendous experience and a strong international outlook.

Finally, I would like to offer my thanks to the Board and our staff for their commitment, dedication and hard work, and to all our shareholders for their support and confidence in the Group.

Li Tzar Kuoi, Victor

Chairman

Hong Kong, 17th March, 2005

Financial Review

Financial Resources, Treasury Activities And Gearing Ratio

The Group's capital expenditure and investments were funded from cash in hand, internal cash generation, syndicated loans, notes issued and other project loans.

As at 31st December, 2004, total borrowings of the Group amounted to HK\$13,411 million, which included Hong Kong dollar syndicated loan of HK\$3.8 billion, foreign currency borrowings of HK\$9,254 million and RMB bank loans of HK\$357 million. Of the total borrowings, 3 per cent. were repayable in 2005, 78 per cent. repayable in 2006 to 2009 and 19 per cent. repayable beyond 2009. The Group's financing activities continue to be well received and fully supported by its bankers. In September 2004, the Group entered into a syndicated loan facility agreement of A\$300 million which has been fully drawn to refinance certain Australian dollar loans.

The Group adopts conservative treasury policies in cash and financial management. To achieve better risk control and minimise the cost of funds, the Group's treasury activities are centralised. Cash is generally placed in short-term deposits mostly denominated in U.S. dollars, Hong Kong dollars or Australian dollars. The Group's liquidity and financing requirements are reviewed regularly. The Group will consider new financing while maintaining an appropriate level of gearing in anticipation of new investments or maturity of bank loans.

As at 31st December, 2004, the Group maintained a gearing ratio of 14 per cent. which was based on its net debt of HK\$4,382 million and equity of HK\$31,170 million. This ratio was lower than the gearing ratio of 18 per cent. at the year end of 2003 mainly due to strong cashflow generated from operation which was partially offset by the adverse exchange impact on the Group's foreign currency borrowings.

To minimise currency risk exposure in respect of its investments in other countries, the Group generally hedges those investments with the appropriate level of borrowings denominated in the local currencies of those countries. The Group also entered into certain interest rate and currency swaps to mitigate interest rate and other currency exposure risks. As at 31st December, 2004, the contractual notional amounts of these derivative instruments amounted to HK\$7,838 million.

Charge on Group Assets

As at 31st December, 2004, the Group's interests in an affiliated company with carrying value of HK\$1,896 million were pledged as part of the security to secure bank borrowings totalling HK\$3,759 million granted to the affiliated company. Moreover, the Group's obligations under finance leases totalling HK\$55 million were secured by charge over the leased assets with carrying value of HK\$220 million.

Contingent Liabilities

As at 31st December, 2004, the Group was subject to the following contingent liabilities:

HK\$ million

Guarantees in respect of bank loans drawn by affiliated companies	1,942
Guarantee in respect of standby letter of credit	3
Total	1,945

Employees

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 1,430 employees. Employees' cost (excluding directors' emoluments) amounted to HK\$298 million. The Group ensures that the pay levels of its employees are competitive and that its employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

Preferential subscription of 2,978,000 new shares of the Company was given to those employees who had submitted the pink application forms to subscribe for shares of HK\$1.00 each in the Company at HK\$12.65 per share on the flotation of the Company in 1996. The Group does not have any share option scheme for employees.

Purchase, Sale or Redemption of Shares

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

Code of Best Practice and Code on Corporate Governance Practices

With the exception that the Non-executive Directors have no set term of office but retire from office on a rotational basis in accordance with the Company's Bye-laws, the Company has, throughout the year ended 31st December, 2004, complied with the Code of Best Practice set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") which was in force prior to 1st January, 2005. The Company's Bye-laws have been amended on 13th May, 2004 to provide that all Directors shall retire on such manner of rotation as required by the Listing Rules, i.e. once every three years.

The Code of Best Practice set out in Appendix 14 of the Listing Rules was replaced by the Code on Corporate Governance Practices ("Code on CG Practices") which has become effective for accounting periods commencing on or after 1st January, 2005. Appropriate actions are being taken by the Company for complying with the Code on CG Practices.

Audit Committee

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors with at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company established an audit committee ("Audit Committee") in December 1998 with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Society of Accountants (currently known as Hong Kong Institute of Certified Public Accountants). In accordance with the requirements of the Code on CG Practices, the terms of reference of the Audit Committee were revised on 1st January, 2005 in terms substantially the same as the provisions set out in the Code on CG Practices.

The Audit Committee of the Company comprises five members all of whom are Independent Non-executive Directors, namely Mr. Cheong Ying Chew, Henry (Chairman of the Audit Committee), Mrs. Kwok Eva Lee, Mrs. Sng Sow-Mei, Mr. Colin Stevens Russel and Mr. Lan Hong Tsung, David. The principal duties of the Audit Committee include the review and supervision of the Company's financial reporting process and internal controls. Regular meetings have been held by the Audit Committee since its establishment and the Audit Committee met twice in 2004.

The Group's annual results for the year ended 31st December, 2004 have been reviewed by the Audit Committee.

Annual General Meeting

The 2005 Annual General Meeting of the shareholders of the Company will be held at the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 12th May, 2005 at 2:45 p.m. and the Notice of Annual General Meeting will be published and despatched to the shareholders in the manner as required by the Listing Rules of the Stock Exchange in due course.

Closure of Register of Members

The Register of Members of the Company will be closed from Thursday, 5th May, 2005 to Thursday, 12th May, 2005, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all share certificates with completed transfer forms either overleaf or separately, must be lodged with the Company's Branch Share Registrars, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Wednesday, 4th May, 2005.

As at the date hereof, the Executive Directors of the Company are Mr. LI Tzar Kuoi, Victor (Chairman), Mr. KAM Hing Lam (Group Managing Director), Mr. George Colin MAGNUS (Deputy Chairman), Mr. IP Tak Chuen, Edmond (Deputy Chairman), Mr. FOK Kin Ning, Canning (Deputy Chairman), Mr. KWAN Bing Sing, Eric (Deputy Managing Director), Mrs. CHOW WOO Mo Fong, Susan, Mr. Frank John SIXT and Mr. TSO Kai Sum; and the Non-executive Directors are Mr. CHEONG Ying Chew, Henry (Independent Non-executive Director), Mrs. KWOK Eva Lee (Independent Non-executive Director), Mrs. SNG Sow-Mei (PHOON Sui Moy, alias POON Sow Mei) (Independent Non-executive Director), Mr. Colin Stevens RUSSEL (Independent Non-executive Director), Mr. LAN Hong Tsung, David (Independent Non-executive Director), Mrs. LEE Pui Ling, Angelina and Mr. Barrie COOK.

AUDITED CONSOLIDATED INCOME STATEMENT

for the year ended 31st December

HK\$ million	Notes	2004	2003
Turnover			
Group turnover		2,507	2,468
Share of turnover of jointly controlled entities		1,953	1,841
	1	4,460	4,309
Group turnover			
Other revenue	1	2,507	2,468
Operating costs	2	361	341
	3	(2,124)	(1,807)
Operating profit	4	744	1,002
Finance costs		(644)	(630)
Share of results of associates		3,150	3,202
Share of results of jointly controlled entities		630	611
Profit before taxation		3,880	4,185
Taxation	5	(327)	(846)
Profit after taxation		3,553	3,339
Minority interests		3	10
Profit attributable to shareholders	4	3,556	3,349
Earnings per share			
	6	HK\$1.58	HK\$1.49
Dividends			
Interim dividend paid		496	485
Proposed final dividend		1,285	1,127
		1,781	1,612
Dividends per share			
Interim		HK\$0.22	HK\$0.215
Proposed final		HK\$0.57	HK\$0.5
		HK\$0.79	HK\$0.715

AUDITED CONSOLIDATED BALANCE SHEET

HK\$ million	Notes	2004	2003
Property, plant and equipment		2,247	1,804
Interests in associates		25,657	23,681
Interests in jointly controlled entities		4,801	4,836
Interests in infrastructure project investments		1,855	1,948
Investments in securities		1,188	2,091
Other non-current assets		271	36
Total non-current assets		36,019	34,396
Inventories		163	164
Debtors and prepayments	7	878	670
Bank balances and deposits		9,029	7,243
Total current assets		10,070	8,077
Bank and other loans		371	1,258
Creditors and accruals	8	839	642
Taxation		104	109
Total current liabilities		1,314	2,009
Net current assets		8,756	6,068
Total assets less current liabilities		44,775	40,464
Bank and other loans		13,040	11,079
Deferred tax liabilities		344	151
Other non-current liabilities		15	-
Total non-current liabilities		13,399	11,230
Minority interests		206	209
Net assets		31,170	29,025
Representing:			
Share capital		2,254	2,254
Reserves		28,916	26,771
Capital and reserves		31,170	29,025

NOTES TO THE FINANCIAL STATEMENTS

1. TURNOVER

Group turnover represents net sales of infrastructure materials, income from the supply of water, return and interest from infrastructure project investments, interest from loans granted to associates, and distribution from investments in securities classified as infrastructure investments, net of withholding tax, where applicable.

In addition, the Group also accounts for its proportionate share of turnover of jointly controlled entities. Turnover of associates is not included.

The turnover for the current year is analysed as follows:

HK\$ million	2004	2003
Sales of infrastructure materials	1,243	1,401
Income from the supply of water	149	-
Return from infrastructure project investments	178	212
Interest from loans granted to associates	863	792
Distribution from investments in securities	74	63
Group turnover	2,507	2,468
Share of turnover of jointly controlled entities	1,953	1,841
Total	4,460	4,309

Commencing from 1st January, 2004, the Group has classified the interest from loans granted to associates and the distribution from investments in securities as group turnover as it would reflect more fairly the Group's results from its principal activities. These items were previously classified as other revenue. Accordingly, certain comparative figures have been reclassified to conform to the current year's presentation.

2. OTHER REVENUE

Other revenue includes the following:

HK\$ million	2004	2003
Interest income from banks	132	97
Interest income from investments in securities	42	78
Finance lease income	3	4
Gain on disposals of subsidiaries	22	-
Gain on disposal of infrastructure project investment	-	11
Gain on disposals of listed securities	85	-

3. OPERATING COSTS

Operating costs include the following:

HK\$ million	2004	2003
Depreciation	171	181
Impairment losses	250	30
Amortisation of costs of infrastructure project investments	85	107
Cost of inventories sold	1,082	1,075

4. SEGMENT INFORMATION

By business segment

for the year ended 31st December

HK\$ million	Investment in Hongkong Electric*		Infrastructure investments		Infrastructure related business		Unallocated items		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Turnover										
Group turnover	-	-	1,264	1,067	1,243	1,401	-	-	2,507	2,468
Share of turnover of jointly controlled entities	-	-	1,953	1,841	-	-	-	-	1,953	1,841
	-	-	3,217	2,908	1,243	1,401	-	-	4,460	4,309
Segment revenue										
Group turnover	-	-	1,264	1,067	1,243	1,401	-	-	2,507	2,468
Others	-	-	25	20	52	81	-	-	77	101
	-	-	1,289	1,087	1,295	1,482	-	-	2,584	2,569
Segment result	-	-	1,045	935	(400)	(49)	-	-	645	886
Net gain/ (loss) on disposals of infrastructure project investment, subsidiaries and listed securities	-	-	-	11	22	(19)	85	-	107	(8)
Interest and finance lease income	-	-	1	-	77	81	99	98	177	179
Corporate overheads and others	-	-	-	-	-	-	(185)	(55)	(185)	(55)
Operating profit	-	-	1,046	946	(301)	13	(1)	43	744	1,002
Finance costs	-	-	(6)	-	-	-	(638)	(630)	(644)	(630)
Share of results of associates and jointly controlled entities	2,810	2,942	968	877	2	(6)	-	-	3,780	3,813
Profit before taxation	2,810	2,942	2,008	1,823	(299)	7	(639)	(587)	3,880	4,185
Taxation	(405)	(661)	66	(182)	17	2	(5)	(5)	(327)	(846)
Minority interests	-	-	-	-	3	10	-	-	3	10
Profit attributable to shareholders	2,405	2,281	2,074	1,641	(279)	19	(644)	(592)	3,556	3,349

* During the year, the Group has a 38.87 per cent. equity interest in Hongkong Electric Holdings Limited ("Hongkong Electric"), which is listed on The Stock Exchange of Hong Kong Limited.

By geographic region

for the year ended 31st December

HK\$ million	Hong Kong		Mainland China		Australia		Others		Unallocated items		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Turnover												
Group turnover	890	1,012	531	564	937	855	149	37	-	-	2,507	2,468
Share of turnover of jointly controlled entities	-	-	1,953	1,841	-	-	-	-	-	-	1,953	1,841
	890	1,012	2,484	2,405	937	855	149	37	-	-	4,460	4,309
Segment revenue												
Group turnover	890	1,012	531	564	937	855	149	37	-	-	2,507	2,468
Others	51	60	17	41	-	-	9	-	-	-	77	101
	941	1,072	548	605	937	855	158	37	-	-	2,584	2,569
Segment result	(198)	64	(77)	49	937	855	(17)	(82)	-	-	645	886
Net gain/ (loss) on disposals of infrastructure project investment, subsidiaries and listed securities	22	-	-	11	-	-	-	(19)	85	-	107	(8)
Interest and finance lease income	77	81	-	-	-	-	1	-	99	98	177	179
Corporate overheads and others	-	-	-	-	-	-	-	-	(185)	(55)	(185)	(55)
Operating profit	(99)	145	(77)	60	937	855	(16)	(101)	(1)	43	744	1,002
Finance costs	-	-	-	-	-	-	(6)	-	(638)	(630)	(644)	(630)
Share of results of associates and jointly controlled entities	2,827	2,962	630	610	322	247	1	(6)	-	-	3,780	3,813
Profit before taxation	2,728	3,107	553	670	1,259	1,102	(21)	(107)	(639)	(587)	3,880	4,185
Taxation	(389)	(663)	(50)	(61)	130	(117)	(13)	-	(5)	(5)	(327)	(846)
Minority interests	-	-	3	1	-	-	-	9	-	-	3	10
Profit attributable to shareholders	2,339	2,444	506	610	1,389	985	(34)	(98)	(644)	(592)	3,556	3,349

5. TAXATION

Hong Kong Profits Tax is provided for at the rate of 17.5 per cent. (2003: 17.5 per cent.) on the estimated assessable profits less available tax losses. Overseas tax is provided for at the applicable tax rate on the estimated assessable profits less available tax losses. Deferred taxation is provided on temporary differences under the liability method using tax rates applicable to the Group's operations in different countries.

HK\$ million	2004	2003
Company and subsidiaries		
Current taxation		
- Hong Kong Profits Tax	5	9
- Overseas Tax	6	-
Deferred taxation	(9)	(4)
	2	5
Share of taxation attributable to		
Associates	275	780
Jointly controlled entities	50	61
	325	841
Total	327	846

6. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$3,556 million (2003: HK\$3,349 million) and on 2,254,209,945 shares (2003: 2,254,209,945 shares) in issue during the year.

7. DEBTORS AND PREPAYMENTS

Included in debtors and prepayments are trade debtors and infrastructure project receivables of HK\$379 million (HK\$417 million as at 31st December, 2003) and their ageing analysis is as follows:

HK\$ million	2004	2003
Current	228	218
One month	78	107
Two to three months	28	38
Over three months	187	204
Gross total	521	567
Allowance	(142)	(150)
Total after allowance	379	417

Trade with customers for infrastructure materials is carried out largely on credit, except for new customers and customers with unsatisfactory payment records, where payment in advance is normally required. Trade with metered customers for water supply is carried out largely on credit and with unmetered customers largely by payments in advance. Invoices are normally payable within one month of issuance, except for certain well-established customers, where the terms are extended to two months, and certain customers with disputed items, where the terms are negotiated individually. Each customer has a maximum credit limit, which was granted and approved by senior management in accordance with the laid-down credit review policy and procedures.

Infrastructure project receivables are mainly derived from return from infrastructure project investments, which is predetermined in accordance with provisions of the relevant agreements. The return is contractually payable annually or semi-annually to the Group within a specified period.

8. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors of HK\$160 million (HK\$117 million as at 31st December, 2003) and their ageing analysis is as follows:

HK\$ million	2004	2003
Current	66	36
One month	17	25
Two to three months	19	13
Over three months	58	43
Total	160	117

9. RECENTLY ISSUED ACCOUNTING STANDARDS

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards (“new HKFRSs”) and Hong Kong Accounting Standards (“HKASs”) which are effective for accounting periods beginning on or after 1st January, 2005.

In the current year, the Group has early adopted HKFRS 3 “Business Combinations”, together with HKAS 36 “Impairment of Assets” and HKAS 38 “Intangible Assets”. Accordingly, a new accounting policy for goodwill has been applied prospectively. The effect of the change on the Group’s results for the current year is a decrease of HK\$8 million in amortisation charge against goodwill. No comparative figures have been restated.

Apart from the three standards set out above, the Group has not early adopted these new HKFRSs and HKASs in the financial statements for the year ended 31st December, 2004. The Group has carried out a preliminary assessment and has so far concluded that the adoption of these new HKFRSs and HKASs in 2005 would not have a significant impact on the Group’s results of operations and financial position.

The Group will be continuing with the assessment of the impact of the new HKFRSs and HKASs. Other significant changes may be identified as a result.

Please also refer to the published version of this announcement in The Standard dated 18/3/2005.