

Annual Report 2003

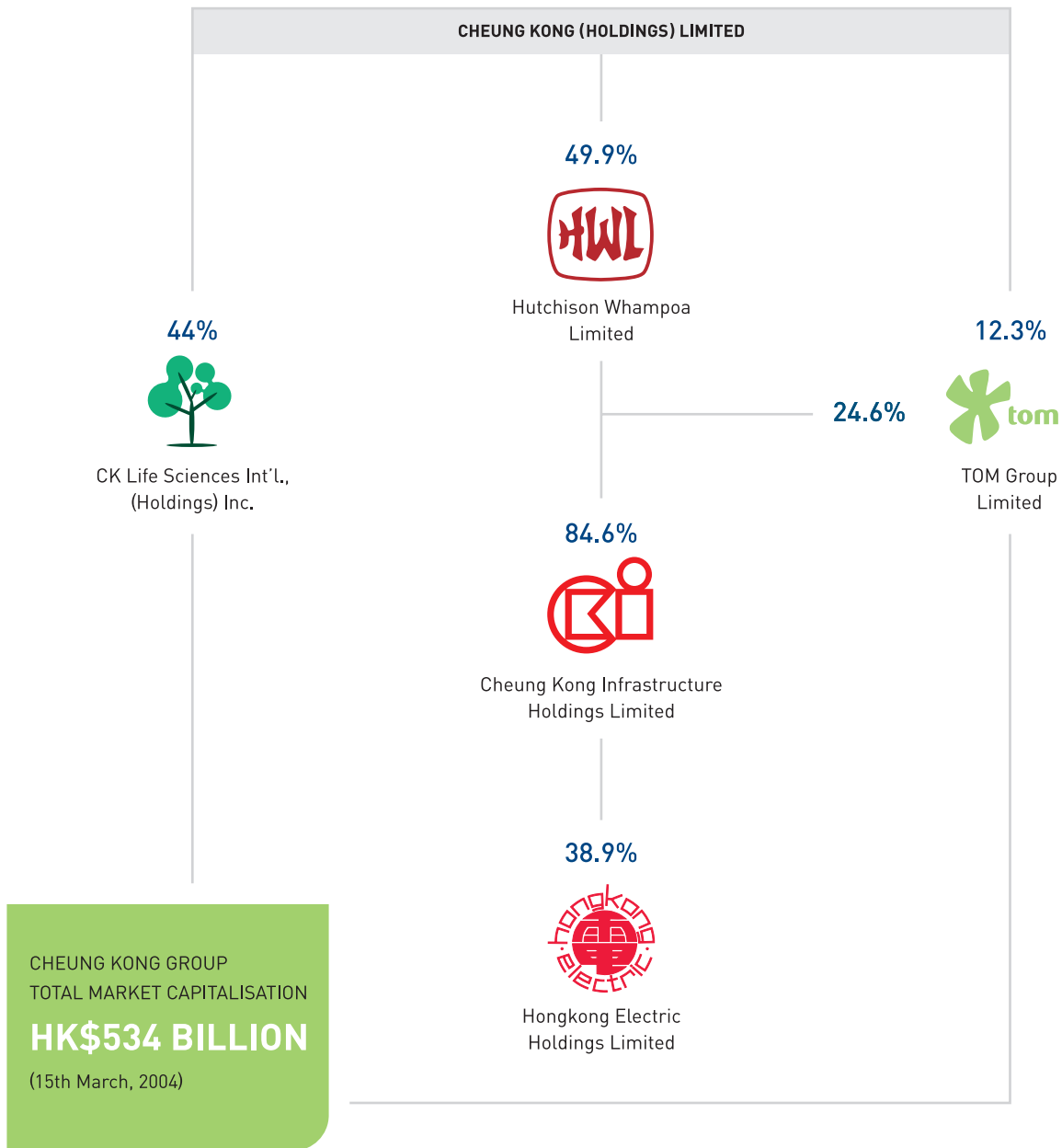
Seizing New Growth Opportunities



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GROUP STRUCTURE



CHEUNG KONG GROUP
TOTAL MARKET CAPITALISATION
HK\$534 BILLION
(15th March, 2004)



GROUP FINANCIAL SUMMARY

PROFIT AND LOSS ACCOUNT (HK\$ million)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Turnover	14,841	12,309	13,202	7,857	11,865	8,193	9,341	7,486	9,122	14,336
Profit attributable to shareholders*	10,039	11,029	13,653	16,429	5,951	59,454	19,422	7,177	8,782	9,815
Interim dividend paid	593	659	758	896	643	758	880	880	880	880
Final dividend proposed	1,824	2,068	2,412	2,826	2,022	2,412	2,826	2,826	2,826	3,011
Profit for the year retained*	7,622	8,302	10,483	12,707	3,286	56,284	15,716	3,471	5,076	5,924

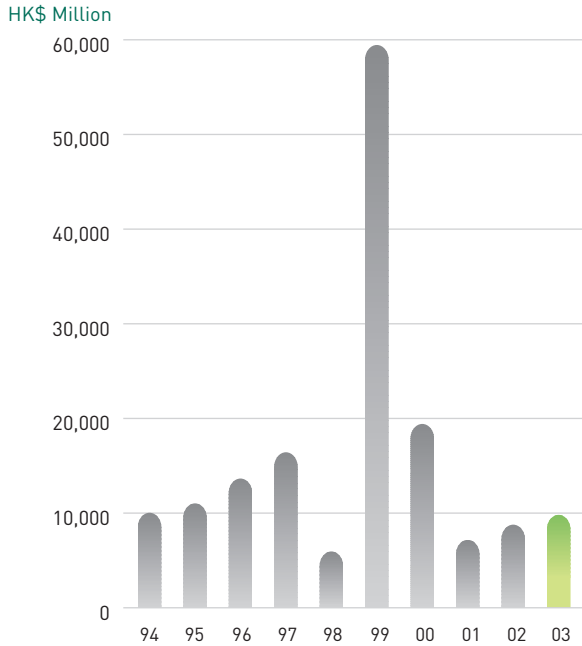
BALANCE SHEET (HK\$ million)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Fixed assets	3,763	4,574	4,857	3,294	13,936	21,290	15,245	14,841	19,016	17,217
Investment in listed associates*	25,576	27,610	33,400	45,952	47,330	102,159	115,896	118,193	122,893	126,391
Other non-current assets*	21,134	19,840	25,948	27,385	30,103	26,207	31,474	35,632	32,290	31,586
Net current assets	13,639	12,645	22,978	22,763	9,346	9,376	14,554	17,979	18,359	20,435
	64,112	64,669	87,183	99,394	100,715	159,032	177,169	186,645	192,558	195,629
Long term loans	16,829	8,545	12,016	13,642	10,245	10,238	13,806	18,728	19,255	16,357
Deferred items*	12	47	14	17	12	56	66	111	272	319
Minority interests*	2,648	2,560	4,840	2,135	5,163	6,737	3,297	4,681	4,483	4,110
Total net assets*	44,623	53,517	70,313	83,600	85,295	142,001	160,000	163,125	168,548	174,843
Representing:										
Share capital	1,099	1,099	1,149	1,149	1,149	1,149	1,158	1,158	1,158	1,158
Share premium	2,752	2,752	7,856	7,856	7,856	7,856	9,331	9,331	9,331	9,331
Reserves and retained profits*	38,948	47,598	58,896	71,769	74,268	130,584	146,685	149,810	155,233	161,343
Proposed final dividend	1,824	2,068	2,412	2,826	2,022	2,412	2,826	2,826	2,826	3,011
Total shareholders' funds*	44,623	53,517	70,313	83,600	85,295	142,001	160,000	163,125	168,548	174,843
Net assets per share – book value (HK\$)*	20.31	24.35	30.60	36.39	37.12	61.81	69.08	70.43	72.77	75.49
Earnings per share (HK\$)*	4.57	5.02	5.98	7.15	2.59	25.88	8.42	3.10	3.79	4.24
Dividend per share (HK\$)	1.10	1.20	1.38	1.62	1.16	1.38	1.60	1.60	1.60	1.68

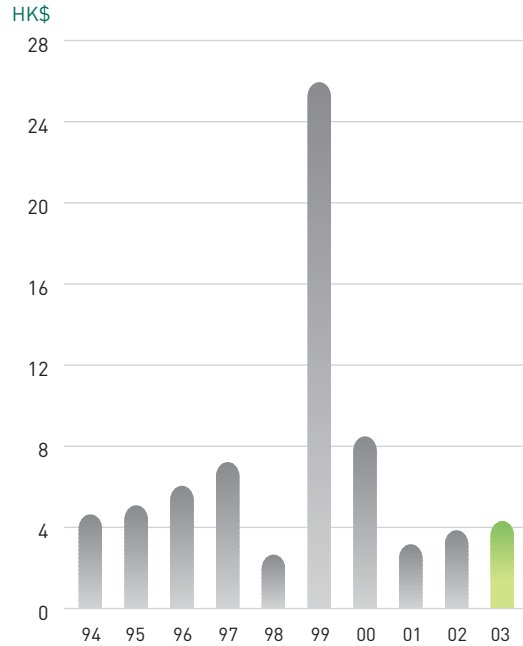
* Figures have been restated to account for the prior year adjustments described in note 1 (k) to financial statements.

RESULTS HIGHLIGHTS

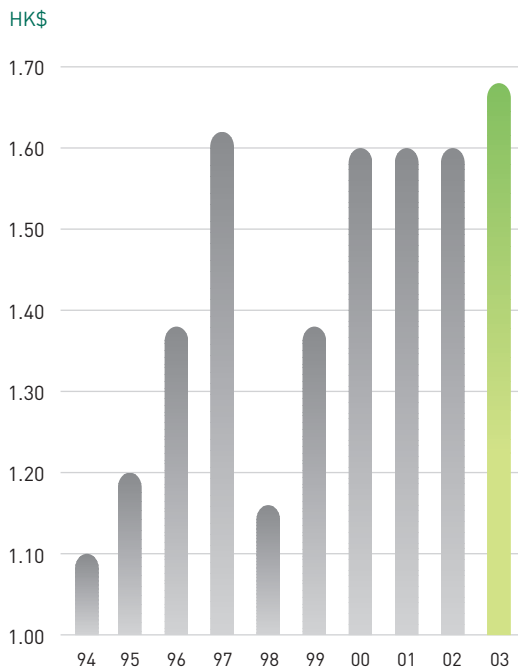
PROFIT ATTRIBUTABLE TO SHAREHOLDERS



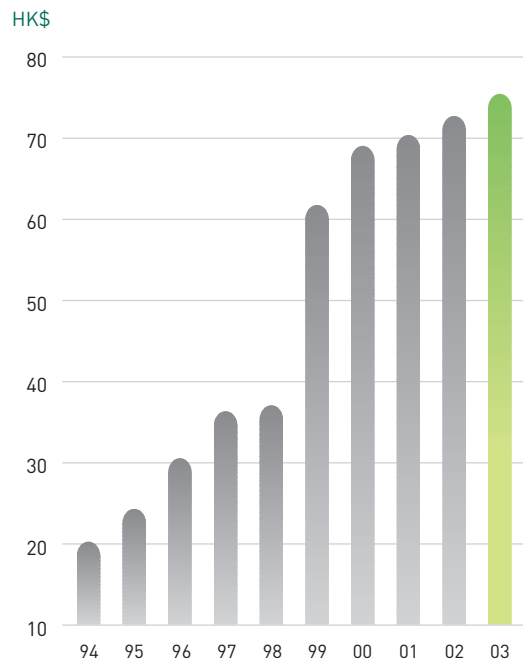
EARNINGS *per share*



DIVIDEND *per share*



NET BOOK VALUE *per share*



2003 BUSINESS HIGHLIGHTS

JAN-MAR



- The Metropolis Residence, Hung Hom was offered for sale with favourable response.

APR-JUN



- AMTD Financial Planning Limited was formed to provide professional and objective financial planning services.
- Rambler Crest in Tsing Yi, a quality project jointly developed with the Hutchison Whampoa Group, was released to the market.

- Gianni Cove, Tin Shui Wai was released to meet the demand from end users.
- Launch of One Beacon Hill in Kowloon Tong, a luxury project well-received by purchasers.



- Successfully bid for the Former Marine Police Headquarters Site in Tsim Sha Tsui for the development of heritage tourism facilities.



ONE BEACON HILL



- Ranked No. 256 in "Top 500 global companies" in the "FT500 - 2003" survey made by the *Financial Times* based on market capitalisation.
- Release of The Cairnhill Phase 1 in Tsuen Wan, a quality project widely accepted by the market.
- Caribbean Coast Phase 2, Tung Chung was put to the market with satisfactory sales results.

- Successfully raised a 5-year syndicated loan of HK\$2,400 million for general working capital.
- Ranked No. 9 in the category of "Best Managed Company - Hong Kong" in the "Asia's Best Companies 2003" survey conducted by the *FinanceAsia*.

CARIBBEAN COAST



JUL-SEP



FORTUNE REIT

- Disposal of the Group's interest in five retail shopping malls to the Singapore – listed Fortune REIT.



OCT-DEC

- Ranked No. 2 again in the "Top 500 International Chinese Entrepreneurs in 2003" survey conducted by *Yazhou Zhoukan*.
- Setting up of a HK\$10 billion Retail Note Issuance Programme, the first of its kind in Asia.



RETAIL NOTE ISSUANCE PROGRAMME



Vfone

- Brought to Hong Kong a communications breakthrough with the launch of "Vfone" – a broadband-based video phone which offers video, voice and data communications.



THE PACIFICA

- Registered encouraging results for the sales of The Pacifica Phase 1, Cheung Sha Wan.



THE COMMUNITY CHEST 2002/2003 AWARDS

SEASONS VILLAS



- The Cheung Kong Group ranked as the "Second Top Donor" and received the Award of Merit in "The Community Chest 2002/2003 Awards".

- Recorded good sales results for Seasons Villas, Yuen Long.
- Won various awards in "2003/2004 Review 200: Asia's Leading Companies" organised by the *Far Eastern Economic Review*: "Company Leaders – Top 10 Hong Kong Companies" (Ranked No. 6); "Financial Soundness" (Ranked No. 3 in Hong Kong); and "Long-term Vision" (Ranked No. 3 in Hong Kong).





SEIZING NEW GROWTH OPPORTUNITIES

We are well positioned to seize new growth opportunities on the path of economic recovery, building on our unique advantages of solid financials, flexibility and a strong capacity for global investments.

PROFIT FOR THE YEAR

The Group's audited consolidated profit attributable to shareholders for the year ended 31st December, 2003 amounted to HK\$9,815 million (2002 (restated) - HK\$8,782 million). Earnings per share were HK\$4.24 (2002 (restated) - HK\$3.79).

DIVIDEND

The Directors have decided to recommend the payment of a final dividend of HK\$1.30 per share in respect of 2003, to shareholders whose names appear on the Register of Members of the Company on 20th May, 2004. This together with the interim dividend of HK\$0.38 per share gives a total of HK\$1.68 per share for the year (2002 - HK\$1.60 per share). The proposed dividend will be paid on 25th May, 2004 following approval at the Annual General Meeting.

The Group's audited consolidated profit attributable to shareholders amounted to HK\$9,815 million.



REPORT OF THE CHAIRMAN AND THE MANAGING DIRECTOR *(continued)*

PROSPECTS

Operations

2003 was a watershed year for Hong Kong's economy. Against the backdrop of an already weak economy, business activities were further frustrated by the outbreak of Severe Acute Respiratory Syndrome ("SARS") in the first half of the year. Fortunately, overall market sentiment and confidence improved visibly in the second half year when the SARS epidemic was contained. A series of Central Government-supported policies, including the Closer Economic Partnership Arrangement ("CEPA"), the lifting of restrictions for individual travelers from the Mainland, and the opening up of the Renminbi clearing business in Hong Kong, acted as further stimuli to Hong Kong's economic recovery.

The Group's various businesses continued to grow steadily in 2003 despite the difficult global market. To gear up for the reviving economy, we will continue to follow the four major principles that have guided us to solid growth:

- take proactive steps to further strengthen the core property business;
- expedite diversified new tech ventures by leveraging on our existing advantages;
- pursue business and geographic diversification through strategic investments made by listed affiliated companies;
- enhance solid financials and corporate governance regime to promote shareholders' interests.

Core Property Business

The Group's profit before share of results of the Hutchison Whampoa Group increased by 64%. The stimuli provided by the recovering economy, lower unemployment, and shrinking deflation have resulted in steady improvements in property activities, both in terms of volume and prices. This is evidence of the beginning of a gradual recovery in the local property market. Following our proactive and prudent investment strategies, various developments and marketing campaigns were launched as planned last year. Our sales results surpassed original targets in 2003 as our customer and earnings base continued to strengthen and expand. Overall returns for the Group's existing projects have been satisfactory. We expect to cultivate new streams of revenue for the Group as our sizable landbank, comprising various prime sites acquired at reasonable cost during the last few years, is developed into diversified quality projects that will bring additional value to the Group.

Underlying housing demand and purchasing power will continue to surge following the clearer land supply and housing policies of the SAR Government. The market is set to show a healthy recovery, along with a rebounding economy and rising market confidence. We are well positioned to seize the opportunities arising from the steady market upturn. In an ongoing drive to strengthen our property business, we will continue to replenish our quality landbank, expand our diversified property development portfolio, and further enhance our brand value.

In August 2003, the Group completed the sale of its interest in five retail shopping malls to the Singapore-listed Fortune Real Estate Investment Trust. This reflects our efforts to enhance the underlying value of rental properties and bring better returns to our shareholders. As Hong Kong actively accelerates its economic integration with the Mainland and nurtures cross-border tourism, demand is expected to surge in the retail rental market. We continue to focus on expanding and enhancing our quality rental portfolio, which has been rapidly extended in recent years, in order to tap into the major opportunities that lie ahead.

The Group continued to expand overseas during the year, pursuing suitable investments for prime sites and developments in property markets outside Hong Kong. Our solid ventures in the Mainland, the United Kingdom and Singapore have provided good models for future investments in other potential markets. The formula that led us to our success in Hong Kong, as well as our responsiveness to different markets, will place us on a solid footing to further extend our geographic coverage and market penetration.

Diversified New Tech Platforms

The Group embraces technological advancement and is open to technology opportunities as they emerge. A number of new tech projects have reached the harvesting stage and have started to add value to the Group's assets. CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences") is a promising biotech investment with immense potential for value creation. Displaying rapid progress and growth, CK Life Sciences is making encouraging headway in R&D and business development, while its strong capital base provides sufficient funding for the ongoing R&D work in the pipeline. In 2003, notable progress was made in research for cancer and AIDS, the patent portfolio continued to grow, new products were rolled out, and the eco-fertiliser business continued to extend its geographic reach. During the year, CK Life Sciences also received a number of awards, evidence of international recognition for its R&D achievements. Given the significant underlying commercial value of various projects that will be introduced to the market in the future, we look forward to promising growth for CK Life Sciences.



REPORT OF THE CHAIRMAN AND THE MANAGING DIRECTOR *(continued)*

In March 2004, the Group and the Hutchison Whampoa Group completed the disposal of their entire interest in PowerCom Network Hong Kong Limited ("PowerCom") and Hutchison Global Communications Investments Limited ("HGC") respectively to Hutchison Global Communications Holdings Limited (formerly Vanda Systems & Communications Holdings Limited) ("HGC Holdings"). The integration of PowerCom, HGC and HGC Holdings will create an IT and communications technology powerhouse with innovative offerings such as broadband services through power sockets. This transaction is a good example of the synergies, value and benefits that new tech businesses can generate once they mature. The Group and the Hutchison Whampoa Group now hold an approximately 3.6% and 52.5% interest in HGC Holdings respectively.

We have our sights firmly set on new tech investments to create new sources of returns for shareholders. In addition to our existing value-added projects, we are eyeing opportunities in other high tech arenas that show potential for growth and value generation.

Listed Affiliated Companies

Market response has been positive for the 3G telecommunications services, a primary focus of the Hutchison Whampoa Group in the United Kingdom, Italy, Australia and Hong Kong. The handset shortage is resolved as all major handset manufacturers are now in the market. Decreasing operating costs, along with the continuous improvement in technology, will soon establish 3G as a necessity in modern life. The long term prospects for this business are tremendous. We expect that the Hutchison Whampoa Group will enter a new phase of growth when the strong value creating capacity of the 3G business is fully realised over the next few years. In the meantime, all of the traditional core businesses, both locally and overseas, have performed better than last year. These businesses, together with the 3G operations, will continue to grow and generate satisfactory returns.

2003 represented a year of sustained organic growth for Cheung Kong Infrastructure Holdings Limited (“CKI”). A year-on-year profit growth has been maintained for the seventh consecutive year. Hongkong Electric Holdings Limited (“Hongkong Electric”), an associate of CKI, continued to provide a steady profit contribution to CKI, and strong performance in the Australian and Chinese operations provided solid revenue streams. Equipped with strong financials, CKI is very well positioned to make new, secure and profitable investments as it progresses along its growth roadmap. In 2003, the results of Hongkong Electric were adversely affected by an increase in tax charges due to an increase in tax rates and a substantial one-off provision for deferred tax, as well as very low demand growth resulting from the impact of the SARS crisis. However, the fundamentals of Hongkong Electric remain sound, and its overseas investments continue to perform well. Its strong financial position supports its ongoing worldwide search for suitable investment opportunities offering an acceptable return relative to the risks involved.

Financial Position and Corporate Governance

In the highly competitive global market, the Group has demonstrated a strong ability to maintain its established market position, and to seize timely opportunities for global expansion. This ability hinges on our visionary and innovative mindset, as well as our traditional philosophy of financial prudence - low debt ratio and strong liquidity. We are well positioned to seize new growth opportunities on the path of economic recovery, building on our unique advantages of solid financials, flexibility and a strong capacity for global investments.

We place great emphasis on our core values of honesty and integrity. As part of our commitment to good corporate practice, we have in place a corporate governance framework that gives balanced weight to shareholders’ interests and management issues. Decisions are made in compliance with corporate governance practices to enhance shareholder value.



REPORT OF THE CHAIRMAN AND THE MANAGING DIRECTOR *(continued)*

Prospects

We look to 2004 with optimism. Hong Kong is uniquely positioned to benefit from China's robust economic growth, fuelled by accelerated market liberalisation and economic reform. Coupled with Central Government-supported policies designed to assist Hong Kong revitalise itself, this provides a sound platform for the continued recovery of Hong Kong's economy, and the gradual upturn of the property market in the coming year.

CEPA is set to be a strong catalyst for economic integration between Hong Kong and the Mainland. This offers plenty of investment opportunities for Hong Kong, and bodes well for its long-term economic prospects. The virtues of the people of Hong Kong - diligent, entrepreneurial and innovative - will again lead us to a new era of exciting growth. We will see Hong Kong play a greater role as a bridge between the Mainland and the international markets, further sharpening its regional and global competitiveness. This vision, shared by all of us, will be realised if we always strive for excellence, and bring into full play our unique qualities.

We look ahead to more promising prospects for the Cheung Kong Group as the global economy continues to improve. We are confident that our quality businesses around the globe, supported by the strategic investments of the Hutchison Whampoa Group in 39 countries, are well poised to seize new opportunities and forge new growth in the years to come. As a multi-national company with real dynamism and vitality, the Group will go from strength to strength by adhering to our philosophy of merging eastern and western styles of management, as well as leveraging on our outstanding management team, dedicated and talented staff, and sound financials.

Acknowledgement

The Group has produced sound results under difficult and challenging market conditions. We take this opportunity to extend our thanks to our colleagues on the Board, the staff members of the Group and our diligent employees worldwide for their hard work, loyal service and contributions during the year.

Li Ka-shing

Chairman

Li Tzar Kuoi, Victor

Managing Director

Hong Kong, 18th March, 2004

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Major Business Activities

The following are important events that took place during 2003:

1. Developments completed during 2003:

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
Banyan Garden Phase 1	New Kowloon Inland Lot No. 6320	73,490	Joint Venture
Hampton Place	Kowloon Inland Lot No. 11107	52,070	100%
Princeton Tower	The Remaining Portions of Inland Lots Nos. 3999-4005	9,060	100%
Queen's Terrace Towers 1 and 2	The Remaining Portion of Inland Lot No. 8897	43,130	Joint Venture
Rambler Crest and Commercial/Hotel Development	Tsing Yi Town Lot No. 140	155,200	30%
Seasons Villas	The Remaining Portion and The Extension thereto of Lot No. 815 in D.D. 110 Yuen Long	10,320	100%
Beverly Hills Phase 1	Chongqing	32,650	50%
Laguna Verona Phase B Stages 3 to 5	Dongguan	35,470	47%



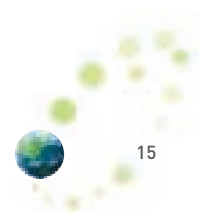
MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
Le Parc (Huangpu Yayuan) Phases 3 and 4	Futian, Shenzhen	198,700	50%
Regency Park Phase 1A	Pudong Huamu, Shanghai	13,650	50%
Seasons Villas Phases 6 and 6A	Pudong Huamu, Shanghai	20,270	50%
The Summit	Xuhui, Shanghai	63,960	50%
Costa del Sol Phase 1	Bayshore Road, Singapore	93,390	76%
Albion Riverside	London, the United Kingdom	29,090	45%

2. Developments in Progress and Scheduled for Completion in 2004:

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
Banyan Garden Phases 2 and 3	New Kowloon Inland Lot No. 6320	90,100	Joint Venture
The Cairnhill	Tsuen Wan Town Lot No. 395	76,890	50%
Caribbean Coast Albany Cove	Tung Chung Town Lot No. 5	96,790	Joint Venture
One Beacon Hill	New Kowloon Inland Lot No. 6277	72,480	100%
The Pacifica Phase 1	New Kowloon Inland Lot No. 6275	79,830	50%

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
Sky Tower	The Remaining Portion of Kowloon Inland Lot No. 4013	118,760	40%
Vianni Cove	Tin Shui Wai Town Lot No. 27	74,500	60%
Beverly Hills Phase 2	Chongqing	41,590	50%
Cape Coral Phases 1 and 2A	Panyu Dashi, Guangzhou	203,220	50%
The Center	Xuhui, Shanghai	87,200	50%
Dynasty Garden Phases 1 and 2	Baoan, Shenzhen	114,490	50%
Horizon Cove Phase 3A	Zhuhai	83,800	50%
Laguna Verona Phase B Stage 6 and Phase C	Dongguan	54,150	47%
Oriental Plaza Phase IV Serviced Apartments	No. 1 East Chang An Ave. Dong Cheng District, Beijing	47,000	33.3775%
Regency Park Phases 1C, 2, 3, 4, 5A, 5B and 6	Pudong Huamu, Shanghai	141,870	50%
Cairnhill Crest	Singapore	40,870	50%
Costa del Sol Phase 2	Bayshore Road, Singapore	45,560	76%

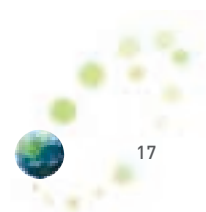


MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

3. New Acquisitions and Joint Developments and Other Major Events:

- (1) March 2003:- The sale of the Group's entire interest in the property holding company of Royal Garden in Fuzhou was completed.
- (2) May 2003:- The Group, through its affiliate iBusiness Corporation, and the Commonwealth Bank Group announced the formation of a joint venture, namely AMTD Financial Planning Limited ("AMTD"). In co-operation with specialist suppliers and business partners, AMTD focuses exclusively on helping clients to meet their financial goals through professional and objective financial planning services.
- (3) June 2003:- The Group executed the land grant with the Government in respect of the Former Marine Police Headquarters Site at Kowloon Inland Lot No. 11161, Salisbury Road, Tsim Sha Tsui. The site has an area of approximately 12,300 sq. m. and is planned for the development of heritage tourism facilities which comprise a total gross floor area of about 11,500 sq. m.
- (4) July 2003:- The Group entered into agreements with respect to the sale of the Group's entire interest in five retail shopping malls in Hong Kong, namely The Metropolis Mall, Ma On Shan Plaza, The Household Center, Smartland and Jubilee Court Shopping Centre, to Fortune REIT, a Singapore unit trust. The disposal of interest in those shopping malls was completed on 12th August, 2003.
- (5) August 2003:- A wholly owned subsidiary of the Group subscribed for 129,685,000 units ("Units") of Fortune REIT at HK\$4.75 per Unit ("Offer Price") representing approximately 27.4% of the total Units of Fortune REIT in issue immediately following such subscription. The Units of Fortune REIT were listed on the Main Board of the Singapore Exchange Securities Trading Limited on 12th August, 2003. The closing price of the Units as at 10th March, 2004 was HK\$5.10, which represents an increase of approximately 7.4% as compared to the Offer Price.
- (6) October 2003:- A wholly owned subsidiary of the Group set up a HK\$10 billion Retail Note Issuance Programme (the "Programme") allowing the Group to issue notes ("Retail Notes") in series to retail investors. Three series of Retail Notes amounting to approximately HK\$1.3 billion have been issued under the Programme.
- (7) November 2003:- The Group executed the land grant with the Government for the exchange of Lot No. 2286 in D.D. 106, Yuen Long. Designated for residential purposes, the site has an area of approximately 20,500 sq. m. and a total developable gross floor area of about 8,200 sq. m.

- (8) November 2003:- A wholly owned subsidiary of the Group acquired Aberdeen Inland Lot No. 354, 41 Heung Yip Road, Wong Chuk Hang. The site has an area of approximately 2,000 sq. m. and is under planning.
- (9) November 2003:- CK Communications Limited, a wholly owned subsidiary of the Group, and Hutchison Global Communications Limited brought to Hong Kong a communications breakthrough with the launch of “Vfone” - a broadband-based video phone which offers video, voice and data communications. As the most advanced broadband on-premise communications device, “Vfone” is embedded with the latest open-system technology that allows cross-network communications.
- (10) January 2004:- The Group and CLP Telecommunications Limited (“CLPT”) entered into a conditional agreement with Hutchison Global Communications Holdings Limited (formerly Vanda Systems & Communications Holdings Limited) (“HGC Holdings”) to dispose of the respective entire interest of the Group (as to 81%) and CLPT (as to 19%) in PowerCom Network Hong Kong Limited (“PowerCom”) to HGC Holdings for a total consideration of approximately HK\$391 million, which was satisfied by the issue and allotment to the Group and CLPT of an aggregate of 488,572,636 new shares of HGC Holdings credited as fully paid at an issue price of HK\$0.80 per share. The completion of the disposal of interest in PowerCom took place on 12th March, 2004.
- (11) During the year under review, the Group continued to acquire agricultural land with potential for development. Some of these sites are under varying stages of design and planning applications.
- (12) The Group’s property projects in the Mainland are on schedule, both in terms of sale and leasing.



MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Property Sales

Turnover of property sales for the year, including share of property sales of jointly controlled entities, was HK\$12,971 million (2002 - HK\$7,638 million), an increase of HK\$5,333 million when compared to last year, and comprised mainly the sale of residential units of The Metropolis Residence which was completed last year and the sale of residential units of Queen's Terrace (Towers 1 and 2), Banyan Garden (Phase 1), Hampton Place and Rambler Crest in Hong Kong, Le Parc (Phases 3 and 4) in the Mainland, Costa del Sol (Phase 1) in Singapore and Albion Riverside in the United Kingdom which were all completed during the year. Approximately 90% of the residential units of these completed projects were sold as of the year end date.

Contribution from property sales, including share of results of jointly controlled entities, was HK\$1,660 million (2002 - HK\$635 million), an increase of HK\$1,025 million when compared to last year. Despite the lack of contribution from the property sales of The Metropolis Residence, Queen's Terrace and Hampton Place and the re-scheduling of the completion of One Beacon Hill and Vianni Cove in Hong Kong for 2004, the overall result from property sales for the year improved satisfactorily from last year.

Contribution from property sales for 2004 will mainly come from the sale of residential units of Banyan Garden (Phases 2 and 3), One Beacon Hill, Vianni Cove, The Cairnhill and The Pacifica in Hong Kong upon completion of these projects. During the year, the residential units of these projects were offered for presale and approximately 90% of all the units have been presold up to the year end date.

Property Rental

Turnover of property rental for the year was HK\$695 million (2002 - HK\$806 million), a decrease of HK\$111 million when compared to last year mainly due to the disposal of Ma On Shan Plaza, The Household Center, Smartland and Jubilee Court Shopping Centre to Fortune REIT, a Singapore unit trust, and a decrease in rental from commercial office properties during the year. The Group's existing investment property portfolio comprises mainly retail shopping malls and commercial office properties in Hong Kong which accounted for approximately 34 % and 35 % respectively of the turnover of property rental for the year.

Contribution from property rental, including share of results of jointly controlled entities and unlisted associates, was HK\$839 million (2002 - HK\$816 million), an increase of HK\$23 million when compared to last year. Increase in contribution was due to increase in share of profits of jointly controlled entities which more than offset the decrease in contribution as a result of the Group's disposal of various retail shopping malls and diminished rental from commercial office properties. Increase in share of profits of jointly controlled entities was mainly attributable to the Group's increase in interest in various investment properties in Hong Kong last year and the growth of rental income of investment properties, including the Beijing Oriental Plaza, in the Mainland.

At the year end date, the Group's investment property portfolio recorded an investment property revaluation deficit of HK\$784 million, based on professional valuation, due to a decline in rental rates of commercial office properties in Hong Kong.

Hotels and Serviced Suites

Turnover of hotels and serviced suites for the year was HK\$452 million (2002 - HK\$391 million), an increase of HK\$61 million when compared to last year. Increase in turnover was mainly a result of full year operation of the Horizon Suite Hotel in Hong Kong and the Sheraton Shenyang Lido Hotel in the Mainland which commenced operation in the middle of 2002.

Contribution from hotels and serviced suites, including share of results of jointly controlled entities and unlisted associates, was HK\$83 million (2002 - HK\$52 million), an increase of HK\$31 million when compared to last year. Operating conditions for hotels and serviced suites in the first half year were difficult due to the SARS outbreak in Hong Kong and the Mainland. Operations were soon back to normal in the second half year after the virus was checked. The overall contribution from hotels and serviced suites increased from last year as Horizon Suite Hotel and Harbour Plaza Metropolis in Hong Kong and Sheraton Shenyang Lido Hotel in the Mainland made their first full year contribution to group profit.

The outlook for hotels and serviced suites operation in Hong Kong and the Mainland is good. Contribution from hotels and serviced suites is expected to be better in 2004.

Property and Project Management

Turnover of property and project management for the year was HK\$218 million (2002 - HK\$287 million), a decrease of HK\$69 million when compared to last year. Contribution from property and project management, including share of results of jointly controlled entities and unlisted associates, was HK\$74 million (2002 - HK\$80 million), a decrease of HK\$6 million when compared to last year. Decrease in turnover and contribution was attributable to the decrease in project management services rendered to joint development projects during the year.

While the contribution from property management is not significant, the Group is committed to providing top quality services to properties under our management. At the year end date, the total floor area under the Group's property management exceeded 70 million square feet and this is expected to grow steadily following the gradual completion of the Group's property projects in the coming years.

Major Associates

The associated Hutchison Whampoa Group recorded consolidated profit after tax for the year of HK\$14,378 million (2002 (restated) - HK\$14,362 million). All divisions of the Hutchison Whampoa Group (except the 3G business) reported EBIT growth.

The CK Life Sciences Group, another listed associate, reported profit attributable to shareholders amounted to HK\$928,000 for the year. Listed in July 2002 and achieving profitability in 2003, the CK Life Sciences Group made encouraging progress in business development as well as R&D.



MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

FINANCIAL REVIEW

Liquidity and Financing

During the year, the Group issued notes in the total amount of HK\$1,512 million with three to ten years terms and redeemed notes in the total amount of HK\$2,500 million when due. At the year end date, outstanding bonds and notes issued by the Group amounted to HK\$8.1 billion.

Together with bank loans of HK\$9.8 billion, the Group's total borrowings at the year end date were HK\$17.9 billion, a decrease of HK\$4 billion from last year end date, and the maturity profile spread over a period of ten years with HK\$1.6 billion repayable within one year, HK\$15.8 billion within two to five years and HK\$0.5 billion within six to ten years.

The Group continued to maintain a low gearing ratio, calculated on the basis of the Group's net borrowings (after deducting cash and bank balances of HK\$5.2 billion) over shareholders' funds, at 7.3% (2002 (restated) - 11.7%) at the year end date.

With cash and marketable securities in hand as well as available banking facilities, the Group's liquidity position remains strong and the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

Treasury Policies

The Group maintains a conservative approach on foreign exchange exposure management. At the year end date, approximately 94% of the Group's borrowings was in HK\$ with the balance in US\$, SGD and RMB mainly for the purpose of financing projects outside Hong Kong. While the Group derives its revenue and maintains cash balances mainly in HK\$, it ensures that its exposure to fluctuations in foreign exchange rates is minimised.

The Group's borrowings are principally on a floating rate basis. For the fixed rate bonds and notes issued by the Group, interest rate swaps arrangements have been in place to convert the rates to floating rate basis.

When appropriate and at times of interest rate or exchange rate uncertainty or volatility, hedging instruments including swaps and forwards are used in the Group's management of exposure to interest rate and exchange rate fluctuations.

Charges on Assets

At the year end date, certain assets of the Group with aggregate carrying value of HK\$1,248 million (2002 - HK\$852 million) were pledged to secure bank loan facilities utilised by subsidiaries.

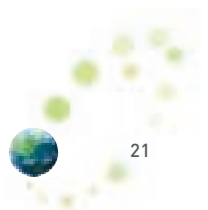
Contingent Liabilities

At the year end date, the Group's contingent liabilities were as follows:

- (a) share of contingent liabilities of jointly controlled entities in respect of guaranteed return payments payable to the other party of a co-operative joint venture in the next 46 years amounted to HK\$4,538 million; and
- (b) guarantees provided for bank loans utilised by jointly controlled entities and affiliated companies amounted to HK\$2,721 million (2002 - HK\$3,007 million) and HK\$23 million (2002 - HK\$25 million) respectively.

Employees

At the year end date, the Group employed approximately 6,600 employees for its principal businesses. The related employees' cost (excluding directors' emoluments) amounted to approximately HK\$968 million for the year. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system. The Group does not have any share option scheme for employees.



DIRECTORS' BIOGRAPHICAL INFORMATION



LI KA-SHING

LI KA-SHING, KBE, GBM, aged 75, is the founder of the Company. He has been the Chairman since 1971 and acted as the Managing Director from 1971 to 1998. Mr. Li has also been the Chairman of Hutchison Whampoa Limited since 1981. He has been engaged in many major commercial developments in Hong Kong for more than 50 years. Mr. Li served as a member of the Hong Kong Special Administrative Region's Basic Law Drafting Committee, Hong Kong Affairs Adviser and the Preparatory Committee for the Hong Kong Special Administrative Region. He is also an Honorary Citizen of Beijing, Shantou, Guangzhou, Shenzhen, Nanhai, Foshan, Chaozhou, Zhuhai and Winnipeg, Canada respectively. Mr. Li is a keen supporter of community service organisations, and has served as honorary chairman of many such groups over the years. Mr. Li has received Honorary Doctorates from Beijing University, University of Hong Kong, Hong Kong University of Science and Technology, Chinese University of Hong Kong, City University of Hong Kong, Open University of Hong Kong, University of Calgary in Canada and Cambridge University in the United Kingdom. Mr. Li Ka-shing is the father of Mr. Li Tzar Kuoi, Victor, the Managing Director and Deputy Chairman of the Company.



LI TZAR KUOI
VICTOR

LI TZAR KUOI, VICTOR, aged 39, joined the Group in 1985 and acted as Deputy Managing Director from 1993 to 1998. He has been Deputy Chairman since 1994 and Managing Director since 1999. He is also the Chairman of Cheung Kong Infrastructure Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc., Deputy Chairman of Hutchison Whampoa Limited, an Executive Director of Hongkong Electric Holdings Limited, the Co-Chairman of Husky Energy Inc. and a Director of The Hongkong and Shanghai Banking Corporation Limited. Mr. Victor Li serves as a member of the Standing Committee of the 10th Chinese People's Political Consultative Conference. He is also a member of the Commission on Strategic Development and the Economic and Employment Council of the Hong Kong Special Administrative Region. He holds a Bachelor of Science degree in Civil Engineering and a Master of Science degree in Structural Engineering.

GEORGE COLIN MAGNUS, OBE, aged 68, has been an Executive Director since 1980 and Deputy Chairman since 1985. He is also the Chairman of Hongkong Electric Holdings Limited, Deputy Chairman of Cheung Kong Infrastructure Holdings Limited and an Executive Director of Hutchison Whampoa Limited. He holds a Master's degree in Economics.



GEORGE COLIN
MAGNUS



KAM HING LAM

KAM HING LAM, aged 57, has been Deputy Managing Director since 1993. He is also the Group Managing Director of Cheung Kong Infrastructure Holdings Limited, the President and Chief Executive Officer of CK Life Sciences Int'l. (Holdings) Inc., and an Executive Director of Hutchison Whampoa Limited and Hongkong Electric Holdings Limited. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration.

CHUNG SUN KEUNG, DAVY, aged 53, has been an Executive Director since 1993. He is a Registered Architect.

IP TAK CHUEN, EDMOND, aged 51, has been an Executive Director since 1993. He is also Deputy Chairman of Cheung Kong Infrastructure Holdings Limited, the Senior Vice President and Chief Investment Officer of CK Life Sciences Int'l. (Holdings) Inc., a Non-executive Director of TOM Group Limited, and a Director of ARA Asset Management (Singapore) Limited. He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration.

PAU YEE WAN, EZRA, aged 48, joined the Cheung Kong Group in 1982 and has been an Executive Director since 1993.

WOO CHIA CHING, GRACE, aged 47, joined the Cheung Kong Group in 1987 and has been an Executive Director since 1996. She holds a Bachelor of Arts degree from the University of Pennsylvania, U.S.A. and a Master's degree in City and Regional Planning from Harvard University, U.S.A.

CHIU KWOK HUNG, JUSTIN, aged 53, joined the Cheung Kong Group in 1997 and has been an Executive Director since 2000. He is the Chairman of ARA Asset Management (Singapore) Limited, and a member of the Shanghai Committee of the Chinese People's Political Consultative Conference. He holds Bachelor degrees in Sociology and Economics and is a Fellow of Hong Kong Institute of Real Estate Administration.



PAU YEE WAN
EZRA



WOO CHIA CHING
GRACE



CHUNG SUN KEUNG
DAVY



IP TAK CHUEN
EDMOND



CHIU KWOK HUNG
JUSTIN



DIRECTORS' BIOGRAPHICAL INFORMATION *(continued)*



LEUNG SIU HON, aged 72, has been a Director since 1984. He holds a B.A. Law (Honors) (Southampton) degree and has been awarded the Honorary degree of Doctor of Laws by the University of Southampton in July 2001. Mr. Leung is a solicitor of the High Court of the Hong Kong Special Administrative Region and an attesting officer appointed by the PRC. He is presently a consultant of Messrs. S.H. Leung and Co., Solicitors.



FOK KIN-NING, CANNING, aged 52, has been a Director since 1985. Mr. Fok is currently the Group Managing Director of Hutchison Whampoa Limited and Deputy Chairman of Cheung Kong Infrastructure Holdings Limited and Hongkong Electric Holdings Limited. He is also the Chairman of Hutchison Harbour Ring Limited, Hutchison Telecommunications (Australia) Limited, Hutchison Global Communications Holdings Limited and Partner Communications Company Ltd., and the Co-Chairman of Husky Energy Inc. He holds a Bachelor of Arts degree and is a member of the Australian Institute of Chartered Accountants.



FRANK JOHN SIXT, aged 52, has been a Director since 1991. He is the Chairman of TOM Group Limited and TOM Online Inc., the Group Finance Director of Hutchison Whampoa Limited, and an Executive Director of Cheung Kong Infrastructure Holdings Limited, Hongkong Electric Holdings Limited and Hutchison Global Communications Holdings Limited. He is also a Director of Hutchison Telecommunications (Australia) Limited, Husky Energy Inc. and Partner Communications Company Ltd. Mr. Sixt holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

CHOW KUN CHEE, ROLAND, aged 66, has been a Director since 1993. He is a solicitor of the High Court of the Hong Kong Special Administrative Region and is a consultant of Messrs. Herbert Tsoi and Partners, Solicitors. He holds a Master of Laws degree from the University of London.



WONG YICK-MING, ROSANNA, DBE, JP, aged 51, has been a Director since 2001. She holds a Doctor of Philosophy degree in Sociology from the University of California (Davis), U.S.A.

and has been awarded Honorary Doctorates from Chinese University of Hong Kong, Hong Kong Polytechnic University, The University of Hong Kong and University of Toronto in Canada. She is currently a member of the National Committee of the Chinese People's Political Consultative Conference and the Chairman of the Education Commission of the Hong Kong Special Administrative Region. She is also the Executive Director of the Hong Kong Federation of Youth Groups and a Director of The Hongkong and Shanghai Banking Corporation Limited.





HUNG SIU-LIN, KATHERINE, aged 56, joined the Cheung Kong Group in March 1972 and acted as an Executive Director from 1985 to August 2000. She has been a Non-executive Director since September 2000.

YEH YUAN CHANG, ANTHONY, aged 80, has been a Director since 1993. He holds a Master's degree in Science (Mechanical Engineering). He is the Honorary Life President of Tai Ping Carpets International Limited.

CHOW NIN MOW, ALBERT, aged 54, has been a Director since 1983. He is the Chairman and Managing Director of Wah Yip (Holdings) Limited.



SIMON MURRAY, CBE, aged 64, has been a Director since 1993. He is currently the Chairman of General Enterprise Management Services Limited, a private equity fund management company sponsored by Simon Murray And Associates. He is also a director of a number of public companies including Hutchison Whampoa Limited and Orient Overseas (International) Limited.

KWOK TUN-LI, STANLEY, aged 77, has been a Director since 1989. He holds a Bachelor's degree in Science (Architecture) from St. John's University, Shanghai, China, and an A.A. Diploma from the Architectural Association School of Architecture, London, England. He is also presently a Director of Amara International Investment Corporation, CTC Bank of Canada, Husky Energy Inc. and Stanley Kwok Consultants Inc.



REPORT OF THE DIRECTORS

The Directors have pleasure in presenting to shareholders their annual report together with the audited financial statements of the Company and of the Group for the year ended 31st December, 2003.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and project management. Its subsidiaries are active in the field of property development and investment, hotel and serviced suite operation, property and project management and investment in securities.

RESULTS AND DIVIDENDS

Results of the Group for the year ended 31st December, 2003 are set out in the consolidated profit and loss account on page 58.

The Directors recommend the payment of a final dividend of HK\$1.30 per share which, together with the interim dividend of HK\$0.38 per share paid on 17th October, 2003, makes a total dividend of HK\$1.68 per share for the year.

FIXED ASSETS

Movements in fixed assets during the year are set out in note (7) to the financial statements.

RESERVES

Movements in reserves during the year are set out in note (18) to the financial statements.

GROUP FINANCIAL SUMMARY

Results, assets and liabilities of the Group for the last ten years are summarised on page 2.

PROPERTIES

Particulars of major properties held by the Group are set out on pages 54 to 57.

DIRECTORS

The Directors of the Company are listed on page 100. The Directors' biographical information is set out on pages 22 to 25.

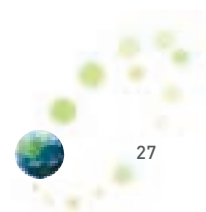
Dr. Wong Yick-ming, Rosanna was appointed as an alternate director to Mr. Simon Murray on 9th July, 2003.

In accordance with the Company's Articles of Association, the Directors of the Company (including Non-executive Directors) retire in every year by rotation. Mr. Chung Sun Keung, Davy, Mr. Ip Tak Chuen, Edmond, Mr. Chiu Kwok Hung, Justin, Mr. Chow Kun Chee, Roland, Dr. Wong Yick-ming, Rosanna and Mr. Yeh Yuan Chang, Anthony will retire from office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' EMOLUMENTS

Directors' emoluments comprise payments to the Company's Directors by the Group in connection with the management of the affairs of the Group. The emoluments of the Company's Directors for the year ended 31st December, 2003, excluding emoluments received by them from the Group's associates, are as follows:

HK\$ Million	Director Fees	Salaries, Allowances and Benefits in Kind	Pension Scheme Contribution	Discretionary Bonus	Inducement or Compensation Fee	Total
Li Ka-shing ⁽¹⁾	0.01	-	-	-	-	0.01
Li Tzar Kuoi, Victor ⁽²⁾	0.03	27.62	2.76	4.36	-	34.77
George Colin Magnus ⁽³⁾	0.03	7.34	0.73	0.76	-	8.86
Kam Hing Lam ⁽⁴⁾	0.03	14.69	1.46	0.15	-	16.33
Chung Sun Keung, Davy	0.03	6.39	0.64	3.20	-	10.26
Ip Tak Chuen, Edmond ⁽⁵⁾	0.03	10.22	1.02	2.48	-	13.75
Pau Yee Wan, Ezra	0.03	7.34	0.73	4.02	-	12.12
Woo Chia Ching, Grace	0.03	7.34	0.73	5.85	-	13.95
Chiu Kwok Hung, Justin	0.03	6.51	0.65	5.00	-	12.19
Leung Siu Hon ⁽⁶⁾	0.06	-	-	-	-	0.06
Fok Kin-ning, Canning	0.03	-	-	-	-	0.03
Frank John Sixt	0.03	-	-	-	-	0.03
Chow Kun Chee, Roland ⁽⁶⁾	0.06	-	-	-	-	0.06
Wong Yick-ming, Rosanna	0.03	-	-	-	-	0.03
Hung Siu-lin, Katherine	0.03	-	-	-	-	0.03
Yeh Yuan Chang, Anthony	0.03	-	-	-	-	0.03
Chow Nin Mow, Albert	0.03	-	-	-	-	0.03
Simon Murray	0.03	-	-	-	-	0.03
Kwok Tun-li, Stanley	0.03	-	-	-	-	0.03
	0.61	87.45	8.72	25.82	-	122.60



REPORT OF THE DIRECTORS *(continued)*

Notes:

- (1) Mr. Li Ka-shing received a director's fee of HK\$5,000 from the Company. The amount of director's fee shown above is a result of rounding. The director's fee of HK\$50,000 received by Mr. Li Ka-shing from Hutchison Whampoa Limited was paid back to the Company.
- (2) Part of the directors' emoluments in the sum of HK\$3,650,000 received by Mr. Li Tzar Kuoi, Victor from the Hutchison Whampoa Group and the director's fee of HK\$50,000 received by him from CK Life Sciences Int'l., (Holdings) Inc. were paid back to the Company.
- (3) Part of the directors' emoluments in the sum of HK\$3,224,000 received by Mr. Geroge Colin Magnus from the Hutchison Whampoa Group was paid back to the Company.
- (4) Part of the directors' emoluments in the sum of HK\$1,502,000 received by Mr. Kam Hing Lam from the Hutchison Whampoa Group and the directors' emoluments of HK\$4,250,000 received by him from CK Life Sciences Int'l., (Holdings) Inc. were paid back to the Company.
- (5) Part of the directors' emoluments in the sum of HK\$1,850,000 received by Mr. Ip Tak Chuen, Edmond from Cheung Kong Infrastructure Holdings Limited and the directors' emoluments of HK\$1,850,000 received by him from CK Life Sciences Int'l., (Holdings) Inc. were paid back to the Company.
- (6) Mr. Leung Siu Hon and Mr. Chow Kun Chee, Roland, both Independent Non-executive Directors who are also members of the Audit Committee of the Company, received an additional fee of HK\$30,000 each.

DISCLOSURE OF INTERESTS

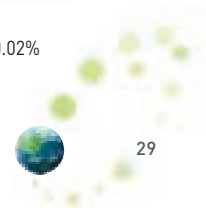
Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31st December, 2003, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), to be notified to the Company and the Stock Exchange, were as follows:

1. Long positions in Shares

(a) The Company

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Li Ka-shing	Interest of controlled corporation & founder of discretionary trusts	-	-	32,133,000 (Note 1)	825,661,744 (Note 2)	857,794,744	37.04%
Li Tzar Kuoi, Victor	Beneficial owner, interest of child or spouse, interest of controlled corporations & beneficiary of trusts	220,000	100,000	579,000 (Note 4)	825,661,744 (Note 2)	826,560,744	35.69%
George Colin Magnus	Beneficial owner, interest of child or spouse & beneficiary of trust	56,000	10,000	-	184,000 (Note 5)	250,000	0.01%
Kam Hing Lam	Beneficial owner	10,000	-	-	-	10,000	≈0%
Leung Siu Hon	Beneficial owner & interest of child or spouse	635,500	64,500	-	-	700,000	0.03%
Chow Kun Chee, Roland	Beneficial owner	65,600	-	-	-	65,600	≈0%
Hung Siu-lin, Katherine	Beneficial owner	20,000	-	-	-	20,000	≈0%
Yeh Yuan Chang, Anthony	Interest of child or spouse	-	384,000	-	-	384,000	0.02%



REPORT OF THE DIRECTORS (continued)

(b) Associated Corporations

Hutchison Whampoa Limited

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Li Ka-shing	Interest of controlled corporation & founder of discretionary trusts	-	-	6,833,000 (Note 1)	2,141,698,773 (Note 3)	2,148,531,773	50.40%
Li Tzar Kuoi, Victor	Interest of controlled corporations & beneficiary of trusts	-	-	1,086,770 (Note 4)	2,141,698,773 (Note 3)	2,142,785,543	50.26%
George Colin Magnus	Beneficial owner & interest of child or spouse	990,100	9,900	-	-	1,000,000	0.02%
Kam Hing Lam	Beneficial owner	60,000	-	-	-	60,000	≈0%
Leung Siu Hon	Beneficial owner & interest of child or spouse	11,000	28,600	-	-	39,600	≈0%
Fok Kin-ning, Canning	Interest of controlled corporation	-	-	2,110,875 (Note 8)	-	2,110,875	0.05%
Frank John Sixt	Beneficial owner	50,000	-	-	-	50,000	≈0%
Chow Kun Chee, Roland	Beneficial owner	49,931	-	-	-	49,931	≈0%
Hung Siu-lin, Katherine	Beneficial owner	34,000	-	-	-	34,000	≈0%
Yeh Yuan Chang, Anthony	Interest of child or spouse	-	100,000	-	-	100,000	≈0%
Chow Nin Mow, Albert	Beneficial owner	97	-	-	-	97	≈0%
Simon Murray	Beneficial owner & beneficiary of trust	25,000	-	-	17,000 (Note 9)	42,000	≈0%

Cheung Kong Infrastructure Holdings Limited

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Li Ka-shing	Founder of discretionary trusts	-	-	-	1,912,109,945 (Note 6)	1,912,109,945	84.82%
Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	1,912,109,945 (Note 6)	1,912,109,945	84.82%
Kam Hing Lam	Beneficial owner	100,000	-	-	-	100,000	≈0%

CK Life Sciences Int'l., (Holdings) Inc.

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Li Ka-shing	Interest of controlled corporations & founder of discretionary trusts	-	-	1,880,005,715 (Note 1)	2,820,008,571 (Note 7)	4,700,014,286	73.36%
Li Tzar Kuoi, Victor	Beneficial owner & beneficiary of trusts	1,500,000	-	-	2,820,008,571 (Note 7)	2,821,508,571	44.04%
George Colin Magnus	Beneficial owner, interest of child or spouse & beneficiary of trust	502,240	400	-	7,360 (Note 5)	510,000	0.01%
Kam Hing Lam	Interest of child or spouse	-	4,150,000	-	-	4,150,000	0.06%
Chung Sun Keung, Davy	Beneficial owner	250,000	-	-	-	250,000	≈0%
Ip Tak Chuen, Edmond	Beneficial owner	1,500,000	-	-	-	1,500,000	0.02%
Pau Yee Wan, Ezra	Beneficial owner	600,000	-	-	-	600,000	0.01%
Woo Chia Ching, Grace	Beneficial owner	750,000	-	-	-	750,000	0.01%
Leung Siu Hon	Beneficial owner, interest of child or spouse & interest of controlled corporation	525,420	2,000	1,980 (Note 10)	-	529,400	0.01%



REPORT OF THE DIRECTORS (continued)

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding	
		Personal Interest	Family Interest	Corporate Interest	Other Interest			
Fok Kin-ning, Canning	Interest of controlled corporation	-	-	1,000,000 (Note 8)	-	1,000,000	0.02%	
Frank John Sixt	Beneficial owner	600,000	-	-	-	600,000	0.01%	
Chow Kun Chee, Roland	Beneficial owner	602,624	-	-	-	602,624	0.01%	
Hung Siu-lin, Katherine	Beneficial owner	6,000	-	-	-	6,000	≈0%	
Yeh Yuan Chang, Anthony	Beneficial owner	500,000	-	-	-	500,000	0.01%	
Kwok Tun-li, Stanley	Interest of child or spouse	-	200,000	-	-	200,000	≈0%	
Other Associated Corporations								
Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interest	Family Interest	Corporate Interest	Other Interest		
Beautiland Company Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	100,000,000 (Note 11)	100,000,000	100%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	100,000,000 (Note 11)	100,000,000	100%
Jabrin Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	9,000 (Note 11)	9,000	90%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	9,000 (Note 11)	9,000	90%
Kobert Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	4,900 (Note 11)	4,900	100%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	4,900 (Note 11)	4,900	100%
Tsing-Yi Realty, Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	3,150,000 (Note 11)	3,150,000	100%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	3,150,000 (Note 11)	3,150,000	100%

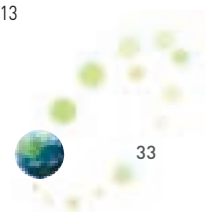
Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interest	Family Interest	Corporate Interest	Other Interest		
Tosbo Limited	Li Ka-shing	Interest of controlled corporations & founder of discretionary trusts	-	-	4 (Note 1)	6 (Note 12)	10	100%
Hutchison Harbour Ring Limited	Fok Kin-ning, Canning	Interest of controlled corporation	-	-	5,000,000 (Note 8)	-	5,000,000	0.07%
Hutchison Telecommunications (Australia) Limited	Fok Kin-ning, Canning	Beneficial owner & interest of controlled corporation	100,000	-	1,000,000 (Note 8)	-	1,100,000	0.16%

2. Long Positions in Underlying Shares

Name of Company	Name of Director	Capacity	Personal Interest	Family Interest	Corporate Interest	Other Interest	Total
Hutchison Telecommunications (Australia) Limited	Fok Kin-ning, Canning	Beneficial owner & interest of controlled corporation	134,000 underlying shares under 134,000 5.5% unsecured convertible notes due 2007	-	1,340,001 underlying shares under 1,340,001 5.5% unsecured convertible notes due 2007 (Note 8)	-	1,474,001 underlying shares under 1,474,001 5.5% unsecured convertible notes due 2007

3. Long Positions in Debentures

Name of Company	Name of Director	Capacity	Personal Interest	Family Interest	Corporate Interest	Other Interest	Total
Hutchison Whampoa International (01/11) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	-	-	US\$2,000,000 7% Notes due 2011 (Note 4)	-	US\$2,000,000 7% Notes due 2011
Hutchison Whampoa International (03/13) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	-	-	US\$11,000,000 6.5% Notes due 2013 (Note 4)	-	US\$11,000,000 6.5% Notes due 2013
Hutchison Whampoa Finance (03/13) Limited	Fok Kin-ning, Canning	Interest of controlled corporation	-	-	Euro31,900,000 5.875% Notes due 2013 (Note 8)	-	Euro31,900,000 5.875% Notes due 2013



REPORT OF THE DIRECTORS *(continued)*

Notes:

- (1) Such interests are held by certain companies of which Mr. Li Ka-shing is interested in the entire issued share capital.
- (2) The two references to 825,661,744 shares relate to the same block of shares in the Company. Mr. Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2"). Each of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of DT2) holds units in The Li Ka-Shing Unity Trust ("UT1") but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard. Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of UT1 and companies controlled by TUT1 as trustee of UT1 ("TUT1 related companies") hold a total of such 825,661,744 shares.

The entire issued share capital of TUT1 and of the trustees of DT1 and DT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco"). Each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Unity Holdco or any of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard as a holder of the shares of Unity Holdco as aforesaid.

As Mr. Li Ka-shing may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO and Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT1 and DT2, and by virtue of the above, both Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the shares of the Company held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO as Directors of the Company. Although Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco and is a discretionary beneficiary of each of DT1 and DT2, he is not a Director of the Company and has no duty of disclosure in relation to the shares of the Company held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO.

- (3) The two references to 2,141,698,773 shares in Hutchison Whampoa Limited ("HWL") relate to the same block of shares comprising:
 - (a) 2,130,202,773 shares held by certain subsidiaries of the Company. By virtue of the interests in the shares of the Company in relation to which each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor has a duty of disclosure under the SFO in the issued share capital of the Company as described in Note (2) above and as a Director of the Company, they are taken to have a duty of disclosure in relation to the said shares of HWL under the SFO; and
 - (b) 11,496,000 shares held by Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of The Li Ka-Shing Castle Trust ("UT3"). Mr. Li Ka-shing is the settlor of each of the two discretionary trusts ("DT3" and "DT4"). Each of Li Ka-Shing Castle Trustee Corporation Limited ("TDT3", which is the trustee of DT3) and Li Ka-Shing Castle Trustcorp Limited ("TDT4", which is the trustee of DT4) holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT3 and DT4 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard.

The entire issued share capital of TUT3 and the trustees of DT3 and DT4 are owned by Li Ka-Shing Castle Holdings Limited ("Castle Holdco"). Each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Castle Holdco. TUT3 is only interested in the shares of HWL by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of HWL independently without any reference to Castle Holdco or any of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard as a holder of the shares of Castle Holdco as aforesaid.

As Mr. Li Ka-shing may be regarded as a founder of each of DT3 and DT4 for the purpose of the SFO and Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT3 and DT4, and by virtue of the above, both Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the said shares of HWL held by TUT3 as trustee of UT3 under the SFO as Directors of the Company. Although Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Castle Holdco and is a discretionary beneficiary of each of DT3 and DT4, he is not a Director of the Company and has no duty of disclosure in relation to the shares of HWL held by TUT3 as trustee of UT3 under the SFO.

- (4) Such interests are held by certain companies of which Mr. Li Tzar Kuoi, Victor is interested in the entire issued share capital.
- (5) Such interests in the shares are held by a company controlled by a trust under which Mr. George Colin Magnus is a discretionary beneficiary.
- (6) The two references to 1,912,109,945 shares in Cheung Kong Infrastructure Holdings Limited ("CKI") relate to the same block of shares comprising:
 - (a) 1,906,681,945 shares held by a subsidiary of HWL. Certain subsidiaries of the Company hold more than one-third of the issued share capital of HWL. Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, as Directors of the Company, by virtue of their deemed interests in the shares of the Company as described in Note (2) above, are taken to have a duty of disclosure in relation to such shares of CKI held by the subsidiary of HWL under the SFO; and
 - (b) 5,428,000 shares held by TUT1 as trustee of UT1. By virtue of the deemed interests in TUT1 as trustee of UT1 as described in Note (2) above, each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to such shares of CKI under the SFO.
- (7) The two references to 2,820,008,571 shares in CK Life Sciences Int'l., (Holdings) Inc. ("CKLS") relate to the same block of shares which are held by a subsidiary of the Company. Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, as Directors of the Company, are taken to have a duty of disclosure in relation to such shares of CKLS held by the subsidiary of the Company by virtue of their deemed interests in the shares of the Company as described in Note (2) above under the SFO.
- (8) Such interests are held by a company which is equally owned by Mr. Fok Kin-ning, Canning and his wife.
- (9) Such interests are held by an offshore family trust fund under which Mr. Simon Murray is a discretionary beneficiary.
- (10) Such interests are held by a company which is wholly owned by Mr. Leung Siu Hon and his wife.
- (11) These are subsidiaries of the Company and such shares are held through the Company and TUT1 as trustee of UT1. Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, as Directors of the Company, by virtue of their deemed interests in the shares of the Company and TUT1 as trustee of UT1 as described in Note (2) above, are taken to have a duty of disclosure in relation to such shares under the SFO.
- (12) These shares are held by a subsidiary of the Company. By virtue of the deemed interests in the shares of the Company as described in Note (2) above and as a Director of the Company, Mr. Li Ka-shing is taken to have a duty of disclosure in relation to such shares under the SFO.

As at 31st December, 2003, by virtue of their deemed interests in the shares of the Company as described in Note (2) above and as Directors of the Company, Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, are deemed to be interested in the securities of the subsidiaries and associated companies of the Company held through the Company under the provisions of the SFO.

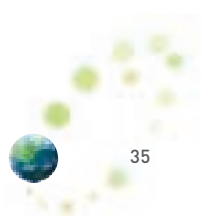
Certain Directors held qualifying shares in certain subsidiaries in trust for the Company and other subsidiaries.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 31st December, 2003, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Listing Rules.

At no time during the year was the Company or subsidiary a party to any arrangements which enabled any Director to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate.

No other contracts of significance to which the Company or a subsidiary was a party and in which a Director has a material interest subsisted at the balance sheet date or at any time during the year.

None of the Directors has any service contract with the Company or any of its subsidiaries.



INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

So far as is known to any Director or chief executive of the Company, as at 31st December, 2003, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

1. Long positions of substantial shareholders in the shares of the Company

Name of Shareholder	Capacity	Number of Ordinary Shares	Approximate % of Shareholding
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	825,661,744 (Note)	35.65%
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of trust	825,661,744 (Note)	35.65%
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of trust	825,661,744 (Note)	35.65%

2. Long positions of other persons in the shares of the Company

Name of Shareholder	Capacity	Number of Ordinary Shares	Approximate % of Shareholding
Templeton Global Advisors Ltd.	Investment manager	124,748,836	5.39%

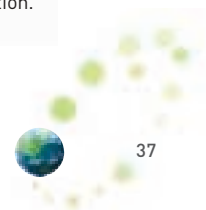
Note: The three references to 825,661,744 shares relate to the same block of shares in the Company. Each of TUT1 as trustee of UT1, TDT1 as trustee of DT1 and TDT2 as trustee of another discretionary trust is taken to have a duty of disclosure in relation to the said shares of the Company as described in Note (2) under the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" under the SFO.

Save as disclosed above, as at 31st December, 2003, the Company has not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONNECTED TRANSACTIONS

- (1) On 25th February, 2003 and 1st April, 2003, the Company agreed to make available two loan facilities (“Loan Facilities”) for up to US\$143 million and up to US\$78 million respectively to Hui Xian Holdings Limited and/or its subsidiaries (“Hui Xian”). The Loan Facilities would be provided on a several basis pro-rated to the respective interests of the Group and Hutchison Whampoa Limited (“Hutchison Whampoa”) or its wholly owned subsidiaries (the “Hutchison Whampoa Group”) in Hui Xian. The Loan Facilities constituted connected transactions for the Company under Rule 14.25(2)(b) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).
- (2) On 28th January, 2004, a wholly owned subsidiary of the Company entered into a conditional agreement with Hutchison Global Communications Holdings Limited (formerly Vanda Systems & Communications Holdings Limited) (“HGC Holdings”) in relation to the disposal of its entire interest in PowerCom Network Hong Kong Limited to HGC Holdings (“Disposal”) for a consideration of approximately HK\$316.59 million, which was satisfied by the issue and allotment to the Group of 395,743,835 new shares in HGC Holdings credited as fully paid at an issue price of HK\$0.80 per share. As HGC Holdings is an associate of Hutchison Whampoa within the meaning of the Listing Rules and thus the Disposal constituted a connected transaction under Rule 14.25(1) of the Listing Rules.
- (3) The Group had provided guarantees or indemnities (“Guarantees or Indemnities”) for companies in respect of which both the Group and the Hutchison Whampoa Group or other joint venture partner(s) have interests. The Guarantees or Indemnities were provided by the Group and the Hutchison Whampoa Group or other joint venture partner(s) on a several basis and pro-rated to their respective interests in the relevant company. Such arrangements constituted or might constitute connected transactions for the Company under Rule 14.25(2)(b) of the Listing Rules.

Date	Name of Company	Guarantee/Indemnity provided by the Group
16th May, 2003	Matrica Limited	30% of the liabilities of the maximum amount of HK\$847,386,500 under an undertaking given by an independent financial institution in favour of the Government of the Hong Kong Special Administrative Region (the “SAR Government”) and the Director of Lands with respect to the grant of consent for the sale of the residential units or car parking spaces in the development on Tsing Yi Town Lot No. 140.
16th June, 2003	Shanghai Westgate Mall Co., Ltd.	50% of the obligations under a loan of US\$47 million made available by an independent financial institution.
24th June, 2003	Hutchison Whampoa Properties (Beijing Chaoyang) Limited	50% of the obligations under a credit facility of HK\$332 million made available by an independent financial institution.
26th August, 2003	Hutchison Enterprises (Chongqing) Limited	50% of the obligations under a loan of US\$29.5 million made available by an independent financial institution.
26th August, 2003	Hutchison Whampoa Properties (Guangzhou Liwan) Limited	50% of the obligations under a loan of HK\$200 million made available by an independent financial institution.



REPORT OF THE DIRECTORS *(continued)*

Date	Name of Company	Guarantee/Indemnity provided by the Group
22nd September, 2003	Hutchison Whampoa Properties (Guangzhou Panyu) Limited	50% of the obligations under a loan of up to HK\$150 million made available by an independent financial institution.
24th September, 2003	Hutchison Whampoa Properties (Guangzhou Panyu) Limited	50% of the obligations under a loan of up to HK\$78 million made available by an independent financial institution.
24th September, 2003	Shanghai Helian Property Development Co., Ltd	50% of the obligations under a loan facility of up to HK\$700 million made available by an independent financial institution.
26th September, 2003	Hutchison Whampoa Properties (Guangzhou Liwan) Limited	50% of the obligations under a loan of HK\$360 million made available by an independent financial institution.
26th September, 2003	Hutchison Whampoa Properties (Guangzhou Panyu) Limited	50% of the obligations under a loan of up to HK\$220 million made available by an independent financial institution.
31st October, 2003	Hutchison Enterprises (Chongqing) Limited	50% of the obligations under a loan of HK\$70 million made available by an independent financial institution.
31st October, 2003	Hutchison Whampoa Properties (Chongqing Jiangbei) Limited	50% of the obligations under a loan of HK\$140 million made available by an independent financial institution.
4th November, 2003	Hutchison Whampoa Properties (Zhuhai) Company Limited	50% of the obligations under a loan facility of HK\$200 million made available by an independent financial institution.
24th February, 2003	Wisdom Choice Investment Limited	60% of all liabilities of the maximum amount of HK\$495,763,300 under an undertaking given by an independent financial institution in favour of the SAR Government and the Director of Lands with respect to the grant of consent for the sale of the residential units, car parking spaces and motor cycle parking spaces in the development on Tin Shui Wai Town Lot No. 27.
22nd August, 2003	Dragon Beauty International Limited	50% of all liabilities of the maximum amount of HK\$553,074,000 under an undertaking given by an independent financial institution in favour of the SAR Government and the Director of Lands with respect to the grant of consent for the sale of the residential units in Phase 1 of the development on New Kowloon Inland Lot No. 6275.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, 61% of the Group's purchases were attributable to the Group's five largest suppliers with the largest supplier accounting for 29% of the Group's purchases. The Group's turnover attributable to the Group's five largest customers was less than 30%.

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) has any interest in the Group's five largest suppliers.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year, the interests of Directors in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group (the "Competing Business") as required to be disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited were as follows:

1. Core business activities of the Group

- (1) Property development and investment.
- (2) Hotel and serviced suite operation.
- (3) Property and project management.
- (4) Investment in securities.
- (5) Information technology, e-commerce and new technology.

2. Interests in Competing Business

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Li Ka-shing	Hutchison Whampoa Limited	Chairman	(1), (2), (3), (4) & (5)
Li Tzar Kuoi, Victor	Hutchison Whampoa Limited	Deputy Chairman	(1), (2), (3), (4) & (5)
	Cheung Kong Infrastructure Holdings Limited	Chairman	(4) & (5)
	Hongkong Electric Holdings Limited	Executive Director	(4) & (5)
George Colin Magnus	CK Life Sciences Int'l, (Holdings) Inc.	Chairman	(4) & (5)
	Hutchison Whampoa Limited	Executive Director	(1), (2), (3), (4) & (5)
	Cheung Kong Infrastructure Holdings Limited	Deputy Chairman	(4) & (5)
Kam Hing Lam	Hongkong Electric Holdings Limited	Chairman	(4) & (5)
	Hutchison Whampoa Limited	Executive Director	(1), (2), (3), (4) & (5)
	Cheung Kong Infrastructure Holdings Limited	Group Managing Director	(4) & (5)
	Hongkong Electric Holdings Limited	Executive Director	(4) & (5)
	CK Life Sciences Int'l, (Holdings) Inc.	President and Chief Executive Officer	(4) & (5)



REPORT OF THE DIRECTORS (continued)

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Ip Tak Chuen, Edmond	Cheung Kong Infrastructure Holdings Limited	Deputy Chairman	(4) & (5)
	CK Life Sciences Int'l., (Holdings) Inc.	Senior Vice President and Chief Investment Officer	(4) & (5)
	TOM Group Limited	Non-executive Director	(4) & (5)
	ARA Asset Management (Singapore) Limited	Director	(3)
	CATIC International Holdings Limited	Non-executive Director	(1) & (4)
	Excel Technology International Holdings Limited	Non-executive Director	(4) & (5)
	Hanny Holdings Limited	Non-executive Director	(4) & (5)
	Shougang Concord International Enterprises Company Limited	Non-executive Director	(1) & (4)
	Trasy Gold Ex Limited	Non-executive Director (Resigned on 28th May, 2003)	(4) & (5)
Chiu Kwok Hung, Justin	ARA Asset Management (Singapore) Limited	Chairman	(3)
Fok Kin-ning, Canning	Hutchison Whampoa Limited	Group Managing Director	(1), (2), (3), (4) & (5)
	Cheung Kong Infrastructure Holdings Limited	Deputy Chairman	(4) & (5)
	Hongkong Electric Holdings Limited	Deputy Chairman	(4) & (5)
	Hutchison Harbour Ring Limited	Chairman	(1) & (5)
	Hutchison Global Communications Holdings Limited	Chairman	(5)
	Hanny Holdings Limited	Non-executive Director	(4) & (5)
Frank John Sixt	Hutchison Whampoa Limited	Group Finance Director	(1), (2), (3), (4) & (5)
	Cheung Kong Infrastructure Holdings Limited	Executive Director	(4) & (5)
	Hongkong Electric Holdings Limited	Executive Director	(4) & (5)
	TOM Group Limited	Chairman	(4) & (5)
	TOM Online Inc.	Chairman	(5)
	Hutchison Global Communications Holdings Limited	Executive Director	(5)
Hung Siu-lin, Katherine	The Hong Kong Housing Society	Supervisory Board Member	(1) & (3)
	Hong Kong Young Women's Christian Association	Hotel Management Committee Member	(1), (2) & (3)
	The Scout Association of Hong Kong	Hotel Management Committee Member	(1), (2) & (3)
Chow Nin Mow, Albert	Wah Yip (Holdings) Limited	Chairman, Managing Director and Substantial Shareholder	(1) & (3)

Note: Such businesses may be made through subsidiaries, associated companies or by way of other forms of investments.

Save as disclosed above, none of the Directors is interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with businesses of the Group.

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.

COMMUNITY RELATIONS

During the year, the Group supported a wide variety of charities and activities beneficial to the community. Donations made by the Group during the year amounted to approximately HK\$29,700,000.

CODE OF BEST PRACTICE

The Company has complied with Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the accounting period covered by this annual report.

AUDIT COMMITTEE

Pursuant to the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, an Audit Committee of the Company was established in December 1998 with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Society of Accountants. Regular meetings have been held by the Committee since its establishment and the Committee met twice in 2003.

The Audit Committee is answerable to the Board and the principal duties of the Committee include the review and supervision of the Company's financial reporting process and internal controls.

AUDITORS

The financial statements for the year have been audited by Messrs. Deloitte Touche Tohmatsu who retire and offer themselves for re-appointment.

On behalf of the Board

Li Ka-shing

Chairman

Hong Kong, 18th March, 2004



SENIOR MANAGEMENT'S BIOGRAPHICAL INFORMATION

Accounts Department

Man Ka Keung, Simon, aged 46, Chief Manager, joined the Cheung Kong Group in December 1987. He has over 23 years of experience in accounting and auditing. He holds a Bachelor's degree in Economics and is an associate member of The Institute of Chartered Accountants in Australia.

Lee Shu Yan, Simon, aged 40, Manager, joined the Cheung Kong Group in October 1987. He has over 21 years of experience in accounting. He holds a Postgraduate Diploma in Management Studies. He is a fellow member of The Association of Chartered Certified Accountants, an associate member of the Hong Kong Society of Accountants and a non-practising member of The Chinese Institute of Certified Public Accountants.

Advertising Department

Yuen Tim Hung, Kenneth, aged 46, Senior Manager, joined the Cheung Kong Group in March 1984. He has over 22 years of experience in both advertising and marketing. He holds a Diploma in Communications. He is also in charge of certain sales projects.

Choi Wan Ling, Cabbae, aged 38, Advertising Manager, joined the Cheung Kong Group in November 1993. She has over 12 years of experience in advertising. She holds a Bachelor of Arts degree in Geography and Chinese.

Building Cost & Contract Department

Kwan Chi Kin, Anthony, aged 48, Chief Manager, joined the Cheung Kong Group in May 1990. He has over 26 years of experience in building construction and quantity surveying. He holds a Higher Diploma in Building Technology and Management. He is a Registered Professional Engineer, a professional member of The Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a member of The Chartered Institute of Building, a member of The Hong Kong Institute of Engineers, a member of the Hong Kong Institute of Construction Managers and a member of Chartered Management Institute.

Chan Kin Sun, Sidney, aged 49, Contracts Manager, joined the Cheung Kong Group in January 1998. He has over 27 years of experience in quantity surveying. He holds a Technician Diploma in Building and Architecture Studies (Building). He is a member of The Chartered Institute of Building, a member of The Hong Kong Institution of Engineers and an associate member of the Chartered Institute of Arbitrators.

Ho Kin Chung, Richard, aged 48, Contracts Manager, joined the Cheung Kong Group in March 2000. He has over 25 years of experience in quantity surveying. He holds a Higher Diploma in Building Technology & Management. He is a professional member of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Wong Tak On, Andy, aged 40, Contracts Manager, joined the Cheung Kong Group in May 1997. He has over 16 years of experience in quantity surveying. He holds a Bachelor of Applied Science degree in Building Studies. He is a member of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Yau Charm Ping, Steve, aged 44, Contracts Manager, joined the Cheung Kong Group in June 1987. He has over 22 years of experience in quantity surveying. He holds an Advanced Higher Diploma in Quantity Surveying and is a professional associate of The Royal Institution of Chartered Surveyors.

Chairman's Office

Au Siu Yin, Amy, aged 41, Manager, joined the Cheung Kong Group in February 1990. She has over 19 years of experience in office and charity project management. She holds a Bachelor of Arts degree and a Master's degree in Business Administration. She is an associate member of The Institute of Chartered Secretaries and Administrators.

Lo Wai Fong, Katherine, aged 47, Manager, Charitable Projects, joined the Cheung Kong Group in April 1998. She has over 23 years in charity project management. She holds a Bachelor of Arts degree, a Master of Arts degree in Missiology and a Doctor of Philosophy degree.

China Department

Chan Yuet Ming, Louis, aged 44, General Manager, Beijing Oriental Plaza, joined the Cheung Kong Group in October 1992. He has over 19 years of experience in project management. He holds a Bachelor of Science degree in Architecture and a Bachelor's degree in Architecture. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of the Hong Kong Institute of Architects.

Wang Qi, James, aged 40, Manager, Business Development, joined the Cheung Kong Group in January 1994. He has over 18 years of experience in business development and is the Chief Representative of the Beijing Office of the Company. He holds a Master's degree in Management Science.

Hui Tung Keung, Tommy, aged 41, Business Development Manager, China Hotels, joined the Cheung Kong Group in January 1994. He has over 20 years of experience in accounting and hotel management.

Lee Chi Kin, Casey, aged 41, Business Development Manager, China Hotels, joined the Cheung Kong Group in August 1998. He has over 19 years of experience in accounting. He holds a Bachelor's degree of Social Sciences. He is a member of The Chinese Institute of Certified Public Accountants, a fellow of The Association of Chartered Certified Accountants and an associate member of the Hong Kong Society of Accountants.

Cheung Sau Ying, Dorothy, aged 42, Finance Manager, China Hotels, joined the Cheung Kong Group in August 2000. She has over 21 years of experience in accounting. She holds a Higher Certificate in Company Secretaries and Administration. She is an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of The Hong Kong Institute of Company Secretaries.

Chu Yu Fai, Kenneth, aged 51, Finance Manager, China Hotels, joined the Cheung Kong Group in July 1994. He has over 25 years of experience in finance, accounting and auditing. He holds a Bachelor of Arts degree in Economics and a Bachelor of Commerce degree in Business Administration. He is a Certified Management Accountant.

Wu Kwok Leung, Eddy, aged 47, Finance Manager, Lai Loi Project, joined the Cheung Kong Group in November 1993. He has over 26 years of experience in accounting. He holds a Diploma in Chinese Law and a Higher Certificate in Accountancy.

Yeung Chi Keung, Nicky, aged 40, Finance Manager, China Hotels, joined the Cheung Kong Group in November 1993. He has over 16 years of experience in both accounting and auditing. He holds a Master's degree in Business Administration. He is a member of American Institute of Certified Public Accountants and an associate member of the Hong Kong Society of Accountants.

Chan Pak Wing, Thomas, aged 47, Manager, China Housing Development, joined the Cheung Kong Group in August 1993. He has over 22 years of experience in project management. He holds a Bachelor of Applied Science degree in Civil Engineering, a Bachelor of Commerce degree in Business Administration and a Master's degree in Business Administration. He is a Canadian Professional Engineer and a member of The Institute of Highways and Transportation (Great Britain).

Chan Wai Ming, aged 50, Project Manager, China Hotels, joined the Cheung Kong Group in April 1997. He has over 27 years of experience in project management and holds a Higher Certificate in Building Technology.

Lam Ka Keung, aged 46, Project Manager, Guangzhou Project, joined the Cheung Kong Group in June 1994. He has over 26 years of experience in project management. He holds a Higher Certificate in Construction Technology.

Leung Shau Yung, Fabian, aged 41, Project Manager, joined the Cheung Kong Group in May 1997. He has over 15 years of experience in project management. He holds a Bachelor of Science degree in Architecture and a Bachelor of Architecture degree. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of the Hong Kong Institute of Architects.

Ng Hok Leung, Sidney, aged 48, Project Manager, China Hotels, joined the Cheung Kong Group in June 1998. He has over 30 years of experience in construction and engineering management.

Company Secretarial Department

Yeung, Eirene, aged 43, Corporate Business Counsel & Company Secretary, joined the Cheung Kong Group in August 1994. She has over 19 years of experience in corporate and commercial legal work, regulatory compliance and company secretarial field. She is also the Company Secretary of Cheung Kong Infrastructure Holdings Limited and CK Life Sciences Int'l. (Holdings) Inc., and a Director of ARA Asset Management (Singapore) Limited. She is a solicitor of the High Court of the Hong Kong Special Administrative Region and of the Supreme Court of Judicature in England and Wales. She holds a Bachelor's degree in Laws and a Master's degree in Business Administration. She is also a panel member of The Hong Kong Institute of Company Secretaries.

Chan Siu Kuen, Mildred, aged 40, Manager, joined the Cheung Kong Group in September 2000. She has over 16 years of experience in company secretarial field. She holds a Bachelor of Arts degree in Accountancy and a professional diploma in Company Secretaryship and Administration. She is an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of The Hong Kong Institute of Company Secretaries.

Law Kai Chung, Edmund, aged 36, Manager, joined the Cheung Kong Group in October 2000. He has over 10 years of experience in the legal field. He holds a Bachelor's degree in Laws. He is a solicitor of the High Court of the Hong Kong Special Administrative Region and of the Supreme Court of England and Wales. He is a member of The Law Society of Hong Kong.

Lee Miui Ling, Landy, aged 42, Manager, joined the Cheung Kong Group in April 2001. She has over 14 years of experience in company secretarial field. She holds a Master's degree in Arbitration and a Master's degree in Laws. She is an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of The Hong Kong Institute of Company Secretaries.

Construction Audit & Quality Assurance Department

Tsui Ying Kit, Simon, aged 44, Manager, joined the Cheung Kong Group in March 1976. He has over 23 years of experience in electrical and mechanical engineering and building quality management. He holds a Higher Certificate in Supervisory & Quality Management, and is a Certified Facility Manager and a member of International Facility Management Association.

Corporate Affairs Department

Tong Wai Che, Wendy, aged 43, Chief Corporate Affairs Officer, joined the Cheung Kong Group in March 1999. She is also the Chief Corporate Affairs Officer of Cheung Kong Infrastructure Holdings Limited and CK Life Sciences Int'l. (Holdings) Inc. She has over 19 years of experience in public relations and corporate affairs. She holds a Bachelor's degree in Business Administration.

Cheong Yuen Mei, Winnie, aged 35, Senior Corporate Affairs Manager, joined the Cheung Kong Group in March 1999. She has over 13 years of experience in public relations and corporate affairs. She holds a Bachelor of Arts degree in Philosophy.

Credit Administration

Ma Lai Chee, Gerald, aged 36, Senior Manager, Corporate Business Development, joined the Cheung Kong Group in February 1996. He is a Director of AMTD Financial Planning Limited, iBusiness Corporation Limited, CK Communications Limited, PowerCom Network Hong Kong Limited, Career Times Online Limited and mReferral Corporation (HK) Limited. He has over 14 years of experience in financial management, banking and sales & marketing. He holds a Bachelor of Commerce degree in Finance.

Design & Promotion Department

Yam Kin Wah, Peter, aged 44, Senior Manager, joined the Cheung Kong Group in August 1985. He has over 21 years of experience in design and promotion. He holds a Diploma in Chinese Language and Literature.

Chan Ka Hay, Eliza, aged 40, Manager, joined the Cheung Kong Group in October 1993. She has over 16 years of experience in design and promotion. She holds a Diploma in Sociology.

Development Department

Shen Wai Yee, Grace, aged 52, Chief Manager, Construction Management Division, joined the Cheung Kong Group in September 1989. She has over 22 years of experience in project management. She holds a Bachelor's degree in Sociology and Architecture. She is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of the Hong Kong Institute of Architects.

Lui Wai Yu, Albert, aged 53, Senior Project Manager, joined the Cheung Kong Group in July 1978. He has over 30 years of experience in project management.

Chan Hon Shing, aged 42, Project Manager, joined the Cheung Kong Group in December 1995. He has over 17 years of experience in architectural profession and project management. He holds a Bachelor's degree in Architectural Studies and a Bachelor's degree in Architecture. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of the Hong Kong Institute of Architects.

Ho Ting Fung, Albert, aged 50, Project Manager/Manager of Interior Architecture, joined the Cheung Kong Group in November 1998. He has over 24 years of experience in project/interior architectural management. He holds a Bachelor's degree in Architectural Studies and a Bachelor's degree in Architecture. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a corporate member of The Royal Institute of British Architects and a member of the Hong Kong Institute of Architects.

Leung Chun Fung, Victor, aged 45, Project Manager, joined the Cheung Kong Group in May 1995. He has over 20 years of experience in project management. He holds a Bachelor of Engineering Degree in Civil Engineering.

Mok Wai Chung, David, aged 44, Project Manager, joined the Cheung Kong Group in April 1989. He has over 20 years of experience in project management. He holds a Bachelor of Arts degree in Architectural Studies, a Bachelor's degree in Architecture, a Master's degree in Business Administration and a Master of Science degree in E-Commerce. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of the Hong Kong Institute of Architects.

Pun Wing Chiu, Anthony, aged 40, Project Manager, Structural, joined the Cheung Kong Group in September 1999. He has over 16 years of experience in project/structural engineering management. He holds a Bachelor of Science degree in Civil Engineering. He is a Chartered Engineer, a Registered Professional Engineer, a Registered Structural Engineer, a member of The Hong Kong Institute of Engineers and a member of The Institution of Structural Engineers.

Tang Sek Wai, Max, aged 44, Project Manager, joined the Cheung Kong Group in November 1986. He has over 18 years of experience in project management. He holds a Master's degree in Environmental Engineering Management and a Master's degree in Business Administration (Executive). He is a Chartered Builder and a member of The Hong Kong Institute of Engineers.

E & M Department

Lo Kin Hing, Isaac, aged 42, Senior Manager, joined the Cheung Kong Group in April 2003. He has over 17 years of experience in electrical & mechanical engineering. He holds a Master of Science degree in Construction Project Management. He is a Chartered Engineer, a Registered Professional Engineer, a fellow of The Chartered Institute of Building Service Engineering (UK), a fellow of The Institute of Electrical Engineers and a member of The Hong Kong Institution of Engineers.

EDP Department

Tsui Chi Kong, Steve, aged 47, Chief Manager, joined the Cheung Kong Group in February 1988. He has over 21 years of experience in information technology management. He holds a Bachelor's degree in Laws and a Master of Science degree in Computer Science. He is a member of the Hong Kong Computer Society.

Man Chun Keung, Raymond, aged 43, System Manager, joined the Cheung Kong Group in December 1987. He has over 16 years of experience in system development. He holds a Bachelor of Science degree in Computing Science and is a member of the Hong Kong Computer Society.

Human Resources & Administration Department

Pong Yiu Kee, Alice, aged 48, Chief Manager, joined the Cheung Kong Group in September 2001. She has over 24 years of experience in human resources and administration management. She is a member of the Hong Kong Management Association.

Pau Shiu Yung, Anita, aged 47, Manager, Administration, joined the Cheung Kong Group in December 1977. She has over 26 years of experience in office administration management. She is a member of the Hong Kong Institute of Human Resources Management.

Internal Audit Department

Lee King Yuen, Albert, aged 48, Senior Manager, joined the Cheung Kong Group in November 1987. He has over 26 years of experience in auditing. He is also a Director of Citybase Property Management Limited and Goodwell Property Management Limited. He holds a Bachelor of Science degree in Business Administration. He is a fellow of the Hong Kong Society of Accountants and a fellow of The Association of Chartered Certified Accountants.

Leasing Department

Lee Po Chu, Eileen, aged 43, Senior Leasing Manager, joined the Cheung Kong Group in October 2003. She has over 22 years of experience in property leasing. She holds a Diploma in Business.

Wong See Hang, Resina, aged 40, Senior Leasing Manager, joined the Cheung Kong Group in June 1990. She has over 18 years of experience in property leasing. She holds a Bachelor of Arts degree in History.

Wong Ling Fei, Mable, aged 41, Leasing Manager, joined the Cheung Kong Group in September 2002. She has over 15 years of experience in property leasing.

Tsui Fan, Frank, aged 32, Manager, E-Park, joined the Cheung Kong Group in July 1998. He has over 9 years of experience in car park management. He holds a Bachelor of Business degree in Marketing and a Master's degree in Business Administration.

Legal Department

Yip Kin Ming, Emmanuel, aged 51, Chief Manager, joined the Cheung Kong Group in July 1985. He has over 20 years of experience in legal field. He holds a Diploma in Economics.

Wong Fung King, Amy, aged 44, Legal Manager, joined the Cheung Kong Group in June 1998. She has over 19 years of experience in legal field. She holds a Bachelor of Law Degree and a Postgraduate Certificate in Laws. She is a solicitor of the High Court of the Hong Kong Special Administrative Region.

Property Investment & Valuation Department

(In alphabetical order)

Chan Man Wai, Anthony, aged 41, Senior Manager, joined the Cheung Kong Group in January 1994. He has over 14 years of experience in property development & investment, land management and property valuation. He holds a Bachelor of Science degree with Honours in Electrical Engineering, a Master's degree in Business Administration and a Master's degree in Land Management. He is a Registered Professional Surveyor and a member of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Chiu Siu Kam, Selene, aged 37, Senior Manager, joined the Cheung Kong Group in February 1997. She has over 14 years of experience in property valuation. She holds a Bachelor of Science degree in Estate Management and a Master's degree in Business Administration. She is a Registered Professional Surveyor and an associate member of The Hong Kong Institute of Surveyors.

Lee Shuk Lan, Nanette, aged 42, Assistant to Director, joined the Cheung Kong Group in May 1999. She has over 19 years of experience in professional consultancy, property development, investment and valuation. She holds a Bachelor of Science degree in Land Management. She is a Registered Professional Surveyor and a member of The Hong Kong Institute of Surveyors.

Sales Department

Ho Yu Ying, Patrick, aged 55, Senior Sales Manager, joined the Cheung Kong Group in November 1975. He has over 34 years of experience in property sales.

Kwok Tze Wai, William, aged 38, Senior Sales Manager, joined the Cheung Kong Group in May 1989. He has over 15 years of experience in property sales. He holds a Bachelor of Science degree in Business Administration Marketing.

Lau Kai Man, Joseph, aged 45, Senior Sales Manager, joined the Cheung Kong Group in June 1981. He has over 25 years of experience in property sales.

Wong See Chung, Francis, aged 42, Senior Sales Manager, joined the Cheung Kong Group in January 1994. He has over 8 years of experience in property sales. He holds a Master's degree in Business Administration.

Leung Yuen Kwan, Josephine, aged 35, Sales Manager, joined the Cheung Kong Group in July 1995. She has over 10 years of experience in market research and property sales. She holds a Bachelor of Commerce degree in Marketing and Finance.

Ng Chui Ha, Fiona, aged 40, Manager, Sales Administration, joined the Cheung Kong Group in December 1990. She has over 17 years of experience in sales administration. She holds a Bachelor's degree in History.

Yap So Han, Brenda, aged 39, Manager, Sales Administration, joined the Cheung Kong Group in May 1990. She has over 15 years of experience in sales administration. She holds a Diploma in Business Administration.

Sales Department - Building Management

Ho Kwong Fai, Ellickey, aged 41, Assistant General Manager, Building Management, joined the Cheung Kong Group in September 1994 and is a Director of Goodwell-Fortune Property Services Limited. He has over 18 years of experience in building management and holds a Professional Diploma in Real Estate Administration.

Wong Wo Muk, Philip, aged 44, Manager, Building Management - Development, joined the Cheung Kong Group in May 1987 and is a Director of Goodwell-Fortune Property Services Limited. He has over 21 years of experience in building management. He holds a Bachelor's degree in Business Studies and a Postgraduate Diploma in Surveying (Real Estate Development).



HIGHLIGHTS OF DEVELOPMENT PROJECTS

SEASONS VILLAS

Unique French Style

Located at 233 Kam Tin Road, Shek Kong, Yuen Long, this prestigious development comprises 112 exquisite French villas and has facilities including an outdoor swimming pool and children's play equipment.





HIGHLIGHTS OF DEVELOPMENT PROJECTS *(continued)*

ONE BEACON HILL

Extraordinary Grandeur

Located at No. 1 Beacon Hill Road, Kowloon Tong, this magnificent development has a total of 16 blocks and 604 residential units with deluxe fittings, and has commanding views of the Kowloon Peninsula and the famed Hong Kong skyline.





CARIBBEAN COAST

Art of Living

Located at Man Tung Road, Tung Chung, this resort-style development has 13 high-rise towers and 8 low-rise buildings totaling 5,430 residential units. Ample leisure facilities include deluxe clubhouses of over 610,000 sq. ft., beach environment outdoor swimming pools, Japanese spas and mini-bar.





HIGHLIGHTS OF DEVELOPMENT PROJECTS *(continued)*

THE CAIRNHILL

Lush Greenery

Located at 108 Route Twisk, Tsuen Wan, this deluxe development totaling 770 residential units is nestled in the lush rolling hillside and commands a panoramic sea-view.



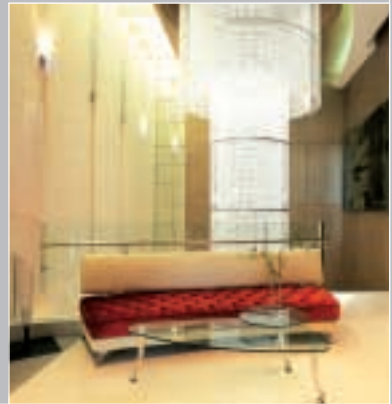


HAMPTON PLACE

Sweeping Views

Located at 11 Hoi Fan Road, Kowloon, this quality development with a panoramic view of the Victoria Harbour has 3 towers totaling 880 residential units. Comprehensive facilities include a 30-metre outdoor landscaped swimming pool, grand lawn area, golf practice area and children's play area.





SCHEDULE OF MAJOR PROPERTIES

Dated the 31st day of December, 2003

A. PROPERTIES FOR/UNDER DEVELOPMENT

Location	Lot Number	Group's Interest	Approx. Site Area (sq. m.)
Hong Kong			
Vianni Cove, Tin Shui Wai	T.S.W.T.L. 27	60.0%	14,901
One Beacon Hill, Kowloon Tong	N.K.I.L. 6277	100.0%	41,578
The Cairnhill, Tsuen Wan	T.W.T.L. 395	50.0%	25,630
Sky Tower, Kowloon City	K.I.L. 4013, Sec. D & R.P.	40.0%	14,180
The Pacifica, Cheung Sha Wan	N.K.I.L. 6275	50.0%	16,064
A site at Hung Hom Bay	K.I.L. 11103	100.0%	9,940
A site at Hung Hom Bay	K.I.L. 11110	100.0%	20,364
A site at Tai Hang	I.L. 8972	100.0%	7,230
A site at Kwai Chung	K.C.T.L. 467	100.0%	7,825
A site at Kam Sheung Road, Kam Tin	Lot 2286 in D.D. 106	100.0%	20,522
A site at Tsim Sha Tsui	K.I.L. 11161	100.0%	12,289
A site at Tin Shui Wai	T.S.W.T.L. 24	98.5%	32,794
A site at Aberdeen	A.I.L. 354	100.0%	2,006
A site at Fung Yuen, Tai Po	Various lots in D.D. 11	100.0%	187,471
A site at Yuen Long	Lot 1457 R.P. in D.D. 123 Y.L.	60.0%	799,977
A site at North District	Various lots	100.0%	162,704
Various sites at Yuen Long	Various lots	100.0%	148,477
Various sites at Tai Po	Various lots	100.0%	20,921
A site at Kam Sheung Road, Kam Tin	Various lots	100.0%	47,573
The Mainland			
Oriental Plaza, Beijing	-	33.4%	94,624
The Center, Xuhui, Shanghai	-	50.0%	17,111
Beverly Hills, Chongqing	-	50.0%	90,522
Dynasty Garden, Baoan, Shenzhen	-	50.0%	79,767
Regency Park, Pudong, Shanghai	-	50.0%	388,092
Laguna Verona, Dongguan	-	47.3%	86,499
			107,146
			2,431,587
Cape Coral, Panyu, Guangzhou	-	50.0%	429,315
Horizon Cove, Zhuhai	-	50.0%	269,541
Gubei, Shanghai	-	50.0%	50,728
Huangsha MTR Station, Guangzhou	-	50.0%	71,281
Xuedarenzhuang Village, Beijing	-	100.0%	741,822
Overseas			
Costa del Sol, Bayshore Road, Singapore	-	76.0%	39,702
Cairnhill Crest, Singapore	-	50.0%	14,598
One Raffles Quay, Singapore	-	33.3%	15,600
Chelsea Harbour Phase 2, London, UK	-	22.5%	8,903
Lots Road, London, UK	-	22.5%	26,790

Approx. Floor Area Attributable to the Group (sq. m.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
44,703	Residential	Interior finishing	January, 2004
72,480	Residential	Interior finishing	February, 2004
26,849	Residential	Interior finishing	May, 2004
11,594	Residential	Superstructure in progress	July, 2004
24,154	Residential/Commercial	Interior finishing	June, 2004
23,350	Residential	Interior finishing	August, 2004
8,568	Hotel	Planning	June, 2007
39,918	Residential/Commercial	Superstructure in progress	September, 2004
32,215	Residential	Superstructure in progress	March, 2005
119,280	Hotel	Superstructure in progress	August, 2005
107,444	Hotel	Superstructure in progress	September, 2005
47,300	Residential	Foundation work	December, 2005
74,340	Serviced Apartment/Hotel/Commercial	Foundation work	December, 2005
8,209	Residential	Site formation	December, 2005
11,513	Commercial/Hotel	Demolition work	June, 2006
95,984	Residential/Commercial	Foundation work	February, 2006
69,698	Residential	Foundation work	February, 2008
-	Industrial	Planning	-
-	Agricultural land	Planning	-
-	Agricultural land	Planning	-
-	Agricultural land	Planning	-
-	Agricultural land	Planning	-
-	Agricultural land	Planning	-
-	Agricultural land	Planning	-
15,687	Serviced Apartment	Interior finishing	March, 2004
43,603	Commercial	Superstructure in progress	March, 2004
20,798	Residential	Superstructure in progress	August, 2004
27,177	Residential	Superstructure in progress	March, 2004
30,071	Residential	Foundation work	September, 2004
16,637	Residential	Foundation work	September, 2004
54,298	Residential	Foundation work	December, 2004
10,970	Residential	Superstructure in progress	June, 2004
14,672	Residential/Commercial	Foundation work	December, 2004
437,311	Residential	Planning	-
61,179	Residential/Commercial	Interior finishing	June, 2004
40,434	Residential	Foundation work	December, 2004
16,240	Residential	Foundation work	September, 2005
111,312	Residential	Foundation work	September, 2007
41,901	Residential	Foundation work	December, 2004
92,870	Residential	Planning	June, 2007
78,269	Residential/Commercial	Planning	December, 2005
165,780	Residential/Commercial	Foundation work	December, 2005
445,093	Residential	Site formation	December, 2007
34,628	Residential	Interior finishing	August, 2004
20,438	Residential	Superstructure in progress	December, 2004
49,511	Commercial	Foundation work	April, 2006
2,466	Residential	Planning	September, 2006
14,711	Residential/Commercial	Planning	-



SCHEDULE OF MAJOR PROPERTIES *(continued)*

B. PROPERTIES FOR INVESTMENT/OWN USE

Location	Lot Number	Group's Interest
Hong Kong		
The Center (Portion), Central	–	100.0%
Centre De Laguna, Kwun Tong	–	100.0%
United Centre (Portion), Admiralty	–	100.0%
Kingswood Ginza, Tin Shui Wai	T.S.W.T.L. 4	98.5%
Harbour Plaza Resort City, Tin Shui Wai	T.S.W.T.L. 4	98.5%
MLC Millennia Plaza, North Point	I.L. 8885	60.9%
Harbour Plaza North Point	I.L. 8885	60.9%
Horizon Suite Hotel at Tolo Harbour, Ma On Shan	S.T.T.L. 461	51.0%
The Metropolis Tower, Hung Hom	–	50.0%
Harbour Plaza Metropolis, Hung Hom	–	50.0%
City One Shatin (Portion), Sha Tin	–	50.0%
Waldorf Garden (Portion), Tuen Mun	–	50.0%
Victoria Mall, Tsim Sha Tsui	–	42.5%
A commercial/hotel development at Tsing Yi	–	30.0%
Modern Warehouse, Kwun Tong	K.T.I.L. 62	100.0%
Prosperity Center (Portion), Kwun Tong	–	100.0%
8 Tung Yuen Street, Yau Tong	Y.T.M.L. 69	100.0%
The Mainland		
Sheraton Shenyang Lido Hotel, Shenyang	–	99.0%
Sheraton Chengdu Lido Hotel, Chengdu	–	70.0%
Harbour Plaza, Chongqing	–	50.0%
Metropolitan Plaza, Chongqing	–	50.0%
Oriental Plaza, Beijing	–	33.4%
Westgate Mall, Shanghai	–	30.0%
Seasons Villas, Pudong, Shanghai	–	50.0%

C. PROPERTIES IN WHICH THE GROUP HAS A DEVELOPMENT INTEREST

Location	Lot Number	Approx. Site Area (sq. m.)
Hong Kong		
Caribbean Coast, Tung Chung	T.C.T.L. 5	67,901
Banyan Garden, Cheung Sha Wan	N.K.I.L. 6320	19,473
Tiu Keng Leng Station Development	T.K.O.T.L. 73	32,334

Notes to Schedule of Major Properties:

- Properties which are insignificant, including overseas properties, agricultural land and completed properties for sales, are not included.
- Properties owned by listed associates are not included.
- For properties in which the Group has a development interest, other parties provide the land whilst the Group finances the construction costs and occasionally also the land costs, and is entitled to a share of the sales proceeds/properties after completion or a share of the development profits in accordance with the terms and conditions of the joint development agreements.

Approx. Site Area (sq. m.)	Approx. Floor Area Attributable to the Group (sq. m.)	Existing Use	Lease Term
-	112,728	Commercial	Medium Term Lease
-	3,995	Commercial	Medium Term Lease
-	3,509	Commercial	Long Lease
-	45,795	Commercial	Medium Term Lease
-	60,591	Hotel	Medium Term Lease
-	12,332	Commercial	Medium Term Lease
-	19,410	Hotel	Medium Term Lease
8,000	28,560	Hotel	Medium Term Lease
-	11,733	Commercial	Medium Term Lease
-	21,429	Hotel	Medium Term Lease
-	19,253	Commercial	Medium Term Lease
-	3,755	Commercial	Medium Term Lease
-	6,685	Commercial	Medium Term Lease
-	13,573	Commercial/Hotel	Medium Term Lease
1,858	22,296	Industrial/Office	Medium Term Lease
-	16,688	Industrial/Office	Medium Term Lease
2,108	7,170	Godown	Medium Term Lease
14,449	81,180	Hotel	Medium Term Lease
4,615	39,174	Hotel	Medium Term Lease
-	22,425	Hotel	Medium Term Lease
-	70,212	Commercial	Medium Term Lease
-	172,228	Commercial/Hotel/Service Apartment	Medium Term Lease
-	30,640	Commercial	Medium Term Lease
-	58,190	Residential	Medium Term Lease

Approx. Floor Area of the Development (sq. m.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
96,795	Residential/Commercial	Superstructure in progress	September, 2004
122,252	Residential	Superstructure in progress	May, 2005
61,338	Residential	Foundation work	March, 2006
10,500	Residential	Foundation work	September, 2006
90,097	Residential/Commercial	Superstructure in progress	April, 2004
123,427	Residential/Commercial	Planning	February, 2006



CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st December, 2003

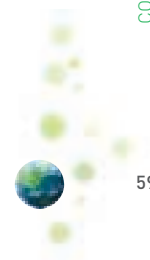
	Note	2003 \$ Million	2002 (Restated) \$ Million
Group turnover		8,467	2,445
Share of property sales of jointly controlled entities		5,869	6,677
Turnover	(2)	14,336	9,122
Group turnover		8,467	2,445
Investment and other income		2,164	1,254
Operating costs			
Property and related costs		(6,382)	(993)
Salaries and related expenses		(620)	(698)
Interest expenses		(517)	(650)
Other expenses		(284)	(311)
		(7,803)	(2,652)
Share of results of jointly controlled entities		1,020	606
Revaluation deficit of investment properties		(784)	(825)
Profit on spin-off of subsidiaries		-	1,001
Operating profit		3,064	1,829
Share of results of associates		5,916	8,205
Profit before taxation	(3)	8,980	10,034
Taxation	(4)	837	(1,309)
Profit after taxation		9,817	8,725
Minority interests		(2)	57
Profit attributable to shareholders	(5)	9,815	8,782
Dividends			
Interim dividend paid at \$0.38 (2002 - \$0.38) per share		880	880
Final dividend proposed at \$1.30 (2002 - \$1.22) per share		3,011	2,826
		3,891	3,706
Earnings per share	(6)	\$4.24	\$3.79

CONSOLIDATED BALANCE SHEET

As at 31st December, 2003

	Note	2003 \$ Million	2002 (Restated) \$ Million
Non-current assets			
Fixed assets	(7)	17,217	19,016
Associates	(9)	127,241	123,780
Jointly controlled entities	(10)	22,576	25,857
Investments in securities	(11)	7,231	4,960
Long term loans		929	542
Deferred tax assets	(16)	-	44
		175,194	174,199
Current assets			
Investments in securities	(11)	3,659	900
Stock of properties	(12)	13,891	20,177
Debtors, deposits and prepayments	(13)	2,060	1,428
Bank balances and deposits		5,182	2,156
		24,792	24,661
Current liabilities			
Bank and other loans	(14)	1,585	2,618
Creditors and accruals	(15)	2,210	3,159
Provision for taxation		562	525
		20,435	18,359
Net current assets			
		195,629	192,558
Non-current liabilities			
Bank and other loans	(14)	16,357	19,255
Deferred tax liabilities	(16)	319	272
		16,676	19,527
Minority interests			
		4,110	4,483
Total net assets			
		174,843	168,548
Representing:			
Share capital	(17)	1,158	1,158
Share premium		9,331	9,331
Reserves	(18)	2,291	2,105
Retained profits	(19)	159,052	153,128
Proposed final dividend		3,011	2,826
Total shareholders' funds			
		174,843	168,548

Directors
Li Ka-shing
Ip Tak Chuen, Edmond



BALANCE SHEET

As at 31st December, 2003

	Note	2003 \$ Million	2002 \$ Million
Non-current assets			
Fixed assets	(7)	27	47
Subsidiaries	(8)	27,280	24,785
Associates	(9)	397	553
Jointly controlled entities	(10)	137	1,406
Investments in securities	(11)	14	14
Long term loans		20	22
		27,875	26,827
Current assets			
Stock of properties	(12)	3	3
Debtors, deposits and prepayments	(13)	30	64
Dividend receivable		500	1,600
Bank balances and deposits		653	226
		1,186	1,893
Current liabilities			
Creditors and accruals	(15)	115	135
		1,071	1,758
Total net assets		28,946	28,585
Representing:			
Share capital	(17)	1,158	1,158
Share premium		9,331	9,331
Reserves	(18)	616	616
Retained profits	(19)	14,830	14,654
Proposed final dividend		3,011	2,826
Total shareholders' funds		28,946	28,585

Directors

Li Ka-shing

Ip Tak Chuen, Edmond

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December, 2003

	2003 \$ Million	2002 (Restated) \$ Million
Total shareholders' funds at 1st January, as previously reported	171,012	165,375
Prior year adjustments (note 1 (k))		
Retained profits	(2,039)	(1,945)
Reserves	(425)	(305)
Total shareholders' funds at 1st January, as restated	168,548	163,125
Net profit for the year	9,815	8,782
Items recognised in reserves (note 18)		
Exchange gains on translation of financial statements of subsidiaries, jointly controlled entities and associates	47	17
Surplus on revaluation of investment properties dealt with in reserves	139	330
	186	347
Dividends paid	(3,706)	(3,706)
Total shareholders' funds at 31st December	174,843	168,548



CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st December, 2003

	Note	2003 \$ Million	2002 (Restated) \$ Million
Operating activities			
Cash generated from operations	(a)	5,357	2,124
Advance to jointly controlled entities		(1,509)	(1,621)
Dividend/repayment from jointly controlled entities		4,803	4,134
Dividend from associates		3,687	3,795
Dividend from investments in securities		64	55
Interest received		299	393
Advance of long term loans		(395)	(63)
Dividend paid to shareholders		(3,706)	(3,706)
Dividend paid to minorities		(98)	(12)
Profits tax paid		(32)	(64)
Net cash from operating activities		8,470	5,035
Investing activities			
Spin-off of subsidiaries		-	(22)
Increase of interest in subsidiaries		-	(15)
Increase of interest in jointly controlled entities		-	(328)
Restructure of interests in jointly controlled entities and associates		-	210
Advance to jointly controlled entities		(57)	(119)
Repayment from/(advance to) associates		133	(126)
Purchase of long term investments		(3,110)	(625)
Disposal/redemption of long term investments		1,563	242
Addition of fixed assets		(630)	(654)
Disposal of fixed assets		1,514	4
Net cash used in investing activities		(587)	(1,433)
Financing activities			
Borrowing of bank and other loans		2,881	5,581
Repayment of bank and other loans		(6,812)	(8,089)
Increase/(decrease) in funding from minorities		(218)	407
Interest paid		(708)	(920)
Net cash used in financing activities		(4,857)	(3,021)
Net increase in cash and cash equivalents		3,026	581
Cash and cash equivalents at 1st January		2,156	1,575
Cash and cash equivalents at 31st December	(b)	5,182	2,156

Notes:

(a) Cash generated from operations

	2003 \$ Million	2002 \$ Million
Profit before taxation	8,980	10,034
Interest income	(331)	(404)
Interest expenses	517	650
Dividend income from investments in securities	(62)	(64)
Share of results of jointly controlled entities	(1,020)	(606)
Share of results of associates	(5,916)	(8,205)
Profit on spin-off of subsidiaries	-	(1,001)
Revaluation deficit of investment properties	784	825
Profit on disposal of investment properties	(182)	-
Gain on long term investments	(589)	(91)
Depreciation	116	104
Increase in investments in securities	(2,565)	(274)
(Increase)/decrease in stock of properties	3,898	(2,739)
Increase in customers' deposits received	3,198	2,679
Increase in debtors, deposits and prepayments	(664)	(31)
Increase/(decrease) in creditors and accruals	(796)	1,236
Exchange difference and other items	(11)	11
	5,357	2,124

(b) Cash and cash equivalents

	2003 \$ Million	2002 \$ Million
Bank balances and deposits	5,182	2,156



NOTES TO FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are prepared under the historical cost convention, as modified for the revaluation of certain properties and investments in securities, and comply with the Statements of Standard Accounting Practice ("SSAP") in Hong Kong.

In order to comply with SSAP12 (revised) "Income Taxes" which became effective from 1st January, 2003 in Hong Kong, the Group's accounting policy for deferred tax was changed and the effects of such change are set out in note 1 (k).

(b) Consolidation

The consolidated financial statements of the Group include the financial statements of the Company and of all its direct and indirect subsidiaries made up to 31st December, and also incorporate the Group's interests in jointly controlled entities and associates on the basis set out in note (1)(d) and note (1)(e) respectively.

Results of subsidiaries, jointly controlled entities and associates acquired or disposed of during the year are included as from their effective dates of acquisition to the end of the year or up to the dates of disposal as the case may be. Goodwill on acquisition of subsidiaries is carried at cost and amortised over its estimated useful life.

(c) Subsidiaries

A subsidiary is a company in which more than 50% of its issued voting capital is held long term by the Group. Investments in subsidiaries are carried at cost less provision for diminution in value where appropriate.

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(d) Jointly controlled entities

A jointly controlled entity is an entity in which the Group has a long term equity interest and of which its financial and operating policies are under contractual arrangements jointly controlled by the Group and other parties.

Investments in jointly controlled entities are carried in the balance sheet at cost plus the Group's share of their aggregate post-acquisition results and reserves less dividends received and provision for diminution in value. When the investment cost in a jointly controlled entity, less any provision for diminution in value where appropriate, is not expected to be fully recoverable in accordance with the contract terms upon dissolution of the jointly controlled entity at the expiry of the contractual arrangement, the expected shortfall is amortised on a straight line basis over the remaining contractual period.

Results of jointly controlled entities are incorporated in the financial statements to the extent of the Group's share of the post-acquisition profits less losses calculated from their financial statements made up to 31st December.

(e) Associates

An associate is a company, not being a subsidiary or jointly controlled entity, in which the Group has a long term equity interest of not less than 20% and the Group exercises significant influence over its management.

Investments in associates are carried in the balance sheet at cost plus the Group's share of their aggregate post-acquisition results and reserves less dividends received and provision for diminution in value. Goodwill on acquisition of associates is carried at cost and amortised over its estimated useful life.

Results of associates are incorporated in the financial statements to the extent of the Group's share of the post-acquisition profits less losses calculated from their financial statements made up to 31st December, after adjusting, where practicable, for inconsistency with the Group's accounting policies.

(f) Investments in securities

Investments in securities intended to be held on a continuing basis, which are not investments in subsidiaries, jointly controlled entities or associates, are classified as investment securities and are carried at cost less provision for diminution in value where appropriate. Results of these investments are included in the profit and loss account only to the extent of dividends and interests received and receivable.

Other investments are stated at fair value in the balance sheet. Changes in fair value are dealt with in the profit and loss account.



1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(g) Fixed assets

Fixed assets, other than investment properties and hotel and serviced suite properties, are stated at cost less depreciation and provision for diminution in value where appropriate.

Investment properties, which are held for rental, are stated at their open market values at the year end date. Annual valuations are undertaken by independent professional valuers. Increases in valuations are credited to investment property revaluation reserve whereas decreases in valuations are firstly set off against revaluation reserve and thereafter charged to the profit and loss account. When revalued investment properties are sold, the relevant revaluation surplus or deficit is transferred to the profit and loss account.

Hotel and serviced suite properties, which are held for operation, are stated at cost less provision for diminution in value where appropriate. Hotel and serviced suite properties are maintained in good condition and no depreciation is provided based on their high residual values if the unexpired lease terms are over 20 years. Costs incurred to maintain their continual good condition are charged to the profit and loss account in the year in which they are incurred.

No depreciation is provided on investment properties or hotel and serviced suite properties with an unexpired lease term of over 20 years. When the unexpired lease term is 20 years or less, depreciation is provided on the then carrying value over the remaining term of the lease.

Leasehold land is amortised over the remaining term of the lease on a straight-line basis. Buildings on the leasehold land are depreciated at annual rates of 2% to 4% on the cost of the respective building. Other fixed assets are depreciated on a straight-line basis at annual rates of 5% to 33 $\frac{1}{3}$ % based on their respective estimated useful lives.

(h) Stock of properties

Stock of properties are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to sale proceeds received after the balance sheet date less selling expenses, or by management estimates based on prevailing market condition.

Costs of properties include acquisition costs, development expenditure, interest and other direct costs attributable to such properties. The carrying values of properties held by subsidiaries are adjusted in the consolidated financial statements to reflect the Group's actual acquisition costs where appropriate.

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(i) Revenue recognition

When properties under development are sold, income is recognised when the property is completed and the relevant occupation permit is issued by the Authorities. Payments received from the purchasers prior to this stage are recorded as customers' deposits received and are deducted from the value of stock of properties.

Rental income is recognised on a straight-line basis over the terms of the respective leases. Income from property and project management is recognised when the services are rendered. Revenue from hotel and serviced suite operation is recognised upon provision of the services. Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset; and dividend income is recognised when the right to receive payment is certain.

(j) Foreign exchange

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at that date. Transactions during the year are converted at the rates of exchange ruling at the dates of transactions. Exchange differences are included in the profit and loss account.

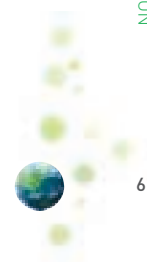
For financial statements of subsidiaries, jointly controlled entities and associates denominated in foreign currencies, balance sheet items are translated at the year end rates of exchange and results for the year are translated at the average rates of exchange during the year. Exchange differences are dealt with in the reserves.

(k) Taxation

Hong Kong profits tax is provided for at the prevailing rate on the estimated assessable profits less available tax relief for losses brought forward of each individual company comprising the Group. Overseas taxation is provided for at the applicable local rates on the estimated assessable profits of the individual company concerned.

In prior years, tax deferred or accelerated by the effect of timing difference, between income and expenditure recognised in the accounts and for tax purposes, was provided using the liability method to the extent that it is probable that a liability or an asset will crystallise.

In order to comply with SSAP12 (revised) "Income Taxes" which became effective from 1st January, 2003 in Hong Kong, the Group's accounting policy for deferred tax was changed. Deferred tax liabilities are provided in full, using the current applicable rates, on all temporary differences between the carrying amounts of assets and liabilities in the balance sheet and their tax bases, and deferred tax assets are recognised, using the current applicable rates, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.



1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(k) Taxation *(continued)*

The change of accounting policy mentioned above has been applied retrospectively. As a result and incorporating the Group's share of Hutchison Whampoa Limited's adjustments due to adoption of SSAP12 (revised), the profit attributable to shareholders was increased by \$2,076 million for the year ended 31st December, 2003 and was decreased by \$94 million for the year ended 31st December, 2002; retained profits and reserves at 1st January, 2003 were reduced by \$2,039 million and \$425 million respectively; and retained profits and reserves at 1st January, 2002 were reduced by \$1,945 million and \$305 million respectively. Certain comparative figures have been restated accordingly.

(l) Borrowing costs

Borrowing costs are charged to the profit and loss account in the year in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition and development of properties which necessarily take a substantial period of time to complete.

2. TURNOVER AND CONTRIBUTION

The principal activities of the Group are property development and investment, hotel and serviced suite operation, property and project management and investment in securities.

Turnover of Group activities comprises proceeds from property sales, gross rental income, revenue from hotel and serviced suite operation and income from property and project management. In addition, the Group also accounts for its proportionate share of proceeds from property sales of jointly controlled entities as turnover. Turnover of jointly controlled entities (save for proceeds from property sales shared by the Group) and turnover of listed and unlisted associates are not included.

Turnover of the Group by operating activities for the year are as follows:

	2003 \$ Million	2002 \$ Million
Property sales	7,102	961
Property rental	695	806
Hotels and serviced suites	452	391
Property and project management	218	287
Group turnover	8,467	2,445
Share of property sales of jointly controlled entities	5,869	6,677
Turnover	14,336	9,122

During the year, the Group's overseas operations (including property sales of jointly controlled entities) were mainly in the Mainland, Singapore and the United Kingdom which accounted for approximately 16%, 11% and 6% of the turnover respectively.

2. TURNOVER AND CONTRIBUTION (*continued*)

Profit contribution by operating activities for the year are as follows:

	Company and subsidiaries		Jointly controlled entities and unlisted associates		Total	
	2003 \$ Million	2002 \$ Million	2003 \$ Million	2002 \$ Million	2003 \$ Million	2002 \$ Million
Property sales	895	209	765	426	1,660	635
Property rental	549	618	290	198	839	816
Hotels and serviced suites	62	49	21	3	83	52
Property and project management	72	81	2	(1)	74	80
	1,578	957	1,078	626	2,656	1,583
Investment and finance					1,704	895
Interest expenses					(517)	(650)
Revaluation deficit of investment properties					(784)	(825)
Profit on spin-off of subsidiaries					-	1,001
Others					109	(151)
Taxation (excluding share of taxation of listed associates)					(535)	(286)
Minority interests					(2)	57
					2,631	1,624
Share of net results of listed associates						
Hutchison Whampoa Limited					7,184	7,175
CK Life Sciences Int'l., (Holdings) Inc.					-	(17)
Profit attributable to shareholders					9,815	8,782



NOTES TO FINANCIAL STATEMENTS *(continued)*

3. PROFIT BEFORE TAXATION

	2003 \$ Million	2002 \$ Million
Profit before taxation is arrived at after charging:		
Interest expenses		
Bank loans and other loans repayable within 5 years	653	875
Other loans not repayable within 5 years	40	25
	693	900
Less: Interest capitalised (see note (a))	(176)	(250)
	517	650
Directors' emoluments (see note (b))		
Salaries, allowances and benefits in kind	88	86
Pension scheme contribution	9	9
Discretionary bonus	26	37
	123	132
Less: Amount paid back	(17)	(13)
	106	119
Auditors' remuneration	5	5
Costs of properties sold	5,831	767
Depreciation	116	104
Impairment losses		
Investment securities	70	34
Jointly controlled entities	273	–
Operating lease charges – properties	27	51
Revaluation deficit of investment properties	784	825
and after crediting:		
Net rental income	614	728
Interest income from banks	32	33
Income from listed investments		
Dividend from investments in securities	51	45
Interest from investments in securities	105	92
Income from unlisted investments		
Dividend from investments in securities	11	19
Interest from jointly controlled entities	119	239
Interest from investments in securities	47	6
Net realised and unrealised holding gains on other investments	1,584	78
Profit on disposal of investment properties	182	–

3. PROFIT BEFORE TAXATION (continued)

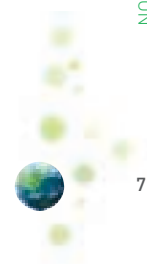
Notes:

- (a) Interest was capitalised to property development projects at the average annual rate of approximately 1.5% (2002 – 2%) during the year.
- (b) Directors' emoluments included directors' fee of \$545,000 (2002 – \$545,000). Other than a director's fee of \$5,000, no other remuneration was paid to the Chairman, Mr. Li Ka-shing. The independent non-executive directors received a director's fee of \$30,000 each and for those who acted as members of the Audit Committee, an additional \$30,000 each was paid. Certain directors received directors' remuneration from associates of which \$17 million (2002 – \$13 million) was paid back to the Company.

Directors' emoluments (including the five highest paid individuals in the Group) are within the following bands:

	2003 Number of Directors	2002 Number of Directors
Nil – \$1,000,000	11	11
\$8,500,001 – \$9,000,000	1	–
\$9,000,001 – \$9,500,000	–	1
\$9,500,001 – \$10,000,000	–	2
\$10,000,001 – \$10,500,000	1	–
\$11,000,001 – \$11,500,000	–	1
\$12,000,001 – \$12,500,000	2	1
\$13,500,001 – \$14,000,000	2	–
\$14,000,001 – \$14,500,000	–	1
\$16,000,001 – \$16,500,000	1	–
\$22,000,001 – \$22,500,000	–	1
\$34,500,001 – \$35,000,000	1	–
\$42,500,001 – \$43,000,000	–	1

Further details on directors' emoluments can be found in the Report of the Directors on pages 27 and 28.



NOTES TO FINANCIAL STATEMENTS *(continued)*

4. TAXATION

	2003 \$ Million	2002 \$ Million
Company and subsidiaries		
Hong Kong profits tax	98	45
Overseas tax	2	2
Deferred tax	118	57
	218	104
Share of taxation charge/(credit)		
Jointly controlled entities	319	173
Associates	(1,374)	1,032
	(837)	1,309

Hong Kong profits tax has been provided for at the rate of 17.5% (2002 – 16%) and operating profit is reconciled with taxation as follows:

	2003 \$ Million	2002 \$ Million
Operating profit at Hong Kong tax rate of 17.5% (2002 – 16%)	536	293
Effect of increase in Hong Kong tax rate on deferred tax liabilities	21	–
Effect of different tax rates at overseas locations	109	38
Effect of revaluation deficit of investment properties	137	132
Effect of profit on disposal of investment properties	(32)	–
Effect of profit on spin-off of subsidiaries	–	(160)
Net effect of tax losses and deductible temporary differences utilised/not recognised	10	105
Net effect of non-assessable/deductible items	(246)	(114)
Others	2	(17)
	537	277
Share of taxation charge/(credit) of associates	(1,374)	1,032
	(837)	1,309

5. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Profit attributable to shareholders dealt with in the profit and loss account of the Company is \$4,067 million (2002 – \$3,845 million).

6. EARNINGS PER SHARE

The calculation of earnings per share is based on profit attributable to shareholders and on 2,316,164,338 shares (2002 – 2,316,164,338 shares) in issue during the year.

7. FIXED ASSETS

	Land and buildings in Hong Kong \$ Million	Investment properties in Hong Kong \$ Million	Hotels and serviced suites in Hong Kong \$ Million	outside Hong Kong \$ Million	Other assets \$ Million	Total \$ Million
Group						
Cost or valuation						
At 1st January, 2003	48	11,999	6,275	1,252	670	20,244
Additions/transfers	307	(12)	58	23	65	441
Disposals	–	(1,327)	–	–	(33)	(1,360)
Deficits on revaluation	–	(784)	–	–	–	(784)
At 31st December, 2003	355	9,876	6,333	1,275	702	18,541
Accumulated depreciation/provisions						
At 1st January, 2003	–	–	891	–	337	1,228
Depreciation	–	–	–	–	116	116
Written back on disposals	–	–	–	–	(20)	(20)
At 31st December, 2003	–	–	891	–	433	1,324
Net book value						
At 31st December, 2003	355	9,876	5,442	1,275	269	17,217
Net book value						
At 31st December, 2002	48	11,999	5,384	1,252	333	19,016

At the balance sheet date:

- certain properties in Hong Kong with aggregate carrying value of \$15,296 million (2002 – \$17,079 million) and certain properties outside Hong Kong with aggregate carrying value of \$1,275 million (2002 – \$1,252 million) were held under medium term leases, all other properties were held under long leases; and
- certain hotel properties with aggregate carrying value of \$1,248 million (2002 – \$852 million) were pledged to secure bank loan facilities of subsidiaries.



NOTES TO FINANCIAL STATEMENTS (continued)

7. FIXED ASSETS (continued)

	Other assets \$ Million
Company	
Cost	
At 1st January, 2003	176
Additions	4
Disposals	(1)
At 31st December, 2003	179
Accumulated depreciation	
At 1st January, 2003	129
Depreciation	24
Written back on disposals	(1)
At 31st December, 2003	152
Net book value at 31st December, 2003	27
Net book value at 31st December, 2002	47

Analysis of cost and valuation of the Group's fixed assets are as follows:

	Land and buildings in Hong Kong \$ Million	Investment properties in Hong Kong \$ Million	Hotels and serviced suites in outside Hong Kong \$ Million		Other assets \$ Million	Total \$ Million
At 31st December, 2003						
- at valuation	-	9,876	-	-	-	9,876
- at cost	355	-	6,333	1,275	702	8,665
	355	9,876	6,333	1,275	702	18,541
At 31st December, 2002						
- at valuation	-	11,999	-	-	-	11,999
- at cost	48	-	6,275	1,252	670	8,245
	48	11,999	6,275	1,252	670	20,244

Investment properties have been revalued at 31st December, 2003 by DTZ Debenham Tie Leung, professional valuers, on an open market value basis. Gross rental income derived from investment properties during the year amounted to \$522 million (2002 - \$616 million).

8. SUBSIDIARIES

	Company	
	2003 \$ Million	2002 \$ Million
Unlisted investments in subsidiaries	2,078	2,267
Amounts due from subsidiaries	28,398	28,825
Amounts due to subsidiaries	(3,196)	(6,307)
	27,280	24,785

Particulars regarding the principal subsidiaries are set out in Appendix I.

9. ASSOCIATES

	Group		Company	
	2003 \$ Million	2002 \$ Million	2003 \$ Million	2002 \$ Million
Listed investments in associates	126,391	122,893	–	–
Unlisted investments in associates	589	487	518	518
	126,980	123,380	518	518
Amounts due from associates	407	420	–	36
Amounts due to associates	(146)	(20)	(121)	(1)
	127,241	123,780	397	553
Market value of investments in associates – listed in Hong Kong	126,861	107,902	–	–

Particulars regarding the principal associates are set out in Appendix II.

10. JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2003 \$ Million	2002 \$ Million	2003 \$ Million	2002 \$ Million
Unlisted investments in jointly controlled entities	3,975	3,498	420	420
Amounts due from jointly controlled entities	19,148	22,471	135	1,004
Amounts due to jointly controlled entities	(547)	(112)	(418)	(18)
	22,576	25,857	137	1,406

Particulars regarding the principal jointly controlled entities are set out in Appendix III.



NOTES TO FINANCIAL STATEMENTS (continued)

11. INVESTMENTS IN SECURITIES

	Group		Company	
	2003 \$ Million	2002 \$ Million	2003 \$ Million	2002 \$ Million
Investment securities				
Equity securities – unlisted	96	196	14	14
Debt securities – unlisted	-	29	-	-
Equity securities – listed in Hong Kong	597	430	-	-
Equity securities – listed overseas	910	910	-	-
	1,603	1,565	14	14
Other investments				
Equity securities – unlisted	2,995	203	-	-
Debt securities – unlisted	601	47	-	-
Equity securities – listed in Hong Kong	2,271	1,164	-	-
Equity securities – listed overseas	1,417	442	-	-
Debt securities – listed overseas	2,003	2,439	-	-
	9,287	4,295	-	-
Less: Amounts classified under current assets	3,659	900	-	-
	5,628	3,395	-	-
Amounts classified under non-current assets	7,231	4,960	14	14
Market value of investment securities				
– listed in Hong Kong	1,459	951	-	-
– listed overseas	884	476	-	-
Market value of other investments				
– listed in Hong Kong	2,271	1,164	-	-
– listed overseas	3,420	2,881	-	-
	8,034	5,472	-	-

12. STOCK OF PROPERTIES

	Group		Company	
	2003 \$ Million	2002 \$ Million	2003 \$ Million	2002 \$ Million
Properties for/under development	12,109	14,927	–	–
Joint development projects	4,745	6,076	–	–
Properties for sale	3,320	2,251	3	3
	20,174	23,254	3	3
Less: Customers' deposits received	6,283	3,077	–	–
	13,891	20,177	3	3

At the balance sheet date, stock of properties amounting to \$2,187 million (2002 – \$2,270 million) were carried at net realisable value.

13. DEBTORS, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2003 \$ Million	2002 \$ Million	2003 \$ Million	2002 \$ Million
Trade debtors	1,254	313	–	–
Deposits, prepayments and other debtors	806	1,115	30	64
	2,060	1,428	30	64

The Group's trade debtors mainly comprise receivables for sale of properties and rental. Sales terms vary for each property project and are determined with reference to the prevailing market conditions. Sale of properties are normally completed when the sale prices are fully paid and deferred payment terms are sometimes offered to purchasers at a premium. Rentals are payable in advance by tenants.

Ageing analysis of the Group's trade debtors at the balance sheet date is as follows:

	2003 \$ Million	2002 \$ Million
Current to one month	1,209	285
Two to three months	14	8
Over three months	31	20
	1,254	313



NOTES TO FINANCIAL STATEMENTS (continued)

14. BANK AND OTHER LOANS

	Group		Company	
	2003 \$ Million	2002 \$ Million	2003 \$ Million	2002 \$ Million
Bank loans repayable				
within 1 year	185	118	-	-
after 1 year but not exceeding 2 years	41	118	-	-
after 2 years but not exceeding 5 years	9,590	10,648	-	-
after 5 years	-	1,875	-	-
Other loans repayable				
within 1 year	1,400	2,500	-	-
after 1 year but not exceeding 2 years	3,047	1,400	-	-
after 2 years but not exceeding 5 years	3,176	4,914	-	-
after 5 years	503	300	-	-
	17,942	21,873	-	-
Less: Amounts classified under current liabilities	1,585	2,618	-	-
Amounts classified under non-current liabilities	16,357	19,255	-	-

At the balance sheet date:

- (a) bank loans amounting to \$234 million (2002 – \$282 million) were secured by certain assets of the Group; and
- (b) other loans included fixed rate and floating rate notes and bonds issued by wholly owned subsidiaries and guaranteed by the Company as follows:
- (i) issued by Cheung Kong Finance Cayman Limited and listed on the Luxembourg Stock Exchange:
- | | |
|-------------------|--|
| HK\$ 300,000,000 | HIBOR + 0.28% due February 2004 (issued in 2001) |
| HK\$ 300,000,000 | 5.36% due May 2004 (issued in 2001) |
| HK\$ 300,000,000 | 5.38% due June 2004 (issued in 2001) |
| HK\$ 200,000,000 | 7.88% due November 2004 (issued in 1999) |
| HK\$ 300,000,000 | 7.75% due December 2004 (issued in 1999) |
| HK\$1,000,000,000 | 7.68% due January 2005 (issued in 2000) |
| HK\$ 550,000,000 | 5.25% due April 2005 (issued in 2002) |
| HK\$1,000,000,000 | HIBOR + 0.5% due July 2005 (issued in 2000) |
| HK\$ 500,000,000 | 7.68% due July 2005 (issued in 2000) |
| HK\$ 300,000,000 | 2.83% due January 2006 (issued in 2003) |
| HK\$ 500,000,000 | 7.88% due December 2006 (issued in 1999) |
| SGD 100,000,000 | 4.55% due March 2007 (issued in 2000) |
| HK\$ 300,000,000 | 8.38% due January 2010 (issued in 2000) |
| US\$ 26,000,000 | 9% (first year)/floating rates (thereafter) due March 2013
subject to early redemption (issued in 2003) |

14. BANK AND OTHER LOANS (continued)

(ii) issued by Cheung Kong Bond Finance Limited in Hong Kong:

AUD 20,000,000	4.75% due October 2006 (issued in 2003)
HK\$ 900,000,000	3% (first 2 years)/4% (thereafter) due October 2008 subject to early redemption (issued in 2003)

(iii) issued by Joynote Ltd and listed on the Singapore Stock Exchange:

HK\$ 910,000,000	HIBOR+0.38% due September 2007 (issued in 2002)
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15. CREDITORS AND ACCRUALS

	Group		Company	
	2003 \$ Million	2002 \$ Million	2003 \$ Million	2002 \$ Million
Trade creditors	593	1,499	–	–
Accruals and other creditors	1,617	1,660	115	135
	2,210	3,159	115	135

Ageing analysis of the Group's trade creditors at the balance sheet date is as follows:

	2003 \$ Million	2002 \$ Million
Current to one month	572	1,487
Two to three months	12	8
Over three months	9	4
	593	1,499

16. DEFERRED TAX ASSETS/LIABILITIES

At the balance sheet date:

- deferred tax liabilities amounting to \$319 million (2002 – \$272 million) were provided on temporary differences arising from accelerated tax depreciation; and
- tax losses and deductible temporary differences amounting to \$2,175 million (2002 – \$2,186 million), of which \$112 million (2002 – \$104 million) expire within 5 years, were not recognised.

Deferred tax assets amounting to \$44 million were recognised last year on tax losses which were utilised during the year.



NOTES TO FINANCIAL STATEMENTS (continued)

17. SHARE CAPITAL

	2003 No. of shares	2002 No. of shares	2003 \$ Million	2002 \$ Million
Authorised: Shares of \$0.5 each	3,800,000,000	3,800,000,000	1,900	1,900
Issued and fully paid: Shares of \$0.5 each	2,316,164,338	2,316,164,338	1,158	1,158

18. RESERVES

	Group		Company	
	2003 \$ Million	2002 \$ Million	2003 \$ Million	2002 \$ Million
Capital reserve				
Balance at 1st January and 31st December	345	345	199	199
Exchange translation reserve				
Balance at 1st January	95	78	1	1
Company and subsidiaries	(6)	(50)	-	-
Share of translation reserve				
Jointly controlled entities	53	67	-	-
Balance at 31st December	142	95	1	1
Investment property revaluation reserve				
Balance at 1st January as previously reported	2,090	1,640	416	416
Prior year adjustments (note 1(k))	(425)	(305)	-	-
Balance at 1st January as restated	1,665	1,335	416	416
Revaluation surplus				
Jointly controlled entities	139	330	-	-
Balance at 31st December	1,804	1,665	416	416
	2,291	2,105	616	616

19. RETAINED PROFITS

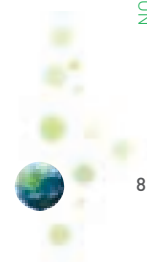
	Group		Company	
	2003 \$ Million	2002 \$ Million	2003 \$ Million	2002 \$ Million
Balance at 1st January as previously reported	155,167	149,997	14,654	14,515
Prior year adjustments (note 1(k))	(2,039)	(1,945)	-	-
Balance at 1st January as restated	153,128	148,052	14,654	14,515
Profit for the year	9,815	8,782	4,067	3,845
Interim dividend paid	(880)	(880)	(880)	(880)
Proposed final dividend	(3,011)	(2,826)	(3,011)	(2,826)
Balance at 31st December	159,052	153,128	14,830	14,654

At the balance sheet date, retained profits of the Group included \$98,849 million (2002 – \$95,245 million) retained by associates and \$1,041 million (2002 – \$381 million) retained by jointly controlled entities. The Company's reserves available for distribution to shareholders including the proposed final dividend amounted to \$17,375 million (2002 – \$17,014 million). Proposed final dividend for 2002 was approved by shareholders on 22nd May, 2003 and paid on 27th May, 2003.

20. EMPLOYEES PENSION SCHEMES

The principal employees pension schemes operated by the Group are defined contribution schemes. Contributions are made by either the employer only or both the employer and the employees at rates ranging from approximately 5% to 10% on the employees' salary.

During the year, the Group's costs incurred on employees pension schemes were \$55 million (2002 – \$58 million) and forfeited contributions in the amount of \$10 million (2002 – \$8 million) were used to reduce current year's contributions.



21. COMMITMENTS AND CONTINGENT LIABILITIES

At the balance sheet date:

- (a) the Group had capital commitments as follows:
 - (i) contracted but not provided for
fixed assets – \$1,083 million (2002 – \$155 million)
 - (ii) authorised but not contracted for
fixed assets – \$36 million (2002 – \$1 million)

- (b) the Group's share of capital commitments of the jointly controlled entities were as follows:
 - (i) contracted but not provided for – \$578 million (2002 – \$912 million)
 - (ii) authorised but not contracted for – \$255 million (2002 – \$199 million)

- (c) the Group's share of contingent liabilities of jointly controlled entities in respect of guaranteed return payments payable to the other party of a co-operative joint venture in the next 46 years amounted to \$4,538 million; and

- (d) the Company provided guarantees for loan financing as follows:
 - (i) bank and other loans utilised by subsidiaries – \$17,676 million (2002 – \$21,544 million)
 - (ii) bank loans utilised by jointly controlled entities – \$1,640 million (2002 – \$1,918 million)and certain subsidiaries provided guarantees for bank loans utilised by jointly controlled entities and affiliated companies amounted to \$1,081 million (2002 – \$1,089 million) and \$23 million (2002 – \$25 million) respectively.

22. OPERATING LEASE

Analysis of future minimum lease income receivable by the Group under non-cancellable operating leases for property rental at the balance sheet date is as follows:

	Group	
	2003 \$ Million	2002 \$ Million
Future minimum lease income receivable		
not later than 1 year	433	602
later than 1 year and not later than 5 years	385	673
later than 5 years	12	21
	830	1,296

Analysis of future minimum lease charges payable by the Group and the Company under non-cancellable operating leases at the balance sheet date are as follows:

	Group		Company	
	2003 \$ Million	2002 \$ Million	2003 \$ Million	2002 \$ Million
Future minimum lease charges payable				
not later than 1 year	43	78	35	63
later than 1 year and not later than 5 years	28	113	23	107
later than 5 years	-	2	-	-
	71	193	58	170

23. RELATED PARTY TRANSACTIONS

During the year and in the ordinary course of business, the Group undertook various joint venture projects with related parties, including the Chairman, Mr. Li Ka-shing, and Hutchison Whampoa Limited, on normal commercial terms. Advances were made to/received from and guarantees were provided for these joint venture projects on a pro rata basis. Advances made/received by the Group at the balance sheet date were disclosed as amount due from/to associates and jointly controlled entities in notes (9) and (10). Guarantees provided by the Group for bank loans utilised by jointly controlled entities at the balance sheet date were disclosed in note (21).

Other than the aforementioned, there were no other significant related party transactions requiring disclosure in the financial statements.



NOTES TO FINANCIAL STATEMENTS *(continued)*

24. SEGMENT INFORMATION

Assets and liabilities of the Group analysed by operating activities are as follows:

	Company and subsidiaries \$ Million	Jointly controlled entities and unlisted associates \$ Million	Assets \$ Million	Liabilities \$ Million
At 31st December, 2003				
Property development	17,407	11,987	29,394	(1,150)
Property investment	10,337	7,489	17,826	(191)
Hotels and serviced suites	7,027	3,065	10,092	(241)
Property and project management	186	26	212	(53)
Total segment assets/(liabilities)			57,524	(1,635)
Investments in listed associates			126,391	-
Cash and investments in securities			14,122	-
Bank and other loans			-	(17,942)
Other assets/(liabilities)			1,949	(1,456)
Total assets/(liabilities)			199,986	(21,033)
At 31st December, 2002				
Property development	21,989	14,755	36,744	(2,033)
Property investment	12,178	7,698	19,876	(241)
Hotels and serviced suites	7,030	3,334	10,364	(298)
Property and project management	172	17	189	(53)
Total segment assets/(liabilities)			67,173	(2,625)
Investments in listed associates			122,893	-
Cash and investments in securities			6,401	-
Bank and other loans			-	(21,873)
Others assets/(liabilities)			2,393	(1,331)
Total assets/(liabilities)			198,860	(25,829)

24. SEGMENT INFORMATION (continued)

Total segment assets at the balance sheet date and capital expenditure for segment assets incurred during the year, analysed by geographical locations, are as follows:

	Total Segment Assets		Capital Expenditure	
	2003 \$ Million	2002 \$ Million	2003 \$ Million	2002 \$ Million
Hong Kong	40,493	51,031	507	654
The Mainland	12,053	11,070	50	93
Asia	4,219	4,544	–	–
Europe	703	468	–	–
North America	56	60	–	–
	57,524	67,173	557	747

Depreciation and capital expenditure incurred during the year, analysed by operating activities, are as follows:

	Depreciation		Capital Expenditure	
	2003 \$ Million	2002 \$ Million	2003 \$ Million	2002 \$ Million
Property investment	–	–	380	197
Hotels and serviced suites	68	50	170	515
Property and project management	27	28	7	35
	95	78	557	747

25. APPROVAL OF FINANCIAL STATEMENTS

The financial statements reported in Hong Kong dollars and set out on pages 58 to 89 were approved by the board of directors on 18th March, 2004.



PRINCIPAL SUBSIDIARIES

Appendix I

The Directors are of the opinion that a complete list of the particulars of all the subsidiaries will be of excessive length and therefore the following list contains only the particulars of the subsidiaries which materially affect the results or assets of the Group. All the companies listed below were incorporated in Hong Kong except otherwise stated.

Name	Issued Ordinary Share Capital Nominal Value	Effective percentage held by the Company		Principal Activities
		Directly	Indirectly	
Bandick Limited	HK\$ 2		100	Property investment
Bermington Investment Limited	HK\$ 2		100	Property development
Biro Investment Limited	HK\$ 10,000		100	Property development
Bonder Way Investment Limited	HK\$ 2		100	Property development
Cheung Kong Bond Finance Limited (Cayman Islands)	US\$ 1		100	Finance
Cheung Kong Finance Cayman Limited (Cayman Islands)	US\$ 1,000		100	Finance
Cheung Kong Finance Company Limited	HK\$ 2,500,000	100		Finance
Cheung Kong Holdings (China) Limited	HK\$ 2		100	Investment holding in the Mainland projects
Cheung Kong Investment Company Limited	HK\$ 20	100		Investment holding
Cheung Kong Property Development Limited	HK\$ 2	100		Project management
Citybase Property Management Limited	HK\$ 100,000		100	Property management
Conestoga Limited	HK\$ 10,000		60.9	Property investment
Fantastic State Limited	HK\$ 2		100	Property development
Flying Snow Limited	HK\$ 2		100	Property development
Focus Eagle Investments Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Gainbo Limited (British Virgin Islands)	US\$ 1		100	Securities & fund investment
Gingerbread Investments Limited (British Virgin Islands)	US\$ 1		100	Property development
Glass Bead Limited (British Virgin Islands)	US\$ 1		100	Property investment
Global Coin Limited	HK\$ 2		100	Property development
Goodwell Property Management Limited	HK\$ 100,000		100	Property management
Hero Star Venture Limited (British Virgin Islands)	US\$ 1		100	Securities & fund investment
iMarkets Limited	HK\$30,000,000		75	Provider of electronic trading platform
Japura Development Pte Ltd (Singapore)	SGD 1,000,000		76	Property development
Jingcofield Limited (British Virgin Islands)	US\$ 1		100	Property investment
Joynote Ltd (Singapore)	SGD 2		100	Finance
Match Power Investment Limited	HK\$ 2		100	Property development
Maxchief Limited	HK\$ 2		100	Property development

Name	Issued Ordinary Share Capital Nominal Value	Effective percentage held by the Company		Principal Activities
		Directly	Indirectly	
Megawin International Limited (British Virgin Islands)	US\$ 1		100	Property development
Metrofond Limited	HK\$ 2		100	Property development
Million Rise Investments Limited	HK\$ 2		100	Property development
Mitcham Resources Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Mutual Luck Investment Limited	HK\$ 30,000		60	Property development
New Profit Resources Limited	HK\$ 2		98.47	Property development
Opal Charm Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Pacific Top Development Limited	HK\$ 2		100	Property development
Pako Wise Limited	HK\$ 2	100		Property investment
Pearl Wisdom Limited	HK\$ 2		100	Property development
Pofield Investments Limited (British Virgin Islands)	US\$ 1		100	Property investment
Potton Resources Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Prime Pro Group Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Randash Investment Limited	HK\$ 110		60.9	Hotels & serviced suites
Romefield Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Sai Ling Realty Limited	HK\$ 10,000	100		Property development
Sino China Enterprises Limited	HK\$ 2		100	Property development
Super Winner Development Limited	HK\$ 2		100	Property development
The Center (Holdings) Limited (British Virgin Islands)	US\$ 1		100	Property investment
Tin Shui Wai Development Limited	HK\$ 1,000		98.47	Property investment
Towerich Limited	HK\$ 2		51	Hotels & serviced suites
Union Ford Investments Limited	HK\$ 2		80	Property development
Winchesto Finance Company Limited	HK\$ 15,000,000	100		Finance
Winrise Champion Limited (British Virgin Islands)	US\$ 1		100	Property investment
Wisdom Choice Investment Limited	HK\$ 2		60	Property development
Yick Ho Limited	HK\$ 6,000,000		100	Investment in hotel projects

The principal area of operation of the above companies were in Hong Kong except the following:

Name	Area of Operation
Cheung Kong Finance Cayman Limited	Europe
Cheung Kong Holdings (China) Limited	The Mainland
Japura Development Pte Ltd	Singapore
Joynote Ltd	Singapore
Megawin International Limited	The Mainland
Yick Ho Limited	The Mainland



PRINCIPAL ASSOCIATES

Appendix II

The Directors are of the opinion that a complete list of the particulars of all the associates will be of excessive length and therefore the following list contains only the particulars of the associates which materially affect the results or assets of the Group. All the companies listed below were incorporated in Hong Kong except otherwise stated.

Name	Effective percentage of Issued Ordinary Share Capital held by the Company		Principal Activities
	Directly	Indirectly	
AMTD Financial Planning Limited		30.4	Financial planning
CEF Holdings Limited	50		Investment holding & loan financing
CK Life Sciences Int'l., (Holdings) Inc. (Cayman Islands)		44	Research & development, commercialisation, marketing & sale of biotechnology products
Harbour Plaza Hotel Management (International) Limited (British Virgin Islands)		50	Hotel management
Hong Kong Concord Holdings Limited		40	Trading, power plant & securities investment
Hutchison Whampoa Limited		49.9	Telecommunications, ports & related services, retail & manufacturing, property & hotels, energy, infrastructure, finance & investments
iBusiness Corporation Limited		49.6	e-commerce and investment
Metro Broadcast Corporation Limited		50	Radio broadcasting

The principal area of operation of the above companies were in Hong Kong except the following:

Name	Area of Operation
Hong Kong Concord Holdings Limited	The Mainland

PRINCIPAL JOINTLY CONTROLLED ENTITIES

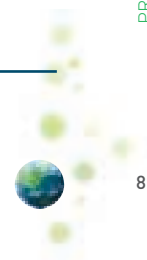
Appendix III

The Directors are of the opinion that a complete list of the particulars of all the jointly controlled entities will be of excessive length and therefore the following list contains only the particulars of the jointly controlled entities which materially affect the results or assets of the Group. All the jointly controlled entities below were incorporated in Hong Kong except otherwise stated.

Name	Effective percentage of Ownership Interest held by the Company		Principal Activities
	Directly	Indirectly	
Albion Properties Limited (The United Kingdom)		45	Property development
Bayswater Developments Limited (British Virgin Islands)		50	Property development & investment
Central More Limited		50	Property development
Chesgold Limited		50	Property investment
Cheung Wo Hing Fung Enterprises Limited (British Virgin Islands)		50	Property investment
Circadian Limited (The United Kingdom)		22.5	Property development
Clayton Power Enterprises Limited		50	Property development
Cosmos Wide International Limited		50	Property development
Dragon Beauty International Limited		50	Property development
Glenfield Investments Pte Ltd (Singapore)		50	Property development
Golden Famous International Limited		50	Property development
Hui Xian Investment Limited		33.4	Investment in property project
Konus Investment Limited		42.5	Property development
Marketon Investment Limited		50	Property development
Matrica Limited		30	Property development & investment
Mightypattern Limited	25	25	Property investment
Nanyang Brothers Properties Limited		50	Property development
One Raffles Quay Pte Ltd (Singapore)		33.3	Property development
Super Lion Enterprises Limited	50		Property development
Vigour Limited		50	Property development & investment

The principal area of operation of the above jointly controlled entities were in Hong Kong except the following:

Name	Area of Operation
Albion Properties Limited	The United Kingdom
Bayswater Developments Limited	The Mainland
Chesgold Limited	The Mainland
Cheung Wo Hing Fung Enterprises Limited	The Mainland
Circadian Limited	The United Kingdom
Glenfield Investments Pte Ltd	Singapore
Hui Xian Investment Limited	The Mainland
One Raffles Quay Pte Ltd	Singapore



REPORT OF THE AUDITORS

德勤·關黃陳方會計師行

Certified Public Accountants
26/F, Wing On Centre
111 Connaught Road Central
Hong Kong

香港中環干諾道中111號
永安中心26樓

**Deloitte
Touche
Tohmatsu**

To the Members of Cheung Kong (Holdings) Limited

(incorporated in Hong Kong with limited liability)

We have audited the financial statements on pages 58 to 89 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Companies Ordinance requires the directors to prepare financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with section 141 of the Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st December, 2003 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Ordinance.

DELOITTE TOUCHE TOHMATSU

Certified Public Accountants
Hong Kong, 18th March, 2004

EXTRACTS FROM HUTCHISON WHAMPOA LIMITED FINANCIAL STATEMENTS

The following information is extracted from the 2003 published financial statements of Hutchison Whampoa Limited, a principal associate.

Consolidated Profit and Loss Account

For the year ended 31st December, 2003

	2003 HK\$ Million	As restated 2002 HK\$ Million
Turnover		
Company and subsidiary companies	104,921	75,235
Share of associated companies and jointly controlled entities	40,688	35,894
	145,609	111,129
Company and subsidiary companies		
Turnover	104,921	75,235
Cost of inventories sold	45,295	27,521
Staff costs	16,856	11,761
Depreciation and amortisation	12,619	5,636
Other operating expenses	30,626	16,126
Profit on disposal of investments and provisions	8,893	3,395
	8,418	17,586
Share of profits less losses of associated companies	8,914	6,337
Share of profits less losses of jointly controlled entities	2,786	1,872
	20,118	25,795
Earnings before interest expense and taxation		
Interest and other finance costs, including share of associated companies and jointly controlled entities	9,568	7,093
	10,550	18,702
Profit before taxation		
Current taxation charge	2,758	2,015
Deferred taxation charge (credit)	(5,250)	318
	13,042	16,369
Profit after taxation		
Minority interests	(1,336)	2,007
	14,378	14,362
Profit attributable to shareholders		
	7,375	7,375
Dividends		



EXTRACTS FROM HUTCHISON WHAMPOA LIMITED FINANCIAL STATEMENTS (continued)

Consolidated Balance Sheet

At 31st December, 2003

	2003 HK\$ Million	As restated 2002 HK\$ Million
ASSETS		
Non-current assets		
Fixed assets	181,099	148,713
Other non-current assets	105,753	95,069
Goodwill	8,583	7,838
Deferred tax assets	9,338	2,032
Associated companies	51,132	45,277
Interests in joint ventures	39,051	35,016
Liquid funds and other listed investments	63,929	75,597
Total non-current assets	458,885	409,542
Cash and cash equivalents	111,933	42,852
Other current assets	52,859	45,755
Current liabilities	90,240	83,429
Net current assets	74,552	5,178
Total assets less current liabilities	533,437	414,720
Non-current liabilities		
Long term liabilities	230,182	141,569
Deferred tax liabilities	9,032	8,680
Pension obligations	960	730
Total non-current liabilities	240,174	150,979
Minority interests	45,748	41,596
Net assets	247,515	222,145
CAPITAL AND RESERVES		
Share capital	1,066	1,066
Reserves	246,449	221,079
Shareholders' funds	247,515	222,145



CHEUNG KONG GROUP
DIVERSIFIED BUSINESS
AROUND THE GLOBE

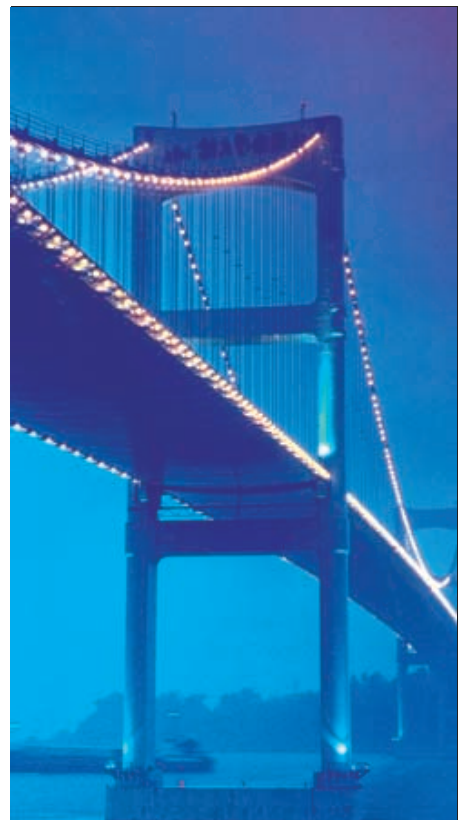
HUTCHISON WHAMPOA LIMITED

Hutchison Whampoa currently has operations in 39 countries with over 170,000 employees. Leveraging on its healthy financial position, solid business foundation, efficient and loyal management and staff, all of its existing core businesses will continue to provide substantial recurring contributions in 2004 and its new 3G operations will demonstrate their potential to create long-term shareholder value.

- PORTS AND RELATED SERVICES
- TELECOMMUNICATIONS
- PROPERTY AND HOTELS
- RETAIL AND MANUFACTURING
- ENERGY, INFRASTRUCTURE, FINANCE AND INVESTMENTS









CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED

CKI continues to be the largest diversified infrastructure investment company listed on the Stock Exchange of Hong Kong, and has established a strong position as a significant player in the global infrastructure arena. This is attributable to the steady performance and effective management of its core businesses of Energy Infrastructure, Transportation Infrastructure and Infrastructure Related Business.

- INVESTMENT IN HONGKONG ELECTRIC
- INFRASTRUCTURE INVESTMENTS - ENERGY
- INFRASTRUCTURE INVESTMENTS - TRANSPORTATION
- INFRASTRUCTURE RELATED BUSINESS





HONGKONG ELECTRIC HOLDINGS LIMITED

Hongkong Electric remains fully committed to the provision of a world-class, reliable and cost-effective power supply to support the growth and vitality of Hong Kong. It continues to improve productivity and to re-assess all aspects of its operations in order that its customers will benefit from all possible cost savings.

GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRICITY

INTERNATIONAL INVESTMENT IN POWER AND POWER-RELATED INDUSTRIES

ENGINEERING CONSULTANCY SERVICES



CORPORATE INFORMATION

DIRECTORS

LI Ka-shing *Chairman*
LI Tzar Kuoi, Victor *Managing Director and Deputy Chairman*
George Colin MAGNUS *Deputy Chairman*
KAM Hing Lam *Deputy Managing Director*
CHUNG Sun Keung, Davy *Executive Director*
IP Tak Chuen, Edmond *Executive Director*
PAU Yee Wan, Ezra *Executive Director*
WOO Chia Ching, Grace *Executive Director*
CHIU Kwok Hung, Justin *Executive Director*
LEUNG Siu Hon *Independent Non-executive Director**
FOK Kin-ning, Canning *Non-executive Director*
Frank John SIXT *Non-executive Director*
CHOW Kun Chee, Roland *Independent Non-executive Director**
WONG Yick-ming, Rosanna *Independent Non-executive Director*
HUNG Siu-lin, Katherine *Non-executive Director*
YEH Yuan Chang, Anthony *Independent Non-executive Director*
CHOW Nin Mow, Albert *Non-executive Director*
Simon MURRAY *Independent Non-executive Director*
KWOK Tun-li, Stanley *Independent Non-executive Director*

* *Members of Audit Committee*

COMPANY SECRETARY

Eirene YEUNG

AUDITORS

Deloitte Touche Tohmatsu

BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
BNP Paribas
Industrial and Commercial Bank of China (Asia) Limited
Sumitomo Mitsui Banking Corporation
China Construction Bank
Citibank, N.A.
Mizuho Corporate Bank, Ltd.
The Bank of Tokyo-Mitsubishi, Ltd.

SOLICITORS

Woo, Kwan, Lee & Lo

REGISTERED OFFICE

7th Floor, Cheung Kong Center,
2 Queen's Road Central, Hong Kong

SHARE REGISTRARS AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Rooms 1712 - 1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Hong Kong

INTERNET ADDRESS

<http://www.ckh.com.hk>

This annual report ("Annual Report") is available in both English and Chinese. Shareholders who have received either the English or the Chinese version of the Annual Report may request a copy in the language different from that has been received by writing to the Company's Registrars, Computershare Hong Kong Investor Services Limited, Rooms 1901-1905, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

This Annual Report (in both English and Chinese versions) has been posted on the Company's website at <http://www.ckh.com.hk>. Shareholders who have chosen to rely on copies of the Company's Corporate Communication (including but not limited to Annual Report, summary financial report (where applicable), Interim Report, summary interim report (where applicable), notice of meeting, listing document, circular and proxy form) posted on the Company's website in lieu of the printed copies thereof may request the printed copy of the Annual Report.

Shareholders who have chosen to receive the Corporate Communication using electronic means through the Company's website and who for any reason have difficulty in receiving or gaining access to the Annual Report posted on the Company's website will promptly upon request be sent the Annual Report in printed form free of charge.

Shareholders may at any time choose to change your choice as to the means of receipt (i.e. in printed form or by electronic means through the Company's website) and/or the language of the Company's Corporate Communication by notice in writing to the Company's Registrars, Computershare Hong Kong Investor Services Limited.