

Operations

Ports and Related Services

Telecommunications

Property and Hotels

Retail and Manufacturing

**Energy, Infrastructure, Finance
and Investments**

The Group's activities are focused on five core businesses — ports and related services; telecommunications; property and hotels; retail and manufacturing; and energy, infrastructure, finance and investments.

The Group's turnover and earnings before interest expense and taxation ("EBIT") for

2002, including the Group's share of associated companies' and jointly controlled entities' turnover and EBIT, are shown by business segment on page 5 of this Report and also in Note 3 to the consolidated profit and loss account. Turnover for the year increased 25% to HK\$111,129 million, due to increased activities in the ports and related

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services, property and hotels, and retail and manufacturing divisions. Although 2002 proved to be a very challenging year with continued economic uncertainty, all the Group's business divisions reported EBIT ahead of last year, although the finance and investments division, which undertakes the Group's treasury activities, reported lower EBIT due to the lower interest rates environment. The Group's EBIT for the year was HK\$24,447 million, a 13% increase.

The Group's interest expense for the year, including its share of associated companies' and jointly controlled entities' interest expense, decreased by 19% to HK\$7,093 million, mainly due to reduced average interest rates, after taking into consideration interest rate swap agreements, partially offset by a higher average total loan balance as the Group drew down on existing, mainly non or limited recourse bank loan facilities to finance

the development of its 3G networks. The details of the profit on disposal of investments less provisions totalling HK\$1,524 million (2001 – HK\$3,124 million) are shown in Note 6 to the consolidated profit and loss account. The Group's taxation charge increased by HK\$448 million, or 20%, due to increased profits mainly from the overseas ports operations acquired in 2001 and early 2002, and also from the overseas retail operations, including the Kruidvat Group which was acquired in October 2002. The minority interests' share of the Group's profit increased by HK\$56 million, or 3%.

The profit attributable to shareholders for the year increased 19% to HK\$14,288 million.