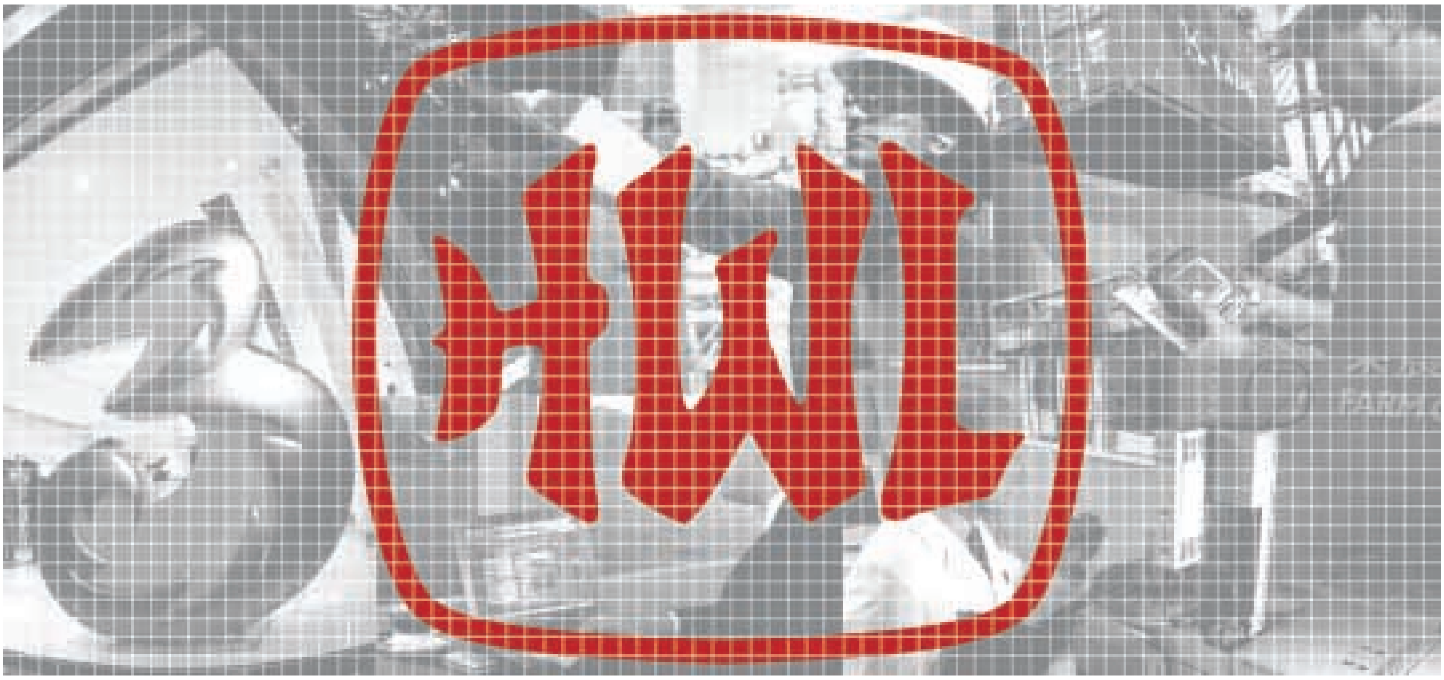

shaping the future

annual report 2003

Hutchison Whampoa Limited

Shaping the future

Just as technology makes life easier, so it makes businesses at Hutchison Whampoa Limited more efficient and effective. The wide ranging applications of technology give management the time and flexibility to devise strategies that shape the Group's future by clicking on solutions that raise productivity of the Group's 170,000 employees and by offering greater convenience and higher quality service to the Group's customers across the globe, every day.

With the aid of technology, the success story of HWL continued in 2003 on all business fronts. The Group is committed to continue forging ahead on the highway of prosperity to the benefit of shareholders, customers, business partners and employees everywhere in the world.

Equity Financial Press Limited

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Contents





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LI Ka-shing, KBE, GBM, LLD, DSSc

Deputy Chairman

LI Tzar Kuoi, Victor, BSc, MSc

Group Managing Director

FOK Kin-ning, Canning, BA, DFM, ACA (Aus)

Executive Directors

CHOW WOO Mo Fong, Susan, BSc
Deputy Group Managing Director
Frank John SIXT, MA, LLL
Group Finance Director
LAI Kai Ming, Dominic, BSc, MBA
George Colin MAGNUS, OBE, MA
KAM Hing Lam, BSc, MBA

Directors

The Hon Michael David KADOORIE, GBS, Chevalier de la Légion d'Honneur, Commandeur de l'Ordre de Leopold II
Simon MURRAY, CBE
OR Ching Fai, Raymond
William SHURNIAK, LLD +
Peter Alan Lee VINE, OBE, LLD, VRD, JP +
WONG Chung Hin, CBE, JP *

* *Chairman of Audit Committee*
\+ *Member of Audit Committee*

Company Secretary

Edith SHIH, MA, EdM

Auditors

PricewaterhouseCoopers

Bankers

The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank
J P Morgan Chase

Share Registrars

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Website Address

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Business Highlights 2003

February

Corporate

The Group launches its first bond issue for the year, which, together with five subsequent successful issues in the year, has raised a total of HK$79,069 million for the Group.

February

Telecommunications

Hutchison CAT Wireless Multimedia begins marketing a CDMA2000 1X mobile service for the Communications Authority of Thailand, introducing to customers an exciting world of information, communication and entertainment on the move.

March

Telecommunications

3G services commence in Italy and the United Kingdom, and subsequently in Australia, Austria, Denmark, Sweden and Hong Kong, bringing to customers mobile video telephony, multimedia messaging, email and a wide range of media contents. The Group also receives a licence to operate 3G services in Norway during the year.

May

Property and Hotels

Sale of Rambler Crest receives enthusiastic response. This new development in Tsing Yi is completed during the year and has been substantially sold.

June

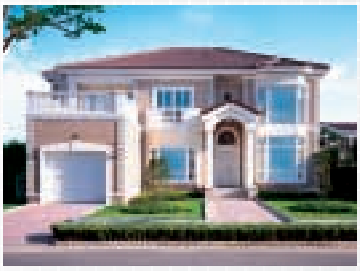
Retail and Manufacturing

Watsons third-generation stores bring a fresh shopping experience to customers. The "New Fortress" concept is also introduced with all stores re-categorised into three formats, namely Fortress World, Fortress Vision and Fortress Digital.

July

Ports and Related Services

The first berth of Container Terminal 9 ("CT9") starts operations and the second berth is scheduled for completion by end of 2004. When the two berths come into full operations in 2005, CT9 will provide a total quay length of 700 metres with a depth of 15.5 metres designed to accommodate next generation container vessels.



October

Property and Hotels

Regency Park Phase I in Shanghai sold out within 10 weeks. All the other developments in Mainland China launched during the year, including The Summit in Shanghai and Le Parc Phases III and IV in Shenzhen, receive good market response.

November

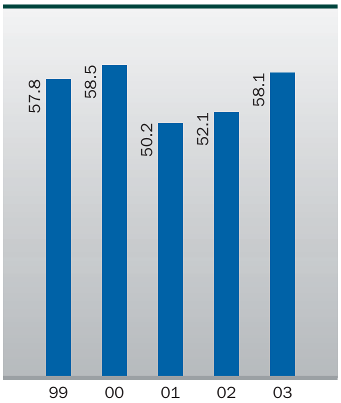
Energy, Infrastructure, Finance and Investments

Husky Energy signs a contract with the China National Offshore Oil Corporation for the 04/35 exploration block in the East China Sea. This provides Husky with an excellent opportunity to tap into the high exploration potential of the region.

Financial Highlights

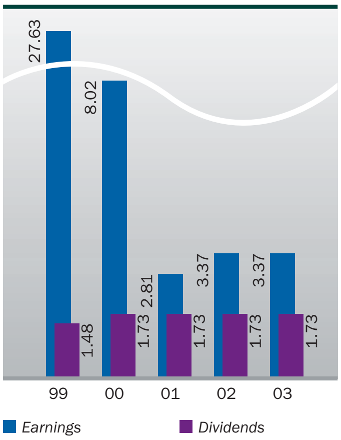
Net Assets per Share

HK dollars



Earnings and Dividends per Share

HK dollars



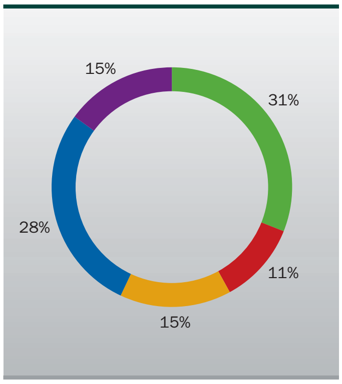
	2003 HK$ millions	2002 HK$ millions	**Percentage Change**
Turnover			
Company and subsidiary companies	**104,921**	75,235	**+ 39%**
Share of associated companies and jointly controlled entities	**40,688**	35,894	**+ 13%**
	145,609	111,129	**+ 31%**
Earnings before interest expense and taxation			
Company and subsidiary companies	**8,418**	17,586	**– 52%**
Share of associated companies and jointly controlled entities	**11,700**	8,209	**+ 43%**
Total earnings before interest expense and taxation (“EBIT”)	**20,118**	25,795	**– 22%**
Interest and other finance costs			
Company and subsidiary companies	**7,715**	5,262	**– 47%**
Share of associated companies and jointly controlled entities	**1,853**	1,831	**– 1%**
Profit before taxation	**10,550**	18,702	**– 44%**
Current taxation charge	**2,758**	2,015	**– 37%**
Deferred taxation charge (credit)	**(5,250)**	318	**+ 1,751%**
Profit after taxation	**13,042**	16,369	**– 20%**
Minority interests	**(1,336)**	2,007	**+ 167%**
Profit attributable to shareholders *(Note 2)*	**14,378**	14,362	**–**
Total assets	**623,677**	498,149	**+ 25%**
Net debt *(Note 1)*	**87,602**	50,229	**+ 74%**
Shareholders’ funds *(Note 2)*	**247,515**	222,145	**+ 11%**
Net assets per share book value (HK$) *(Note 2)*	**58.1**	52.1	**+ 12%**
Earnings per share (HK$)	**3.37**	3.37	**–**
Dividends per share (HK$)	**1.73**	1.73	**–**
Dividend cover	**1.9**	1.9	**–**
Net debt / net total capital	**23.4%**	16.1%	**+ 7.3%**
Return on average shareholders’ funds *(Note 2)*	**6.1%**	6.6%	**– 0.5%**

Note 1 : Net debt is defined on the Consolidated Cash Flow Statement. Net total capital is defined as total borrowings plus share capital, reserves and minority interests net of total cash, liquid funds and other listed investments as shown on the Consolidated Cash Flow Statement.

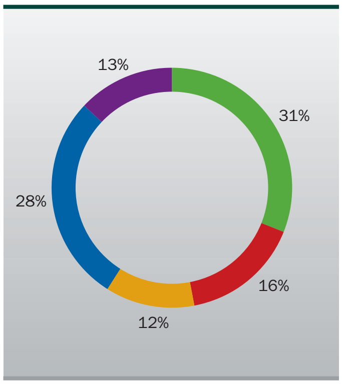
Note 2 : The comparative figures have been restated to comply with the current year’s presentation.

Analyses by Core Business of Group Turnover, EBIT and Profit

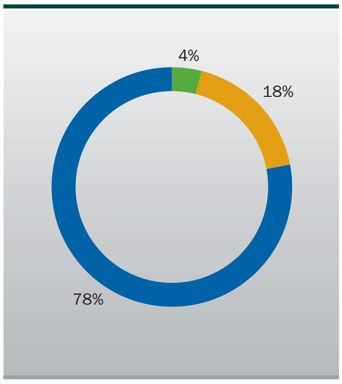
Turnover
By Geographical Area 2003



EBIT -
Established businesses
By Geographical Area 2003



LBIT -
Telecommunications - 3G
By Geographical Area 2003



Hong Kong | *Mainland China* | *Asia and Australia* | *Europe* | *Americas and others*

	2003 HK$ millions	2002 HK$ millions	Percentage Change
Turnover			
ESTABLISHED BUSINESSES			
Ports and related services	23,129	20,572	+ 12%
Telecommunications - 2G and others	15,471	13,367	+ 16%
Property and hotels	11,224	11,709	– 4%
Retail and manufacturing	63,086	39,471	+ 60%
Cheung Kong Infrastructure	11,567	10,626	+ 9%
Husky Energy	14,886	11,198	+ 33%
Finance and investments	4,223	4,186	+ 1%
Subtotal - established businesses	143,586	111,129	+ 29%
TELECOMMUNICATIONS - 3G	2,023	–	N/A
Total	145,609	111,129	+ 31%
EBIT			
ESTABLISHED BUSINESSES			
Ports and related services	7,597	6,626	+ 15%
Telecommunications - 2G and others	1,195	969	+ 23%
Property and hotels	3,121	2,570	+ 21%
Retail and manufacturing	2,305	1,031	+ 124%
Cheung Kong Infrastructure	5,605	4,990	+ 12%
Husky Energy	3,462	2,084	+ 66%
Finance and investments	6,250	6,200	+ 1%
	29,535	24,470	+ 21%
Profit on disposal of investment and provisions	1,083	2,254	– 52%
Subtotal – established business	30,618	26,724	+ 15%
TELECOMMUNICATIONS - 3G			
EBIT before amortisation and depreciation	(11,939)	(1,839)	– 549%
Amortisation and depreciation	(6,371)	(231)	–2,658%
Profit on disposal of investment and provisions	7,810	1,141	+ 584%
Subtotal - telecommunications - 3G	(10,500)	(929)	–1,030%
Total	20,118	25,795	– 22%
Profit attributable to shareholders			
ESTABLISHED BUSINESSES			
Ports and related services	3,194	2,924	+ 9%
Telecommunications - 2G and others	535	136	+ 293%
Property and hotels	991	567	+ 75%
Retail and manufacturing	558	(90)	+ 720%
Cheung Kong Infrastructure	2,674	2,591	+ 3%
Husky Energy	1,958	1,127	+ 74%
Finance and investments	5,406	4,853	+ 11%
Subtotal - established businesses	15,316	12,108	+ 26%
TELECOMMUNICATIONS - 3G	(9,668)	(1,141)	– 747%
PROFIT ON DISPOSAL OF INVESTMENTS AND PROVISIONS	8,730	3,395	+ 157%
Total	14,378	14,362	–

The above information includes the Company, its subsidiary companies and its proportionate share of associated companies' and jointly controlled entities' respective items.

The EBIT and loss before interest expense and taxation (LBIT) in the analyses by geographical area are stated after profit on disposal of investments and provisions.

Chairman's Statement

The Group benefited from its diversification, reporting results in line with last year. Despite SARS, the war in Iraq and mixed economic conditions, the Group's established businesses reported healthy growth. In the UK, Italy and Australia, the Group began offering 3G services and in January this year began to offer these services in Hong Kong.

"Excluding exceptional profits and 3G start-up losses in both years, profit attributable to shareholders increased 25%."

RESULTS

The Group's audited profit attributable to shareholders for the year amounted to HK$14,378 million, which is HK$16 million ahead of last year's results. Earnings per share amounted to HK$3.37 (2002 – HK$3.37). These results include a net profit on disposal of investments and provisions of HK$8,893 million, which primarily relate to profits on the disposal of the European water businesses and the remaining holdings in Vodafone Group and in Deutsche Telekom of HK$1,683 million and HK$2,627 million respectively, a release of provisions of HK$7,810 million, partially offset by a full write-off of the Group's HK$3,111 million investment in Global Crossing and other charges of HK$116 million. The Group achieved a profit ahead of last year despite the unforeseen write-off of the Global Crossing investment, reflecting the strong performance of the Group's established businesses. Excluding exceptional profits and 3G start-up losses in both years, profit attributable to shareholders increased 25%.

DIVIDEND

Your Directors will recommend at the forthcoming Annual General Meeting the payment of a final dividend of HK$1.22 per share (2002 – HK$1.22) to Shareholders whose names appear on the Register of Members of the Company on 20 May 2004. The proposed final dividend, together with the interim dividend of HK$0.51 paid on 10 October 2003, gives a total dividend of HK$1.73 per share (2002 – HK$1.73). The Register of Members will be closed from 13 May 2004 to 20 May 2004, both days inclusive, and the proposed final dividend will be paid on 21 May 2004.

OPERATIONS

The Group's turnover and earnings before interest expense and taxation ("EBIT"), including the Group's share of associated companies' and jointly controlled entities' turnover and EBIT, are shown by business segment in Note 3 to the consolidated profit and loss account. Turnover for the year totalled HK$145,609 million, an increase of 31% over last year, mainly due to additional turnover contributed by the Kruidvat health and beauty retail group acquired in October 2002, higher commodity prices of Husky Energy, increased container throughput in the ports and related services division and revenue from the start-up 3G businesses. All of the Group's operating business divisions reported EBIT ahead of last year, except the start-up 3G operations. EBIT, excluding 3G start-up losses and exceptional profits was 21% better than last year.

Ports and Related Services

The ports and related services division reported growth in turnover to HK$23,129 million, a 12% increase over last year. EBIT increased a healthy 15% to HK$7,597 million due to a 16% increase in combined throughput to reach 41.5 million TEUs (twenty-foot equivalent units). This division continues to provide a steady income stream to the Group, contributing 16% and 25% respectively to the Group's turnover and EBIT from its established businesses for the year. Results of the major port operations are as follows:

- Hong Kong and Yantian deepwater port operations reported combined throughput growth of 8% and EBIT growth of 13%.

- European operations reported combined throughput in line with last year while EBIT increased 11% mainly due to the improved results of Europe Container Terminals ("ECT") in Rotterdam.

- Operations in other Asian countries, the Middle East and Africa reported combined throughput 13% ahead of last year and EBIT increased 15%.

- The Group's combined operations in Shanghai, Waigaoqiao, Ningbo, Shantou, Xiamen and other Mainland ports reported strong growth with a 53% increase in throughput and a 53% increase in EBIT of which 17% of the increase was due to the acquisition of Shanghai Pudong International Container Terminals at Waigaoqiao in March 2003.

- Operations in the Americas and the Caribbean reported combined throughput 16% ahead of last year and EBIT increased 17%.

This division continues to grow by improving operating efficiency, maximising utilisation of its existing facilities and, on a selective basis, pursuing growth opportunities through strategic acquisitions. In July, the first berth at Container Terminal 9 in Kwai Chung started operation. Development of its second berth will be completed in late 2004 and commence operation in early 2005. Also in July, the Group acquired a 51% interest in a joint venture company which holds a concession to operate in the Port of Lazaro Cardenas on the Pacific Coast of Mexico. In the fourth quarter, the construction of two new berths at Phase III of Yantian port in the Mainland was completed. An additional two berths are planned to be completed at Yantian in late 2004. During the year, the Group increased its stake in ECT in Rotterdam to 98%.

Telecommunications – 2G and other operations

The Group's telecommunications – 2G and other operations reported turnover of HK$15,471 million, a 16% increase over last year, and EBIT of HK$1,195 million, a 23% increase over last year. This division represents 11% and 4% respectively of

"Turnover for the year totalled HK$145,609 million, an increase of 31% over last year."

the Group's turnover and EBIT of established businesses for the year. These results reflect the improved results from the 2G operations in India, Israel and Australia, the continued customer growth for Hutchison Global Communications' ("HGC") broadband, data and voice services, and a gain of HK$239 million arising from TOM Group's placement of its shares during the year, partially offset by a one-time HK$225 million write-off of international bandwidth capacity by HGC as a result of Asia Global Crossing's bankruptcy. In addition, last year's results included a HK$758 million dividend from Deutsche Telekom, which paid no dividends during the year. Excluding these non-recurring items, EBIT increased 460%. The Group currently has over 10 million 2G customers worldwide, an increase of 64% from the beginning of the year.

In March 2004, Vanda Systems & Communications ("Vanda"), an information technology solutions company listed on The Stock Exchange of Hong Kong purchased 100% of HGC and 100% of PowerCom Network Hong Kong ("PowerCom"), an innovative provider of broadband services that can be accessed through power sockets. The merger of the HGC, Vanda and PowerCom businesses, renamed Hutchison Global Communications Holdings ("HGC Holdings"), has created an integrated telecommunications and information technology company offering a wide range of innovative and advanced information technology, systems integration and telecommunications services. The total consideration received by the Group on disposal of HGC was HK$7,100 million, which was satisfied by the issuance of new HGC Holdings shares valued at HK$3,900 million and convertible notes valued at HK$3,200 million. Combined with the Group's original 37% interest in Vanda, the Group's stake in HGC Holdings increased to approximately 79% of the enlarged share capital base. Subsequently, the Group sold a portion of its new HGC Holdings shares by way of a share placement, and as a result, the Group's stake in HGC Holdings decreased to approximately 53%. The profit on this subsequent disposal of approximately HK$1,300 million will be reported in the Group's first half results for 2004.

Telecommunications – 3G

The Group began 3G operations in the UK, Italy and Australia during the year and with the arrival of new handset models in January this year, 3G services were launched in Hong Kong. 3G operations reported total turnover of HK$2,023 million, and a net loss after taxation of HK$9,668 million, before a release of provisions of HK$7,810 million, after which the net loss totalled HK$1,858 million. Summer promotional offerings in the UK, Italy and Australia were well received and all of the first generation of 3G handsets delivered by the Group's suppliers were sold in a few months. Although committed to develop, manufacture and deliver a significantly enhanced second generation of 3G handsets for sale during the third quarter, suppliers only made limited deliveries, seriously impairing the Group's ability to increase its customer base in the fourth quarter of 2003. This issue has been resolved and early this year, the Group's suppliers commenced delivery of new handset models in commercial quantities and as a result of which sales have progressed very well. Currently, the Group has over 1,038,000 customers worldwide with approximately 361,000 in the UK, 453,000 in Italy and 36,500 in Hong Kong.

The Group continued to roll out rapidly and improve the quality of the network infrastructure in all 3G operations. At the end of 2003, approximately 65% of the capital expenditure requirements for 3G operations worldwide had been incurred (over and above licence costs, which were 100% funded at the outset of these projects). The technology, network infrastructure and distribution channels are all firmly developed, and the Group is now focusing on sales and operations in order to enhance **3**'s innovative services and establish its customer base. The number of 3G subscribers is now expected to grow satisfactorily.

During the year, the Group and KPN Mobile ("KPN") settled their disputes and the Group entered into an agreement providing for the purchase of KPN's 15% interest in 3G UK which KPN acquired from the Group for £900 million in 2000. The Group is paying a total of £90 million for this interest, of which £60 million has been paid. Upon payment of the last of three equal amounts, the Group's interest in 3G UK will increase to 80% in 2007.

Property and Hotels

The property and hotels division turnover totalled HK$11,224 million, 4% below last year but EBIT of HK$3,121 million was 21% above last year, mainly due to increased profit from the sale of development projects which offset the adverse effect of the SARS outbreak on the hotel businesses in Hong Kong and the Mainland. This division contributed 8% and 10% respectively to the Group's turnover and EBIT from its established businesses for the year. The Group's rental properties in Hong Kong account for the majority of the division's EBIT and continued to provide strong recurrent cash income to the Group, albeit decreased 3% compared to last year. The Group's portfolio of 15.7 million square feet of rental property continues to be substantially fully let. Development profits, which accounted for 40% of EBIT, were realised from the completion and sale of residential units of Rambler Crest in Hong Kong, of The Summit and Le Parc in the Mainland and of Albion Riverside in the UK. The Group has several ongoing development projects in Hong Kong, the Mainland and overseas in London and Singapore that are progressing satisfactorily. The Group's share of the landbank in various joint venture projects is being developed into approximately 16.1 million square feet of mainly residential properties in phases to 2015. The Group is also seeking to selectively acquire new landbank for development. The hotel business showed signs of recovery in the latter half of the year after SARS subsided and with the lifting of travel restrictions for individuals from the Mainland. The continuation of this trend should benefit our hotel business in 2004.

Retail and Manufacturing

Turnover for the retail and manufacturing division totalled HK$63,086 million, a 60% increase, mainly due to the turnover contributed from the Kruidvat health and beauty retail group acquired in October 2002, and also from the existing health and beauty operations in Asia and the UK. EBIT of HK$2,305 million was 124% ahead of last year (35% above last year on an annualised basis), mainly due to additional profits contributed by the Kruidvat group, including Superdrug in the UK, and also improved results from the Group's joint venture with Procter & Gamble in the Mainland. This division contributed 44% and 8% respectively to the Group's turnover and EBIT from its established businesses for the year. The Group's retail operations currently have over 3,400 retail outlets in 12 countries and these operations will continue to expand mainly by adding new stores to its existing strong retail chains in Europe and Asia.

Hutchison Harbour Ring, a listed subsidiary, announced turnover, including its share of associated companies' turnover, of HK$2,208 million and net profit attributable to shareholders of HK$128 million for the year, an increase of 18% and 30% respectively.

Cheung Kong Infrastructure

Cheung Kong Infrastructure ("CKI"), a listed subsidiary, announced turnover of HK$3,454 million and profit attributable to shareholders of HK$3,349 million, 1% above last year's profit. CKI contributed 8% and 18% respectively to the Group's turnover and EBIT from its established businesses for the year.

Husky Energy

Husky Energy, a listed associated company, announced turnover of C$7,658 million and profit attributable to shareholders of C$1,321 million, 64% above last year. Husky Energy contributed 10% and 11% respectively to the Group's turnover and EBIT from its established businesses for the year. In light of its strong financial performance in

> **Our new 3G operations will demonstrate their potential to creat long-term shareholder value.**

the first half, Husky Energy declared a special cash dividend of C$1 per share, from which the Group received C$147 million in October.

Finance and Investments

The Group's EBIT from its finance and investments operations, which mainly represents returns earned on the Group's substantial holdings of cash and liquid investments, amounted to HK$6,250 million, in line with last year. These operations contributed 20% of the Group's EBIT from its established businesses. The Group's consolidated cash and liquid investments at 31 December 2003 amounted to HK$185,542 million and consolidated total debt totalled HK$273,144 million, resulting in a net debt position of HK$87,602 million and an overall net debt to net capital ratio of approximately 23%. In 2003, the Group issued long-term maturity bonds primarily for refinancing and mainly in the US dollar market, totalling US$10,137 million (HK$79,069 million). This exercise reduces the Group's dependence on bank loans and extends its debt maturity profile to better match the life of its long-term assets. Currently, over 65% of the Group's debt matures in five years and beyond.

OUTLOOK

Although 2003 was a difficult year due to SARS, the war in Iraq and an increasingly competitive world environment, all of the Group's established businesses performed well, and the Group enjoyed strong cashflows from its diversified operations. Earnings before interest, taxation, depreciation and amortisation ("EBITDA") from the Group's established businesses grew 30% to HK$45,812 million (2002 - HK$35,110 million). Currently, the Group has operations in 39 countries with over 170,000 employees. The Group will continue to develop and grow its core businesses while maintaining its healthy financial position.

With the introduction of a number of economic revival policies by the Central Government, economic recovery is now underway in Hong Kong. Of course, our businesses are also sensitive to global economic trends, and in particular the US and European economies, as well as increasing global competition. Although the 3G operations experienced a lack of handset supply in the second half of the year which prevented a full start-up, handsets are now being delivered in commercial quantities and new handset suppliers are entering the market. With good quality networks in place and an ample supply of handsets, we are confident that in 2004 the 3G operations will grow into solid businesses.

Despite the challenges ahead of us, I am fully confident that with our healthy financial position, solid business foundation, efficient and loyal management and staff, all of our existing core businesses will continue to provide substantial recurring contributions in 2004 and our new 3G operations will demonstrate their potential to create long-term shareholder value.

I would like to thank the Board of Directors and all the Group's employees around the world for their hard work, support and dedication.

Li Ka-shing
Chairman

Hong Kong, 18 March 2004

Operations Review

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.

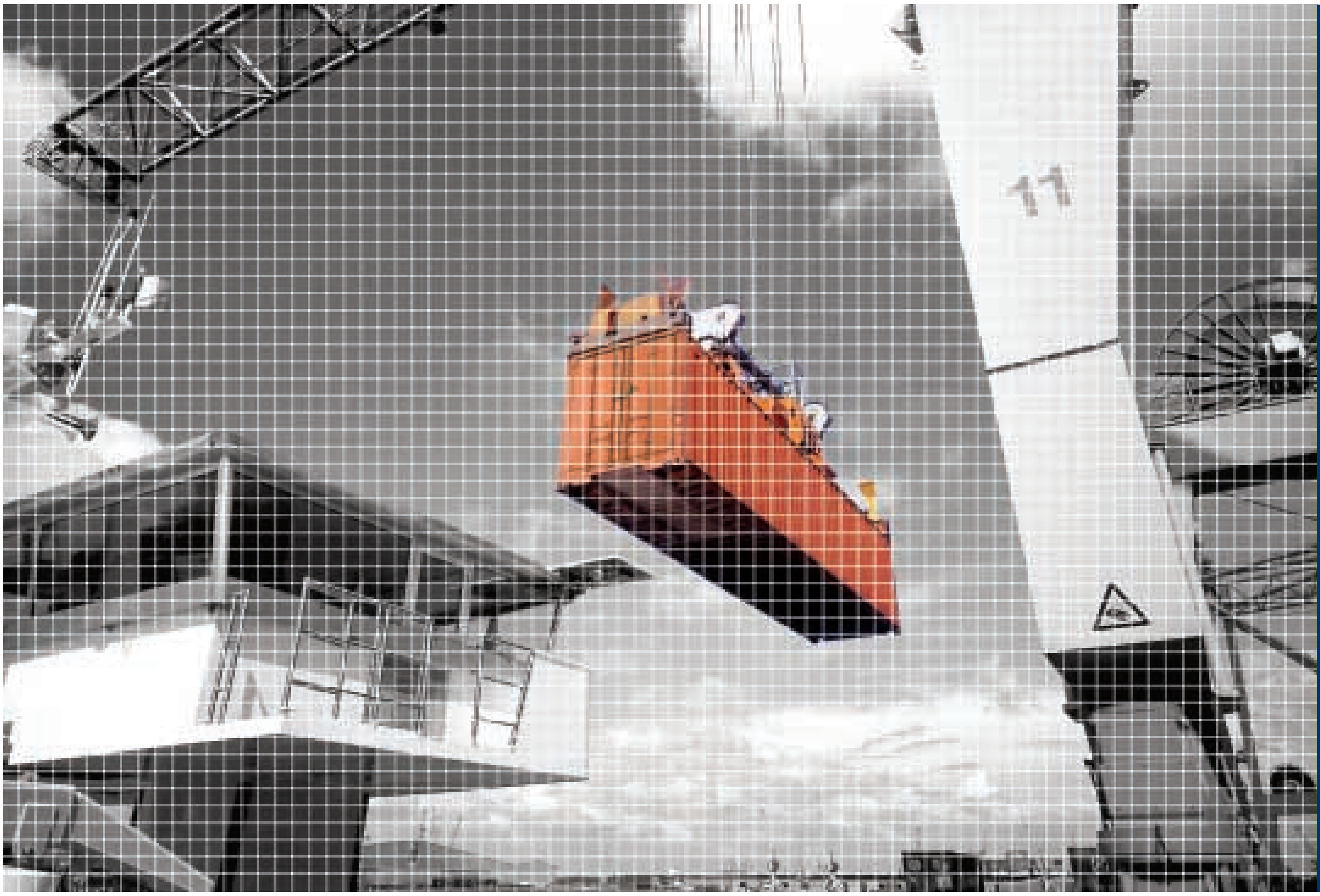
The Group's turnover and earnings before interest expense and taxation ("EBIT") for 2003, including the Group's share of associated companies' and jointly controlled entities' turnover and EBIT, are shown by business segment on page 5 of this Report and also in Note 3 to the consolidated profit and loss account. Turnover for the year increased 31% to HK$145,609 million, mainly due to the first full year of results of the Kruidvat health and beauty retail group which was acquired in October 2002, higher commodity prices of Husky Energy, increased container throughput in the ports and related services division and revenue from the 3G operations that started business during the year. Although 2003 proved to be a very challenging year with SARS in Hong Kong and the Mainland, the Iraq war and a slow global economy, all of the Group's operating business divisions reported EBIT ahead of last year, with the exception of the 3G operations which incurred start-up losses with the launch of services in the UK, Italy and Australia. The Group's EBIT for the year from its established businesses, excluding 3G start-up losses and exceptional profits (Note 3), was HK$29,535 million, a 21% increase.

The Group's interest expense for the year, including its share of associated companies and jointly controlled entities' interest expense amounted to HK$9,568 million, an increase of 35%, mainly due to the drawings during the year on bank facilities to finance the development of the 3G businesses in the UK and Italy, and also due to temporarily higher debt levels from the issuance of bonds throughout the year which were used to repay notes maturing in November last year and January 2004.

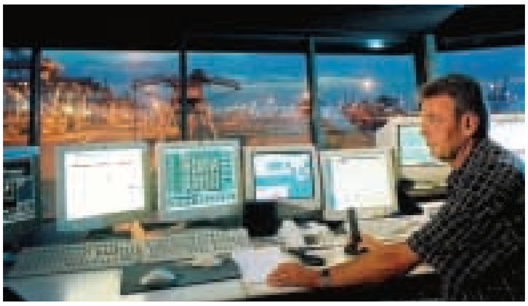
During the year, the Group adopted retrospectively, the revised Statement of Standard Accounting Practice 12, "Income Taxes" issued by the Hong Kong Society of Accountants, which became effective on 1 January 2003. As a result, the Group recorded a taxation credit of HK$2,492 million, compared to last year's taxation charge of HK$2,333 million, due to the recognition of net deferred taxation assets of HK$5,250 million, mainly relating to the expected future tax benefits of 3G start-up losses.

The profit attributable to shareholders for the year was HK$14,378 million, which is in line with last year's amount of HK$14,362 million. This profit comprises HK$16,236 million from the Group's established businesses and HK$1,858 million of start-up losses from the 3G businesses, after a release of provisions of HK$7,810 million.

Operations Review
Ports and Related Services



Hutchison Port Holdings is taking a leading role in the industry-wide security initiative Smart and Secure Tradelanes (SST). This initiative incorporates new business practices and advanced technologies to maintain a level of security in the movement of cargo within marine containers from door to door. It also provides a level of assurance that the physical integrity of the container has not been compromised as it passes from point to point through the chain of custody.



The Group is one of the world's largest independently owned operators of container terminals and currently has interests in 32 ports with 178 berths in 15 countries. Turnover for the ports and related services division for 2003 totalled HK$23,129 million, an increase of HK$2,557 million, or 12%, compared to 2002, mainly due to a 16% increase in annual throughput to reach 41.5 million twenty-foot equivalent units ("TEUs").

- 1 South Korea
- 2 Hong Kong
- 3 Mainland China
- 4 Indonesia
- 5 Malaysia
- 6 Thailand
- 7 Myanmar
- 8 Pakistan
- 9 Saudi Arabia
- 10 Tanzania
- 11 The Netherlands
- 12 UK
- 13 Argentina
- 14 The Bahamas
- 15 Panama
- 16 Mexico

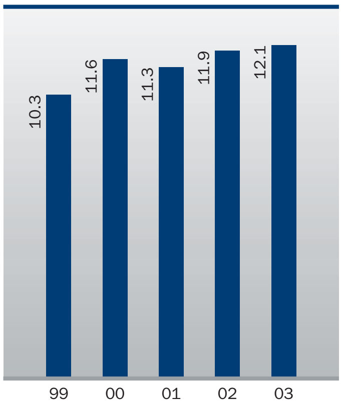
The throughput increase arose from growth of the existing ports at Yantian, Shanghai and Europe Container Terminals ("ECT") in Rotterdam, a full year contribution from Ningbo and three terminals in Busan and Kwangyang, South Korea, which were acquired in the first half of 2002, and the additional contribution from Shanghai Pudong International Container Terminals ("SPICT") at Waigaoqiao Phase I, which was acquired in March 2003. EBIT from this division increased 15% in 2003 to HK$7,597 million, mainly due to increased throughput.

Hong Kong and Yantian

The Group's Hong Kong and Yantian deepwater port operations serve the Shenzhen and Southern China manufacturing basin. Combined throughput in these two operations increased 8% and combined EBIT was 13% better than last year, reflecting increased export volumes. The port of Hong Kong remained the world's busiest container port in 2003.

In Hong Kong, Hongkong International Terminals ("HIT") operates Terminals 4, 6, 7 and one berth in Terminal 9 at Kwai Chung and COSCO-HIT Terminals ("CHT"), a joint venture company, operates Terminal 8 East. Combined throughput growth at HIT and CHT was 3% below last year while Yantian International Container Terminals ("YICT") recorded another year of growth with throughput increasing 26%. Construction work continued on the Terminal 9 consortium development at Kwai Chung in which HIT has the right to own and operate two of the six berths. In July, HIT's first berth at this terminal started operation. Development of its second berth will be completed in late

Kwai Chung Container Throughput
Millions TEUs



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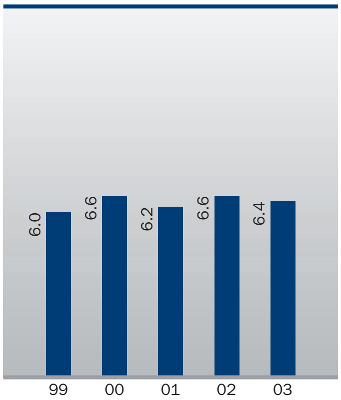
HIT & CHT Container Throughput
Millions TEUs



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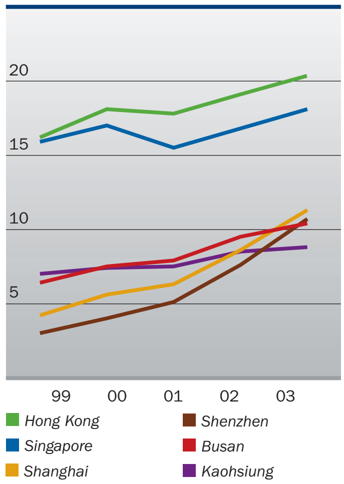
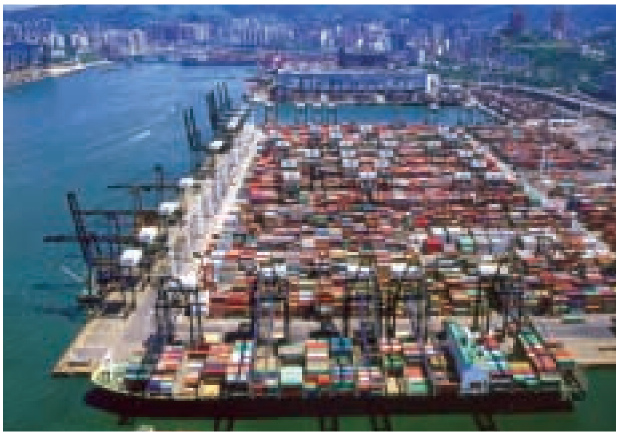
Comparison of Container Throughput
Millions TEUs



Note: *The published statistics from the Hong Kong Marine Department for the total of local and transshipment throughput in the Kwai Chung Container Throughputs graph incorporate liftings to or from ocean going vessels and containers received from or delivered to ports located within the river trade zone (as defined by the Hong Kong Marine Department) through water-borne traffic. Throughput figures of HIT and COSCO-HIT exclude this water-borne traffic, consistent with the treatment of containers transported to or from locations within the river trade zone by trucks.*

Using the latest technologies, Hongkong International Terminals is committed to the highest levels of productivity and efficiency.



Hongkong International Terminals is the leading operator in the busiest container port in the world.

Name	Location	Group's Interest	2003 Throughput (thousand TEUs)
Hongkong International Terminals/COSCO-HIT Terminals	Kwai Chung	86.5%/43.25%	6,392
Yantian International Container Terminals	Yantian, PRC	48%	5,258
Yantian International Container Terminals (Phase III)	Yantian, PRC	42.7%	
Mid-Stream Holdings	Hong Kong	100%	2,440
River Trade Terminal	Tuen Mun	43%	2,262

2004 and commence operation in early 2005. The Yantian Phase III development, which comprises four container berths adjacent to the existing five berths of Phases I and II facilities, is continuing. The first two berths commenced operation in the fourth quarter and the two remaining berths at Yantian are expected to be completed in late 2004.

Other operations in Hong Kong include the mid-stream and river trade businesses. Mid-Stream Holdings had a satisfactory year, whereby throughput increased 18% and EBIT improved. River Trade Terminal, a joint venture which principally serves the water-borne trade between the Pearl River Delta region and Hong Kong, continued to be affected by competition but losses have been reduced.

Name	Location	Group's Interest	2003 Throughput (thousand TEUs)
Hutchison Ports (UK) – Felixstowe, Thamesport and Harwich	The United Kingdom	100%	2,984
Europe Container Terminals	The Netherlands	98%	3,794

Harwich International Port is one of the UK's leading multi-purpose freight and passenger terminals.

Koja Container Terminal is strategically located in the industrial heartland of West Java, Indonesia.

Europe

The Group's UK port operations, consisting of Felixstowe, Thamesport and Harwich, reported throughput 7% below last year and EBIT declined 26%, mainly due to training new recruits and other operating costs incurred targetting to improve productivity and handling capacity in the near term. Harwich port's passenger and freight roll-on/roll-off services reported a 13% decrease in passenger numbers but a 17% increase in freight volume.

ECT in Rotterdam reported throughput 8% above last year. EBIT was 312% above last year reflecting increased throughput, increased Iraq war related cargo handling, and realised cost efficiencies. In December, the Group acquired an additional interest, which increased the Group's shareholding to 98%.

Asia, Middle East and Africa

These operations comprise container terminals in Jakarta in Indonesia, Dammam in Saudi Arabia, Busan and Kwangyang in South Korea, Klang in Malaysia, Dar es Salaam in Tanzania, Karachi in Pakistan and Laemchabang in Thailand.

In Indonesia, Jakarta International Container Terminal and the adjacent Koja Container Terminal continued to operate in a challenging environment and reported combined throughput 2% below last year, while EBIT increased 2%.

In Saudi Arabia, International Ports Services reported throughput growth of 13% and EBIT increased 4% compared to last year.

In South Korea, the Group's Hutchison Korea Terminals, which operates two terminals in Busan and one in Kwangyang, reported a 5% increase over the comparable throughput last year and EBIT increased 28% on an annualised basis.

In Malaysia, Kelang Multi Terminal reported throughput growth of 11% but EBIT declined 3%.

Hutchison Kwangyang Container Terminal lies along the main trade arteries of North Asia with connections to Asia, Europe and the Americas.

Name	Location	Group's Interest	2003 Throughput (thousand TEUs)
Jakarta International Container Terminal and Koja Container Terminal	Indonesia	51%/47.9%	2,050
International Ports Services	Saudi Arabia	51%	635
Hutchison Korea Terminals (two terminals in Busan and one terminal in Kwangyang)	South Korea	100%	2,435
Korea International Terminals	South Korea	80%	80
Kelang Multi Terminal	Malaysia	31.5%	2,187
Tanzania International Container Terminal Services	Tanzania	70%	201
Karachi International Container Terminal	Pakistan	100%	365
Thai Laemchabang Terminal	Thailand	88%	188

The Tanzania International Container Terminal Services, in Dar es Salaam reported throughput growth of 21% and EBIT increased 46%, mainly due to a strong regional economy.

In Pakistan, the Karachi International Container Terminal reported throughput growth of 2% and EBIT increased 43% compared to last year. The Phase II expansion plan is scheduled to be completed this year and will provide approximately 33% additional handling capacity.

Shanghai Pudong International Container Terminals operates three berths at Phase I of the Waigaoqiao Terminal.

Mainland China

Throughput at Shanghai Container Terminals rose 11% and EBIT increased 21% over last year. The Group's 49% owned Ningbo Beilun International Container Terminals reported throughput growth of 37% and EBIT 155% above last year. SPICT, which operates Phase I of Waigaoqiao Container Terminals, was acquired in March 2003. SPICT reported throughput of 1.8 million TEUs and EBIT was better than expectations.

The Hutchison Delta Ports six joint venture river and coastal ports in Jiuzhou, Nanhai, Gaolan, Jiangmen, Xiamen and Shantou reported improved performances. Container throughput and general cargo handling increased 22% and 58% respectively and the combined EBIT increased 88% compared to the previous year.

Name	Group's Interest	2003 Throughput (thousand TEUs)
Shanghai Container Terminals	37%	3,358
Shanghai Pudong International Container Terminals (Waigaoqiao Phase I)	30%	1,766
Ningbo Beilun International Container Terminals	49%	1,350
Pearl River Delta Ports in Southern China – Jiuzhou, Nanhai, Gaolan and Jiangmen	50%	675
Xiamen International Container Terminals	49%	573
Shantou International Container Terminals	70%	74

Name	Location	Group's Interest	2003 Throughput (thousand TEUs)
Internacional de Contenedores Asociados de Veracruz	Mexico	100%	665
Freeport Container Port	The Bahamas	70%	1,058
Panama Ports Company	Panama	90%	538
Buenos Aires Container Terminal Services	Argentina	100%	138

The Americas and The Caribbean

These operations comprise the ports in Veracruz and Ensenada in Mexico, Freeport in the Bahamas, Balboa and Cristobal in Panama and Buenos Aires in Argentina.

Internacional de Contenedores Asociados de Veracruz, on the eastern coast of Mexico, reported throughput growth of 11% and EBIT was in line with last year.

Freeport Container Terminal on Grand Bahama Island reported throughput 23% above last year but EBIT declined 34%, mainly due to higher upfront costs incurred to increase productivity and handling capacity. The civil works for Phase IV expansion was completed in February this year and with the delivery of equipment towards the end of 2004, the annual handling capacity will increase by 58%.

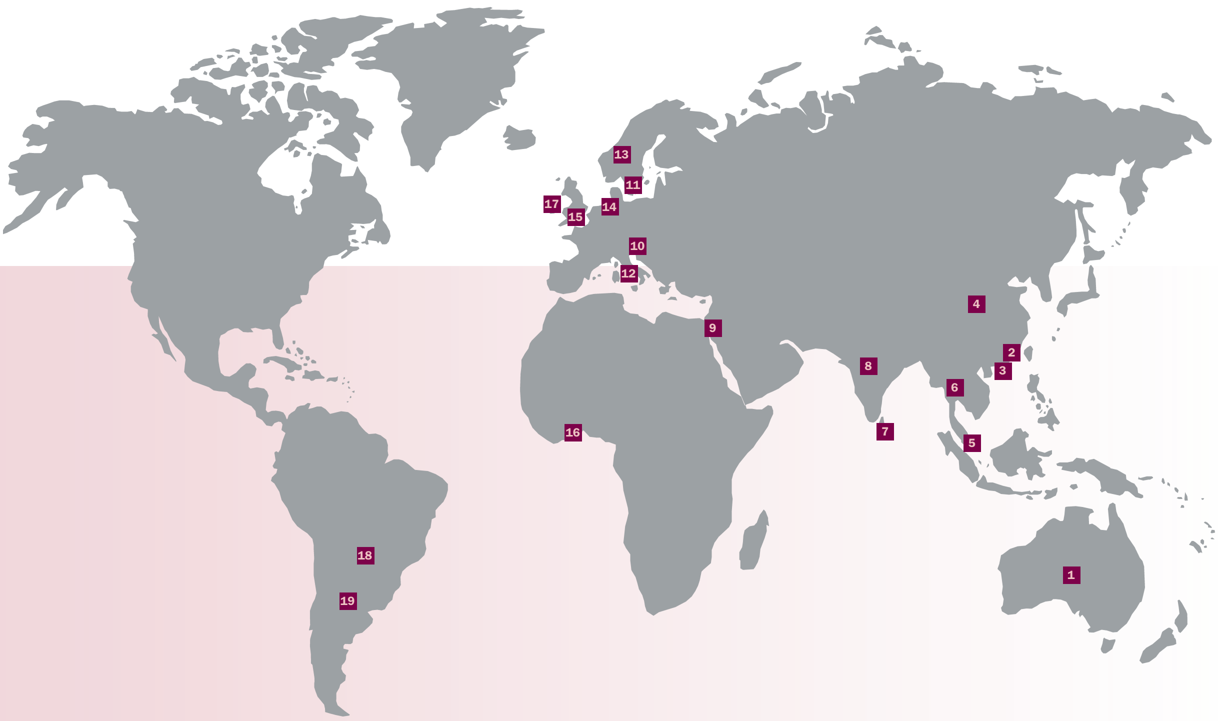
In Panama, the Group operates the ports of Balboa and Cristobal, located near both ends of the Panama Canal. The combined throughput was 23% above last year and EBIT was 179% above last year, mainly due to a reduction in operating costs. Expansion of the Balboa terminal is in progress and on completion in early 2005, the annual handling capacity will increase to one million TEUs.

In Mexico, the Group acquired in July a 51% interest in a joint venture company which holds a concession to operate an existing one-berth terminal and to develop an 85-hectare deepwater, green field site in the Port of Lazaro Cardenas on the Pacific Coast of Mexico.

Lazaro Cardenas Terminal Portuaria de Contenedores in Mexico is the newest member of Hutchison Port Holdings.

Operations Review
Telecommunications

The 3 HK flagship store, opened on 27 January 2004, heralds the start of a new video mobile communications era in Hong Kong, where the people are particularly enthusiastic to try out the territory's first 3G service.



The Group has strong market share positions in the profit generating 2G mobile telecommunications operations in Hong Kong, Israel and also India, a rapidly growing mobile market. In addition, this division includes a fixed line business in Hong Kong with a fibre-optic network, a CDMA2000 1X mobile operation in Thailand, 2G mobile operations in Australia and other countries, HGC Holdings, a telecommunications and information technology company, and also accounts for the dividends received from the Group's investments in Vodafone Group and Deutsche Telekom. Turnover of this division increased 16% to HK$15,471 million, and EBIT increased 23% to HK$1,195 million.

1 ■ Australia
2 ■ Hong Kong
3 ■ Macau
4 ■ Mainland China
5 ■ Malaysia
6 ■ Thailand
7 ■ Sri Lanka
8 ■ India
9 ■ Israel
10 ■ Austria
11 ■ Sweden
12 ■ Italy
13 ■ Norway
14 ■ Denmark
15 ■ UK
16 ■ Ghana
17 ■ Rep. of Ireland
18 ■ Paraguay
19 ■ Argentina

These results reflect the improved results from the 2G operations in India, Israel and Australia, the continued customer growth for Hutchison Global Communications' ("HGC") broadband, data and voice services, and a gain of HK$239 million arising from TOM Group's placement of its shares during the year, partially offset by a one-time HK$225 million write-off by HGC of international bandwidth capacity as a result of Asia Global Crossing's bankruptcy. In addition, last year's results included a HK$758 million dividend from Deutsche Telekom, which paid no dividends during the year. Excluding these non-recurring items, EBIT increased 460%. The Group has 3G mobile telecommunications spectrum licences in seven countries in Europe, Australia, Hong Kong and Israel. The 3G operations in the major UK, Italian and Australian markets commenced commercial operations under the ***3*** *brand during the year. In late January this year, the Group's Hong Kong operation began offering 3G services and the other countries are scheduled to begin offering commercial services this year. The combined 3G operations reported total turnover of HK$2,023 million, a net loss after taxation of HK$9,668 million, before a release of provision of HK$7,810 million, after which the net loss totalled HK$1,858 million.*

The Group's mobile customer base grew 81% to currently total approximately 11 million, comprising approximately 10 million 2G and one million 3G customers.

Telecommunications – 2G and Other Operations

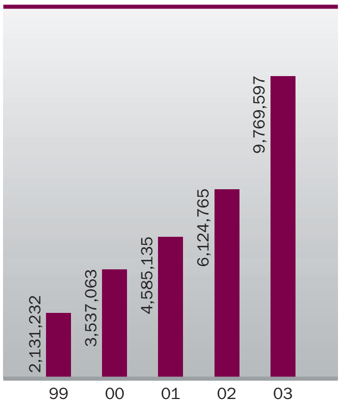
The telecommunications – 2G and other operations include the combined results of 2G mobile operations in Hong Kong, Australia, India, Israel and other 2G operations, the fixed line operation in Hong Kong of HGC and an information technology company, Vanda Systems & Communications Holdings ("Vanda").

Hong Kong

In Hong Kong, the Group's 2G operations maintains its leading market position with a market share of approximately 26% and a current customer base exceeding 1.8 million. EBIT increased 8% compared to last year, reflecting operational cost savings that offset the effect of competitive pressure on average revenue per user ("ARPU").

HGC owns and operates a terrestrial fibre-optic network in Hong Kong with over 4,000 kilometres of duct routes. HGC's fibre-optic network is connected to major undersea cable-network systems to provide international bandwidth and also has links to networks in the Mainland. HGC has reported continued customer growth for its broadband, data and voice services. HGC reported its first full year EBIT in 2003, an increase of 255%.

2G Mobile Telephone Subscribers



Hong Kong, Australia, India, Israel and other locations

In September 2003, the Group exercised conversion rights on its bond holdings and became a 37% shareholder of Vanda, an information technology solutions company listed on The Stock Exchange of Hong Kong ("SEHK"). Vanda announced turnover of HK$689 million and net loss attributable to shareholders of HK$76 million for the nine months ended 31 December 2003. In March 2004, Vanda's shareholders purchased 100% of HGC and 100% of PowerCom Network Hong Kong ("PowerCom"), an innovative provider of broadband services that can be accessed through power sockets. The merger of the HGC, Vanda and PowerCom businesses, renamed Hutchison Global Communications Holdings ("HGC Holdings"), will create an integrated telecommunications and information technology company offering a wide range of innovative and advanced information technology, systems integration and telecommunications services. The total consideration received by the Group on disposal of HGC was HK$7,100 million, which was satisfied by the issuance of new HGC Holdings shares valued at HK$3,900 million and convertible notes valued at HK$3,200 million. The Group's stake in HGC Holdings increased to approximately 79% of the enlarged share capital base of HGC Holdings. Subsequently, the Group sold a portion of its new HGC Holdings shares by way of a share placement, and as a result, the Group's stake in HGC Holdings decreased to approximately 53%. The disposal of these shares resulted in a profit of approximately HK$1,300 million which will be reported in the Group's first half results for 2004.

Australia

The Group's 57.8% owned listed subsidiary in Australia, Hutchison Telecommunications Australia ("HTA"), announced turnover of A$340 million, an increase of 50%, and a net loss attributable to shareholders of A$410 million compared to A$197 million last year, which reflects the commencement of its 3G operations and the related start-up losses. Included in these consolidated results are HTA's 2G operations, which reported a 23% increase in Orange Mobile 2G customers to over 325,000. Orange Mobile's revenue grew 15% to A$222 million and it achieved its first full year positive earnings before interest expense, taxation, depreciation and amortisation ("EBITDA").

India

The Group's 2G operations in India consist of an approximately 49% interest in GSM mobile businesses in ten circles: Hutchison Max Telecom in Mumbai, Hutchison Essar Telecom in Delhi, Fascel in the province of Gujarat, Hutchison Essar South in the provinces of Karnataka, Andhra Pradesh and the city of Chennai ("New South Circles") and Hutchison Telecom East in Kolkata and its subsidiary Aircel Digilink India ("ADIL") in the provinces of Rajasthan, Haryana and Uttar Pradesh East ("New North Circles"). EBIT increased 174% reflecting strong EBIT growth of the existing operations in Mumbai, Delhi, Kolkata and Gujarat. Penetration of this rapidly growing mobile telecommunications market continued and customers grew an impressive 140% to currently total over 4.8 million. The New South Circles, which commenced service in the second quarter of 2002 under the "Hutch" brand, recorded customer growth of 297% and customers currently total approximately 637,000. In August, the New North Circles were added on completion of a merger with ADIL. In November, the Group successfully acquired the fourth Cellular Mobile Telephone Service licence in the state

The Group has acquired new licences in India to further expand its network coverage in the country.

Staff of Partner Communications get ready for the day to serve customers at their headquarters in Tel Aviv.

of Punjab and services are expected to commence from the second quarter of 2004. In February this year, the Group was granted a Unified Access Services Licence in Uttar Pradesh West, and GSM services are planned to commence in the second half of this year.

Israel

The Group's 2G operations also include 43.21% owned, associated company, Partner Communications ("Partner") in Israel, which is listed on NASDAQ, London and Tel Aviv stock exchanges and operates a 2G network using the "Orange" brand. Partner increased its customer base by 15% to over 2.1 million at the end of the year. Partner announced turnover of US$1,020 million, 10% higher than last year, and profit attributable to shareholders of US$266 million, a significant increase from a net profit of US$18 million last year. This profit included a US$145 million tax benefit resulting from the recognition of the future benefits anticipated from Partner's accumulated taxes losses carried forward.

Thailand

The Group commenced CDMA2000 1X mobile telecommunications services in Thailand in February 2003 and results to date have been encouraging. From a standing start, the customer base has grown to currently over 460,000. Although start-up losses are being incurred as this business is built up, performance has been ahead of expectations. "Hutch" brand services are currently available in the greater Bangkok area and the East Coast Region, and services are being rolled out to the West Coast Region in 2004.

Sales representatives at the Hutch shop in Bangkok explain product details and promotion packages to customers. The concept of Hutch Shop service is to provide consumers with a total wireless multimedia experience as well as quality after-sales services.

Telecommunications – 3G

The Group's 3G businesses in the UK, Italy and Australia began commercial services during the year under the **3** brand offering a range of communication and content services including mobile video telephony, multimedia messaging and e-mail, and media products such as FA Premier League football in the UK, *Serie A* and *Serie B* football club sports events in Italy, test cricket coverage in Australia, CNN, Reuters and local news and a variety of entertainment and lifestyle content. Summer promotional offerings in these markets were well received and all of the first generation of 3G handsets delivered by the Group's suppliers were sold in a few months. Although committed to develop, manufacture and deliver a significantly enhanced second generation of 3G handsets for sale during the third quarter, suppliers only made limited deliveries, seriously impairing the Group's ability to increase its customer base. The issue has been resolved and early this year, the Group's suppliers commenced delivery of new handset models in commercial quantities. As a result, sales have increased steadily in all markets. To date, **3** has offered nine different handset models ranging from sleek flip-phone designs, to full QWERTY keyboard models, to groundbreaking personal digital assistant ("PDA") models with touch screen user interface. Handsets have an innovative embedded video camera that enables real-time person-to-person mobile videocalls. With an ample supply of new handset models in distribution channels, the Group's recent tariff offerings have been well received and currently, the Group has approximately 1,038,000 customers worldwide with approximately 361,000 in the UK, 453,000 in Italy, and 36,500 in Hong Kong. Distribution networks have been established and fruitful working relationships with dealers and retailers have been solidified, which is exemplified by the strong customer additions to date in 2004.

During the year, the Group continued to roll out rapidly and improve the quality of its networks. At the end of 2003, approximately 65% of the capital expenditures requirements for 3G operations worldwide had been incurred (over and above licence costs, which were 100% funded at the outset of these projects). With all major network equipment and handset manufacturers now in the market and the scheduled launch of 3G networks in the second half of 2004 by several other European operators, the Group anticipates both favourable pricing and supply of handsets going forward. Sales of 3G handsets are now expected to grow satisfactorily. Technology, network infrastructure and handset

***3** helps Australian executives bridge distances by enabling them to talk and solve problems face to face with clients and colleagues in Australia and overseas.*

supply are all firmly developed and the Group is now focusing on sales and operations in order to increase the awareness of **3**'s innovative services and establish its customer base.

In the UK, the operation continued to roll out its network and at the year end, over 5,000 cellsites were in operation with a footprint covering over 70% of the population and over 98% coverage via a 2G national roaming agreement with O_2 (UK). Over 66% of the capital expenditure requirements have been spent to date. Earlier this year, **3** UK announced the launch of "ThreePay", its first "Pay-As-You-Go" offer to customers that prefer to pre-pay for their mobile service. In addition, **3** UK announced the launch of rugby video news to follow the 6 Nations rugby tournament as well as match highlights of the FA Premier League. Earlier this year, **3** UK also began offering the next generation NEC 616 and 313 handsets and Motorola A925.

Name	Group's Interest	Location
Europe		
HI3G Access	60%	Sweden
HI3G Access Norway	60%	Norway
HI3G Denmark	60%	Denmark
Hutchison 3G Austria	100%	Austria
Hutchison 3G Ireland	100%	Ireland
Hutchison 3G Italia	88.67%	Italy
Hutchison 3G UK	65%	UK
Others		
Hutchison 3G Australia	46.3%	Australia
Hutchison 3G Hong Kong	70.9%	Hong Kong
Partner Communications	43.21%	Israel

During the year, the Group and KPN Mobile ("KPN") settled their disputes and the Group entered into an agreement providing for the purchase of KPN's 15% interest in 3G UK which KPN acquired from the Group for £900 million in 2000. The Group is paying a total of £90 million for this interest, of which £60 million has been paid. Upon payment of the last of three equal amounts, the Group's interest in 3G UK will increase to 80% in 2007.

In Italy, the operation continued to roll out its network and at the year end over 4,300 cellsites were in operation with a footprint covering almost 60% of the population and approximately 100% coverage via a 2G national roaming agreement with TIM. Over 67% of the capital expenditure requirements have been spent to date. Earlier this year, **3** Italy and TIM extended the range of their commercial association and revised the terms of their roaming, site sharing and interconnection agreements. In addition, the agreement included provisions for sharing the two carriers' mobile phone broadcast rights to *Serie A* and *Serie B* football club sports events. **3** Italy recently launched, among others, two new tariff plans, "PowerFull" dedicated to high-use professionals and "inTREnet.plus" aimed at those who communicate especially with fixed lines, and the company also launched "Tua TV" which allows the viewing of live TV on **3** handsets of the fourth edition of the "Big Brother" TV series. **3** Italy is also offering the NEC 616 and 313 handsets as well as the Motorola A925 to its customers.

In Australia, the **3** operation continued to roll out its network which exceeded 1,700 cellsites at the end of the year with a footprint covering approximately 70% of the population in its licence areas and approximately 92% national coverage via a 2G national roaming agreement with Vodafone (Australia). Over 60% of the capital expenditure requirements have been spent to date. In February this year, HTA announced that it had passed the 100,000 customer mark with a very respectable ARPU of A$80 (approximately HK$460) per month and controlled churn rate of 1.1% per month. Also in February, Australia announced the arrival of the Motorola A925 model of mobile video handset that includes fully functional PDA, 65,536 colour touch screen for wide screen viewing of video clips and bluetooth capability among other features, which adds to the current NEC 616 and 313 handsets. **3** in Australia also provides video reporting on financial trading data, including a morning Wall Street report, a midday and close of day Australian Stock Exchange report plus near live stock quotes.

The unique design of the 3ServiceCentre in Hong Kong reflects the dynamic spirit of ***3***'s fascinating video mobile communications world, providing a comfortable environment for customers to enjoy comprehensive customer services.

In Hong Kong, the **3** operation delayed the launch of its services due to a lack of handset supply. When commercial quantities of the NEC 616 videophone handsets arrived on 27 January, services were launched with encouraging results. In the 7 weeks since launch, approximately 36,500 customers have been added to this bi-lingual service. **3** Hong Kong offers a variety of services including "Daily Express" and "Today 3" providing, among others, daily updates of news, weather, the Hong Kong stock market, video clips of FA Premier League football highlights, music video clips and movie trailer video clips. **3** Hong Kong has partnered with Reuters to supply up-to-date video financial and world news, i-CABLE to provide local and world news reports and traffic updates, TVB to provide video clips of popular TV series highlights, celebrity interviews and news, Metro Radio to provide Hong Kong's first multimedia broadcasting service on video mobile phones, and Universal Music, EMI, Warner Music and Gold Label to provide full-version music videos and original recordings of popular local and international singers to **3** Hong Kong customers. The network of over 1,200 cellsites in operation together with roaming on the Group's 2G network provides a territory-wide coverage in Hong Kong. Over 70% of the capital expenditure requirements have been spent to date. **3** Hong Kong has also recently begun offering the NEC 313 and Motorola A925 video handset models to expand its range of available handsets.

3 *Austria's flagship store invigorates Vienna's most famous shopping thoroughfare Mariahilferstrasse.*

In Sweden, Denmark and Austria, the lack of handsets supply delayed the commencement of full commercial services and these businesses are now beginning to market their service offerings. In September, HI3G Access was awarded a licence to operate a 3G network in Norway for a consideration of NOK 62 million (approximately HK$69 million) and is developing this business as an extension of the Swedish and Danish **3** operations. The development of the Ireland and Israel 3G businesses are progressing satisfactorily.

Operations Review
Property and Hotels

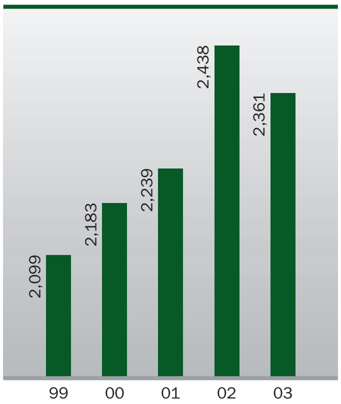
An innovative home automation system allows this tenant to control electrical appliances in his North American-style villa at The Lakeside, Phase 2 of Laguna Verona, Dongguan via the computer in his Hong Kong office.

The Group's property activities comprise an investment portfolio of approximately 15.7 million square feet (2002 – 15.7 million square feet) of office, commercial, industrial and residential premises that provide steady recurrent rental income. This division also includes interests in joint ventures for the development of high quality residential, commercial, office, hotel and recreational projects mainly in Hong Kong and the Mainland, and selectively overseas. In addition, the Group operates a portfolio of premium quality hotels.

1 ■ Japan	3 ■ Mainland China	5 ■ UK
2 ■ Hong Kong	4 ■ Singapore	6 ■ The Bahamas

Turnover of the property and hotels division for 2003 totalled HK$11,224 million, a decrease of HK$485 million, or 4%, compared to 2002, mainly due to lower rentals and the effects of SARS on the hotel businesses. Gross rental income from the investment properties, including the Group's share of associated companies, decreased 3% in 2003 to HK$2,361 million. Office premises contributed 43% of gross rental income, commercial 35%, industrial 18% and residential 4%. EBIT from the property and hotels division amounted to HK$3,121 million, an increase of 21%, mainly due to the increased profits from the completion and sale of development projects.

Gross Rental Income
HK$ Millions



Rental Properties

Hong Kong

The Group's portfolio of rental properties in Hong Kong, comprising approximately 12.6 million square feet (2002 – 12.7 million square feet) of office (25%), commercial (24%), industrial (50%) and residential (1%) properties continue to provide a strong recurrent earnings base. Gross rental income, including the Group's share of associated companies, of HK$1,842 million, was 9% below last year, mainly due to lower rentals on lease renewals as a result of deflationary pressures. All of the Group's premises remain substantially fully let. Gross rental income is expected to stabilise as deflationary pressure has eased.

Major rental properties in Hong Kong

Name	Property Type	Total Gross Floor Area for Rent ('000 sq ft)	Group's Interest	% Leased
Cheung Kong Center	Office	1,263	100%	95%
Hutchison House	Office	504	100%	92%
Harbourfront Office Towers I and II	Office	863	100%	99%
Aon China Building	Office	259	100%	87%
Whampoa Garden	Commercial	1,714	100%	95%
Aberdeen Centre	Commercial	345	100%	99%
Hongkong International Distribution Centre	Industrial	4,705	88%	99%

The Mainland and Overseas

The Group's various joint ventures in the Mainland and overseas hold a portfolio of investment properties totalling 9.8 million square feet, of which the Group's share is 3.1 million square feet (2002– 3.0 million square feet). The Group's share of gross rental income of HK$519 million was 50% above last year, mainly due to increased contributions from the developments completed last year, the Beijing Oriental Plaza in the Mainland and the Pacific Century Place Marunouchi in Tokyo.

The main entrance of Parc Barcelona at Le Parc Phase II in Shenzhen reflects the classic style of Spanish architecture.

Property Sales and Properties under Development

During the year, profits were recorded from the completion and sale of 1,362 residential units in Rambler Crest, Hong Kong, 1,494 residential units in Le Parc, Shenzhen, 358 residential units in The Summit, Shanghai, 41 residential units in Regency Park in Shanghai and 171 residential units in Albion Riverside, London.

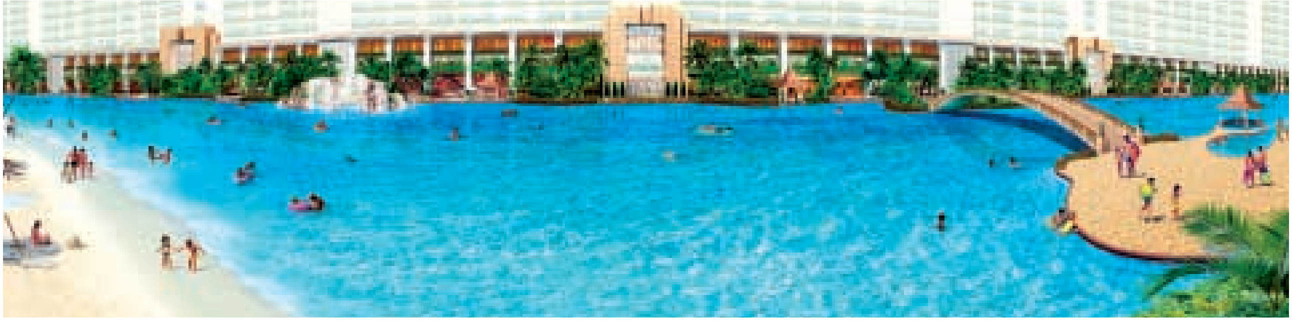
Currently the Group's joint venture share of landbank being developed totals approximately 16.1 million square feet of which 11% is in Hong Kong, 85% is in the Mainland and 4% is overseas. These projects are scheduled for completion in phases from 2004 to 2015 and are expected to provide satisfactory returns and development profits to the Group.

Major rental properties in the Mainland and Overseas

Name	Location	Property Type	Total Gross Floor Area for Rent ('000 sq ft)	Group's Interest	% Leased
The Mainland					
Oriental Plaza	Beijing	Office, serviced apartments & commercial	4,984	18%	67%
Westgate Mall & Tower	Shanghai	Office & commercial	1,099	30%	100%
Metropolitan Plaza	Chongqing	Office & commercial	1,512	50%	95%
Seasons Villas	Shanghai	Residential	1,253	50%	77%
Japan					
Pacific Century Place Marunouchi	Tokyo	Office & hotel	786	38%	100%

Major Hong Kong properties under development

Name	Location	Property Type	Total Gross Floor Area ('000 sq ft)	Group's Interest	Completion Date
Caribbean Coast – Phases II to IV	Tung Chung	Residential	3,131	40% to 50%	2004 – 06
Tsing Yi Office	Tsing Yi Island	Office	362	87%	2005



At 200 metres, the leisure swimming pool at Rambler Crest is the longest in Hong Kong.

Hong Kong

During the year, the five residential towers of serviced suites of Rambler Crest in Tsing Yi were completed and substantially sold. The Group also pre-sold one of the three hotel towers in the Rambler Crest development that are scheduled for completion this year when the profit will be recorded. Pre-sale activity for Albany Cove, Phase II of the Caribbean Coast residential development in Tung Chung, started during the year and construction is expected to complete this year.

The Mainland

In the Mainland, Phases III and IV of Le Parc in Shenzhen were completed and substantially sold during the year. The Summit, the luxury residential development in Walton Plaza, Shanghai, was completed during the year and almost all of the units were sold. The first phase of the Regency Park in Shanghai and Phase I of Beverly Hills in Chongqing were completed during the year and the majority of the units were sold.

Serenity is taken for granted in Zhuhai Horizon Cove, overlooking the tranquil 30,000-square-metre man-made lake.

The last phase of Seasons Villas in Shanghai, a low-density residential project, will be completed this year. Most of the units have been retained for leasing. Pre-sale activity for Dynasty Garden in Baoan, Shenzhen commenced during the year and 24% of the residential units were pre-sold. The project is scheduled to be completed later this year. The final phases of Regency Park, the second phase of Beverly Hills, the remaining tower of serviced apartments of Beijing Oriental Plaza as well as The Center are scheduled for completion this year, generating development profits and increasing the portfolio of investment properties of the Group. The other projects under development are progressing well.

Major properties in the Mainland under development

Name	Location	Property Type	Total Gross Floor Area ('000 sq ft)	Group's Interest	Completion Date
Seasons Villas	Shanghai	Residential	25	50%	2004
Dynasty Garden, Baoan	Shenzhen	Residential	1,232	50%	2004
Beverly Hills, Jiangbei	Chongqing	Residential	448	50%	2004
Regency Park	Shanghai	Residential	1,532	50%	2004
Oriental Plaza – one tower of serviced apartment	Beijing	Serviced apartment	506	18%	2004
The Center	Shanghai	Office	939	50%	2004
Huangsha underground railway development	Guangzhou	Residential & commercial	3,569	50%	2005
Cape Coral, Panyu Dashi	Guangzhou	Residential & commercial	4,933	50%	2004 – 07
Dongguan Laguna Verona	Dongguan	Residential	10,525	47%	2004 – 15
Horizon Cove – Phases III & IV	Zhuhai	Residential	2,901	50%	2004 – 07
Shanghai Gubei	Shanghai	Residential & commercial	1,685	50%	2005

Overseas

In the UK, the residential units of Albion Riverside in London were completed during the year and were substantially sold. In Singapore, five residential towers of Costa del Sol were completed and over 30% of the development was sold. The remaining two residential towers are scheduled to be completed this year. Pre-sale activity of Cairnhill Crest has commenced and the project is expected to be completed later this year.

Major overseas properties under development

Name	Location	Property Type	Total Gross Floor Area ('000 sq ft)	Group's Interest	Completion Date
United Kingdom					
Albion Riverside	London	Commercial	79*	45%	2004
Chelsea Harbour Phase II	London	Residential	118*	23%	2006
Lots Road Power Station	London	Residential & commercial	704*	23%	2007– 10
Singapore					
Cairnhill Crest	Singapore	Residential	440	50%	2004
Costa del Sol	Singapore	Residential	490	24%	2004

* *Total net floor area for UK projects*

The grand entrance and the main lobby (Manor House) of The Westin and Sheraton at Our Lucaya Beach & Golf Resort - Grand Bahama Island.

Hotels

The Group currently has interests in nine operating hotels, in Hong Kong, the Mainland and the Bahamas. The Group currently manages four of these hotels. The SARS outbreak during the year significantly adversely affected the hotel operations. Travel activity has recovered recently and a more profitable performance is expected in 2004.

In Hong Kong, the hotels reported an overall EBIT 9% lower than last year, reflecting lower occupancy levels due to SARS and the rooms renovation project during the year at the Sheraton Hotel and Towers Hong Kong, which was completed in the last quarter of 2003. These effects were partially offset by the first full year earnings of Harbour Plaza Metropolis and Horizon Suite Hotel, which commenced operation at the end of June and mid-October in 2002, respectively.

The Group's hotels in the Mainland reported an overall EBIT 95% lower than last year reflecting the effects of SARS during the year and also one-time profits recorded last year from the sale of three hotels.

The Westin and Sheraton at Our Lucaya Beach & Golf Resort on Grand Bahama Island reported an improved result with LBIT 30% lower than last year despite the low levels of leisure travel from the USA due to ongoing security concerns.

The world famous night view of Victoria Harbour makes dining at Harbour Plaza Metropolis an unparalleled experience.

Set against a lush tropical landscape, the magnificent resort-style indoor pool in Beijing Oriental Plaza features a "virtual sky" with over 20 special effects that mirror natural weather conditions.

Operations Review
Retail and Manufacturing

PARKnSHOP spares no efforts to ensure the quality and safety of all its fresh food supplies. It has set up three laboratories to test for bacteria, banned drugs, additives and pesticides before the fresh produce is sent to the stores.

The retail and manufacturing division consists of the A S Watson group, Hutchison Whampoa (China) and listed subsidiary Hutchison Harbour Ring. The A S Watson group is one of the world's largest and most diversified retailers, operating six retail chains in Europe and three major retail chains in Asia, with more than 3,400 stores worldwide that provide high quality personal care, health and beauty products, food, wine and general merchandise, and consumer electronic and electrical appliances.

1 The Philippines
2 Taiwan
3 Hong Kong
4 Macau
5 Mainland China
6 Singapore
7 Malaysia
8 Thailand
9 Hungary
10 Poland
11 Czech Republic
12 Luxembourg
13 The Netherlands
14 Switzerland
15 Belgium
16 UK

A S Watson also manufactures and distributes various water and other beverage products in Hong Kong and the Mainland. Hutchison Whampoa (China) invests in various ventures in the Mainland. Hutchison Harbour Ring is a leading manufacturer of toys and also engages in the design and manufacture of high quality consumer electronic products and accessories. Turnover for the retail and manufacturing division totalled HK$63,086 million, an increase of HK$23,615 million, or 60%, compared to last year, mainly due to the inclusion of a full year of turnover contributed by the Kruidvat health and beauty retail group, including Superdrug in the UK, which was acquired in October 2002. EBIT of HK$2,305 million was 124% above last year (35% above last year on an annualised basis), mainly due to profits contributed by the Kruidvat group, consisting of Kruidvat, Trekpleister, ICI Paris XL, Rossmann and Superdrug, and also improved results from the Group's joint venture with Procter & Gamble in the Mainland and other existing operations in Asia and Savers in the UK.

The first third-generation store of Watsons Your Personal Store in Admiralty, Hong Kong showcases Watsons' advancements in retail space utilisation and design.

A S Watson

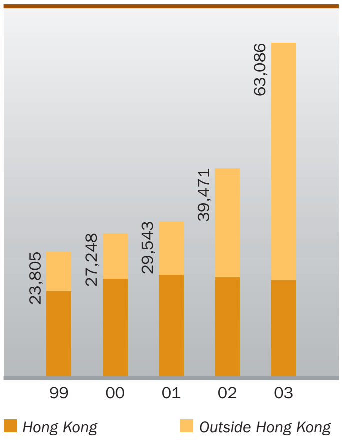
The health and beauty businesses in the UK and Continental Europe reported combined sales 282% above and EBIT 178% above last year (33% above last year on an annualised basis), mainly due to a full year contribution of the Kruidvat group including Superdrug in the UK, which was acquired in October 2002, and improved results from Savers in the UK. The division continued to expand its presence in the UK and Continental Europe with new store openings and at the year end, the store portfolio totalled over 2,300 with outlets in the UK, the Netherlands, Belgium, Luxembourg, the Czech Republic, Poland and Hungary.

In Asia, Watsons personal care, health and beauty business is a leading retail chain with strong brand name recognition in Hong Kong, Taiwan, Mainland China and four other countries in Southeast Asia. These operations reported combined sales 15% above and EBIT 34% above last year. Watsons continued to expand in Asia by adding 79 outlets during the year and currently operates more than 740 stores. In Hong Kong and the Mainland, which was adversely affected by SARS, Watsons reported both higher sales and EBIT, reflecting store expansion and economies of scale. In Taiwan, Watsons reported sales growth and an increased EBIT, as this rebuilt business significantly improved its performance and added 10 stores. In Southeast Asia, the Watsons operations in Singapore, Malaysia, Thailand and the Philippines reported increased sales and EBIT, mainly due to expansion with new store openings.

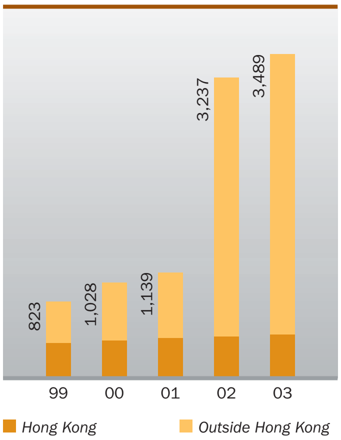
The PARKnSHOP supermarket chain in Hong Kong continued to be affected by the deflationary economy and also SARS. Although it maintained its leading market share and continued to expand in new areas, its sales and EBIT were adversely affected. PARKnSHOP's operations in the Mainland continued to expand and performed well, reporting increased sales and EBIT. Three additional large format stores were opened during the year and more are planned for this year.

PARKnSHOP's megastore concept combines variety, value, convenience and shopping comfort for Hong Kong consumers.

Retail and Manufacturing Turnover
HK$ Millions



Number of Retail Outlets



Fortress has rolled out a brand transformation to the New Fortress concept, which encompasses a range of changes from store design, store formats, product offers and customer service, giving consumers a completely new experience.

Fortress, the consumer electronic and electrical appliance retail chain in Hong Kong, was also adversely affected by SARS and reported results below last year. The new management team re-launched this business during the second half of the year with strong rebranding and as a result improved its second half performance.

Nuance-Watson, a 50% joint venture with Nuance International Holdings, holds retail concessions at the Hong Kong International Airport and at the Singapore Changi Airport. Combined sales decreased whilst EBIT declined marginally due to the decrease in passenger numbers and spending in the first half of 2003 as a result of SARS.

Located in the East Hall of Hong Kong International Airport, The Plaza is the largest store under Nuance-Watson (HK)'s shop portfolio.

The manufacturing division's operations comprise well-known brands of water, soft drinks and fruit juices that are manufactured and distributed in Hong Kong and the Mainland. Sales and EBIT of this division were below last year, mainly due to strong price competition and the generally slow economy in Hong Kong and SARS.

Wireless handheld terminals are widely used by Kruidvat staff to keep track of stock flow.

Hutchison Whampoa (China)

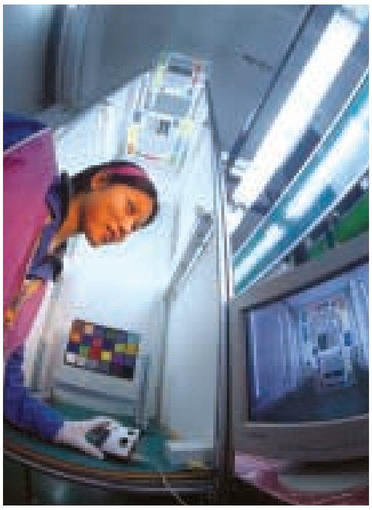
Hutchison Whampoa (China) ("HWC") currently has investments in a number of successful consumer products, aviation services and healthcare projects.

HWC's principal investment is a 20% interest in Procter & Gamble-Hutchison, which manufactures and distributes a range of hair-care, skin-care, soap, detergent, dental hygiene and paper products throughout the Mainland. The Group's share of EBIT from this joint venture increased substantially compared to last year, mainly reflecting improved results. HWC is continuing to develop its health care manufacturing and distribution joint ventures with joint venture partners in the Mainland.

The ICI PARIS XL chain of perfumeries is the market leader in Belgium and also enjoys a high profile in the Dutch market. Each store is characterised by stylish, contemporary design while carrying a full range of luxury fragrances.

Hutchison Harbour Ring

Hutchison Harbour Ring ("HHR"), a 61.97% owned subsidiary, is listed on the SEHK and is a leading toy manufacturer as well as a supplier and manufacturer of consumer electronic products. The company also holds a number of investment properties in the Mainland. HHR announced turnover including its share of associated companies turnover, of HK$2,208 million and profit attributable to shareholders of HK$128 million, an increase of 18% and 30% respectively, mainly due to increased sales of consumer electronics products, such as mobile handset accessories.



An HHR quality check staff member tests the final assembly of digital cameras to ensure the accurate focusing calibration.

Operations Review

Energy, Infrastructure, Finance and Investments

A Husky staff member verifies temperature setpoint on an asphalt heater. Regulating temperature along any given point in the process ensures a high-grade end product.

The energy, infrastructure, finance and investments division includes the Group's 84.6% interest in Cheung Kong Infrastructure ("CKI"), a leading investor in the infrastructure sector in Hong Kong, the Mainland and Australia, and a 34.75% interest in Husky Energy, one of Canada's largest integrated energy and energy related companies.

1 Australia
2 The Philippines
3 Hong Kong
4 Mainland China
5 Thailand
6 Luxembourg*
7 Libya
8 Canada

* finance & investments

Also reported in this division is the finance and investment income, derived from the Group's treasury operations which manage its substantial pool of cash and other liquid investments. Turnover for the energy, infrastructure, finance and investments division for 2003 totalled HK$30,676 million, an 18% increase from last year and EBIT totalled HK$15,317 million, a 15% increase. The aggregate net increase is mainly due to the effect of increased commodity prices at Husky Energy.

Powercor of Australia serves 622,000 customers in the State of Victoria with an electricity distribution network covering an area of over 150,000 square kilometres.

Cheung Kong Infrastructure

The Group has an 84.6% interest in CKI, which is listed on the SEHK. CKI announced turnover of HK$3,454 million, a decrease of 4%, and profit attributable to shareholders of HK$3,349 million, an increase of 1% compared with last year. CKI is currently engaged in the development, ownership, operation and management of infrastructure businesses, including power plants, electricity distribution networks, gas distribution networks, toll roads, toll bridges and tunnels in Hong Kong, the Mainland and Australia. CKI is also engaged in the infrastructure materials business in Hong Kong, the Mainland, Canada and the Philippines, including the production, distribution and sales of cement, concrete, asphalt, aggregates and spray coating materials. CKI has developed an environmental business in areas related to recycling waste materials, reduction of natural resources usage and reduction of emissions to the environment.

CKI holds a 38.9% interest in Hongkong Electric Holdings ("HEH"), which is the largest contributor to CKI's results. HEH, which is listed on the SEHK and is the sole provider of electricity to Hong Kong and Lamma islands, announced a profit attributable to shareholders of HK$6,057 million, a decrease of 9% compared to last year, mainly due to a change in accounting rules relating to deferred tax, an increase in the corporate tax rate and a soft domestic economy caused by the SARS epidemic. CKI's other infrastructure businesses recorded increased profits reflecting improved contributions from the Mainland and Australian energy projects. CKI's cement, concrete, asphalt and aggregates businesses in Hong Kong and the Mainland continued to experience another difficult year and a decline in profits.

Husky Energy

The Group has a 34.75% interest in Husky Energy ("Husky"), a listed Canadian based integrated energy and energy related company. Husky announced turnover of C$7,658 million, 20% above last year and net earnings of C$1,321 million, 64% higher than the previous year, mainly attributable to stronger US dollar commodity prices partially offset by a fall in value of the US dollar, foreign exchange gains on US dollar denominated debt translation and lower tax provisions due to Canadian federal and provincial tax rate reductions. In July, Husky declared a special C$1 per share cash dividend from which the Group received C$147 million in October.

In 2003, Husky's gross production volume averaged approximately 312,500 barrels of oil equivalent ("BOEs") per day compared to 300,200 BOEs per day during 2002, a 4% increase. In the upstream operations, the Wenchang oil field offshore Southern China, which commenced production in July 2002 increased Husky's average daily production in 2003 by approximately 22,400 BOEs, above expectations.

In October, Husky acquired Marathon Canada and the Western Canadian assets of Marathon International Petroleum Canada ("Marathon Canada") for a net acquisition cost of C$400 million. The addition of the Marathon Canada properties added 39.8 million BOEs to proved reserves of which over 75% was natural gas.

At the end of 2003, Husky's total proved oil and gas reserves amounted to 887 million BOEs, giving a proved reserve life of almost eight years. In western Canada, Husky replaced 111% of production in 2003, mainly through heavy oil additions and the acquisition of Marathon Canada. Internationally, a revision of 30 million BOEs reflected the uncertain status of achieving an extension to the production sharing contract for the Madura block in Indonesia. Husky anticipates that the future proved reserves will be booked for the White Rose project and the Tucker and Sunrise (formerly named Kearl) oil sands projects. Husky has offshore development and exploration opportunities with one of the largest working interests in the Jeanne d'Arc basin offshore the east coast of Canada and development and exploration opportunities in the South China Sea and East China Sea.

The White Rose development is progressing on schedule and first oil production is expected by late 2005 or early 2006. Construction of the "Floating, Production, Storage and Off-loading" ("FPSO") vessel for the White Rose development is underway and is expected to sail to the White Rose field in the second half of 2005. The peak production of White Rose

Husky's Bolney/Celtic project northeast of Lloydminster, Saskatchewan plays a key role in its heavy oil production strategy.

is expected to be approximately 92,000 barrels per day and Husky's share (72.5% interest) of production would average approximately 66,700 barrels per day.

In February 2003, Husky submitted a commercial application to provincial regulators for the Tucker oil sand project requesting approval to construct a 30,000 barrels per day thermal in-situ project. Approval is anticipated during the first half of 2004. At Husky's major oil sands project at Sunrise, feasibility studies are underway regarding project size, timing, utilities and transportation options as well as environmental issues. Husky expects to submit the commercial project application by mid-2004.

Husky's midstream operations comprise a portfolio of assets strategically located in western Canada which include the heavy oil upgrader facility at Lloydminster, marketing and infrastructure activities consisting of pipeline systems, commodity marketing, thermal and electrical generation and

A technician carries out a regular inspection of a turbine generator as part of Hongkong Electric's continuous, preventive maintenance schedule. This constant attention to detail underpins the company's impressive record of 99.999% supply reliability.

crude oil and natural gas storage and processing. The refined products operations include a network of 552 branded retail outlets, providing a full range of services and petroleum products, as well as the marketing of asphalt products.

Group Capital Resources and Liquidity

The Group's total shareholders' funds increased 11% to HK$247,515 million at 31 December 2003 compared to HK$222,145 million at the end of last year.

Net debt of the Group was HK$87,602 million (2002 – HK$50,229 million) and the net debt to net capital ratio was 23% (2002 – 16%). This ratio is a combination of the net debt to net capital ratio of the established businesses of approximately 11% (2002 – 14%) and of the 3G start-up operations of approximately 35% (2002 – 19%). The Group will continue to benefit from the steady and growing cashflow and also the low net debt levels of its existing core businesses during the start-up phase of its 3G businesses. Consolidated EBITDA amounted to HK$33,873 million (2002 – HK$33,273 million) and funds from operations ("FFO"), before capital expenditure and changes in working capital, amounted to HK$17,221 million (2002 – HK$20,836 million). EBITDA and FFO from the Group's established businesses, excluding the start-up 3G operations increased 30% to HK$45,812 million (2002 – HK$35,110 million) and HK$30,959 million, an increase of 35% (2002 – HK$22,939 million) respectively. EBITDA and FFO from established businesses excluding the start-up 3G operations, after adjusting for interest income, covered the related net interest expense 17.3 and 11.1 times respectively. Including start-up 3G losses and interest expense in this calculation, these coverage ratios are 5.4 and 2.3 times respectively (2002 – 13.6 times and 7.8 times).

At 31 December 2003, the Group's cash, liquid funds and other listed investments totalled HK$185,542 million (2002 – HK$130,267 million) of which 7% were denominated in HK dollars, 76% in US dollars, 6% in Pounds Sterling, 9% in Euros and 2% in other currencies. During the year the Group's remaining holdings of Vodafone Group and Deutsche Telekom were disposed for a total cash consideration of HK$37,548 million and a total profit on disposal of HK$2,627 million was recorded.

The Group's total borrowings at 31 December 2003 were HK$273,144 million (2002 – HK$180,496 million) of which HK$53,235 million (2002 – HK$24,691 million) relates to the borrowings of the 3G UK and Italy operations. Total borrowings include US$2,657 million principal amount of 2.00% exchangeable notes which were repaid on the maturity date in January 2004. The significant financing activities during the year were as follows:

- In February 2003, issued ten year, fixed interest rate, US$1,500 million notes to repay a portion of exchangeable notes due in September 2003;
- In March 2003, issued five year, floating interest rate, A$800 million notes to repay three of the Australian telecommunication operations' bank loans totalling A$796 million;
- In March 2003, extended the £3,252 million project financing facilities of Hutchison 3G UK by one year to mature in March 2005;
- In March and May 2003, issued two ten year fixed interest rate notes of US$1,000 million each, to repay a

portion of the exchangeable notes due in September 2003 and early 2004;

- In July 2003, issued ten year fixed interest rate, €1,000 million notes to repay a portion of the exchangeable notes due in September 2003 and early 2004;
- In July 2003, borrowed a five year floating interest rate, HK$3,800 million bank loan to partially refinance a floating interest rate, HK$4,400 million syndicated bank loan; and
- In November 2003, issued fixed rate notes of an aggregate principle amount of US$5,000 million, which included seven year notes of US$1,500 million, ten year notes of US$2,000 million and thirty year notes of US$1,500 million, to refinance certain indebtedness falling due in the near term which would provide an economic benefit upon early repayment.

The Group's borrowings at 31 December 2003 were denominated as to 16% in HK dollars, 46% in US dollars, 12% in Pound Sterling, 16% in Euros and 10% in others currencies.

The Group's borrowings at 31 December 2003 are denominated and repayable as follows:

	HK$	US$	£	€	Others	Total
Within 1 year	2%	8%	–	–	3%	13%
In year 2	3%	–	8%	–	–	11%
In year 3	4%	–	1%	2%	2%	9%
In year 4	2%	3%	–	2%	1%	8%
In year 5	5%	–	–	1%	3%	9%
In years 6 to 10	–	22%	1%	11%	–	34%
In years 11 to 20	–	7%	2%	–	–	9%
Beyond 20 years	–	6%	–	–	1%	7%
	16%	**46%**	**12%**	**16%**	**10%**	**100%**

The non-HK dollar and non-US dollar denominated loans are either directly related to the Group's businesses in the countries of the currencies concerned, or the loans are balanced by assets in the same currencies.

As at 31 December 2003, approximately 49% of the Group's borrowings bear interest at floating rates and the remaining 51% are at fixed rates. The Group has entered into various interest rate agreements with major financial institutions to swap approximately HK$106,350 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$6,062 million principal amount of an infrastructure related, floating interest rate borrowing was swapped to a fixed interest rate borrowing. After taking into consideration these interest rate swaps, as at 31 December 2003, approximately 86% of the Group's borrowings bear interest at floating rates and the remaining 14% are at fixed rates.

At 31 December 2003, shares of Hutchison 3G UK and Hutchison 3G Italy owned by the Group were pledged as security for their respective project financing facilities. The assets of these two companies totalled HK$165,732 million (2002 – HK$119,812 million). In addition, HK$17,628 million (2002 – HK$22,238 million) of the Group's assets were pledged as security for bank and other loans of the Group. Committed borrowing facilities available to Group companies, but not drawn at 31 December 2003, amounted to the equivalent of HK$39,997 million (2002 – HK$58,573 million), of which HK$38,730 million (2002 – HK$55,748 million) related to 3G operations.

The Group's capital expenditures, excluding expenditures for properties under development and for sale, totalled HK$36,393 million (2002 – HK$38,543 million), of which HK$24,557 million (2002 – HK$29,842 million) related to 3G operations. Capital expenditures are shown by business segment in Note 3 to the consolidated accounts. The capital expenditures for the 3G operations were primarily funded by project financing facilities and also shareholder equity contributions. The Group's remaining capital expenditures were funded primarily from cash generated from operations, cash on hand and to the extent required, by borrowings.

Treasury Policies

The Group's overall treasury and funding policies focus on managing financial risks, including interest rate and foreign exchange risks, and on cost efficient funding of the Group and its companies. For synergies, efficiency and control, the Group operates a central cash management system for all its unlisted subsidiaries in Hong Kong. Except for listed and certain overseas entities, the Group generally obtains long-term financing at the Group level to on-lend to its subsidiaries and associates to meet their funding requirements. For overseas subsidiaries and associates and other investments, which consist of non-HK and non-US dollar assets, the Group generally endeavours to hedge its foreign currency positions with the appropriate level of borrowings in those same currencies. For transactions directly related to the underlying businesses, forward foreign exchange contracts and interest and currency swaps are utilised when suitable opportunities arise and, when considered appropriate, to hedge against major non-HK and non-US dollar currency exposures as well as assist in managing the Group's interest rate exposures.

Contingent Liabilities

At 31 December 2003, the Group had provided guarantees for banking and other borrowing facilities granted to associated companies and jointly controlled entities of HK$13,193 million (2002 – HK$11,696 million). At 31 December 2003, the Group had contingent liabilities in respect of guarantees related to the procurement of 3G handsets of HK$11,592 million (2002 – HK$14,116 million), procurement of 3G infrastructure of HK$2,425 million (2002 – HK$2,036 million), and other guarantees totalling HK$5,005 million (2002 – HK$2,103 million).

Community Relations And Employees

Community Relations

The Group has always given staunch support to a variety of charitable educational and other community causes. The Group's total donations for the year amounted to HK$142 million (2002– HK$64 million).

A notable contribution to the community during the year was the Group's efforts in contributing support to those in need as a result of SARS. During the SARS period, the Group took the lead to pool together concerted efforts from various Group companies to provide support for the patients, their families as well as front-line medical workers in the fight against this unprecedented epidemic. The Group, together with other companies in the Li Ka-shing group, raised and contributed over HK$6 million for this cause.

Twenty-six subsidiaries and associates within the Group were named "Caring Companies" by The Hong Kong Council of Social Service in recognition of the Group's support and care for the community as well as its staff. One of the community care programmes was the reaching-out service by the Hutchison Volunteer Team, which was officially launched in November. The volunteer team has now enrolled a total of over 300 Group staff members.

During the year, the Group continued to provide funds for a wide range of medical programmes including the Children's Cancer Foundation and Cambridge University to construct a cancer research centre. To show its support for arts and culture, the Group also sponsored the Hong Kong Arts Festival and the Hong Kong Philharmonic Society.

The rollout of the Hutchison Chevening Scholarships has achieved overwhelming success. This scholarship programme provides 63 scholarships each year, for four years, for Hong Kong and Mainland Chinese postgraduate students to study in the UK.

Employee Relations

At 31 December 2003, the Company and its subsidiaries employed 126,250 people (2002 – 117,843 people) and the related employee costs for the year, excluding Director's emoluments, totalled HK$20,011 million (2002 – HK$15,100 million). Including the Group's associated companies, at 31 December 2003 the Group employed 172,653 people of whom 29,704 are employed in Hong Kong. All of the Group's subsidiary companies are equal opportunity employers, with the selection and promotion of individuals based on suitability for the position offered. The salary and benefit levels of the Group's employees are kept at a competitive level and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. The Company does not have a share option scheme for the purchase of ordinary shares in the Company. A wide range of benefits including medical coverage, provident funds and retirement plans and long service awards are also provided to employees. In addition, training and development programmes are provided on an on-going basis throughout the Group. Many social, sporting and recreational activities were arranged during the year for employees on a Group-wide basis. Group employees also participated in community orientated events.

Summary

The results for the year reflect challenging economic conditions, particularly in the first half of the year from SARS, the Iraq war and poor consumer sentiment, particularly in Asia. Despite these conditions, the Group's established businesses continue to be strong and steady. The Group's 3G operations in the UK, Italy and Australia commenced

The Hutchison Volunteer Team, launched by Group Chairman Mr Li Ka-shing, reaches out to serve the community with their enthusiasm.

operations during the year. Although a lack of handset supply adversely affected these businesses, ample handsets are now being delivered and we are confident that the 3G operations will grow into solid businesses in 2004. Despite these challenges and the exceptional write-off of HK$3,111 million after the unforeseen regulatory blocking of the Global Crossing acquisition, the Group's net profit after tax was HK$14,378 million, in line with last year's profit.

These results were achieved through the strong efforts and the focused dedication of the Group's employees and I would like to join our Chairman in thanking them for their continuing support and hard work throughout the year.

FOK Kin-ning, Canning

Group Managing Director

Hong Kong, 18 March 2004

Biographical Details of Directors and Senior Management

- **LI Ka-shing**, KBE, GBM, aged 75, has been an Executive Director since 1979 and the Chairman since 1981. He is the founder and the Chairman of Cheung Kong (Holdings) Limited ("Cheung Kong"), a substantial shareholder of the Company under the Securities and Futures Ordinance, and 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 SAR. 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 Deputy Chairman, Mr Li Tzar Kuoi, Victor.

- **LI Tzar Kuoi, Victor**, aged 39, has been an Executive Director since 1995 and Deputy Chairman since 1999. He is the Chairman of Cheung Kong Infrastructure Holdings Limited ("Cheung Kong Infrastructure") and CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences") and the Managing Director and Deputy Chairman of Cheung Kong. He is also the Co-Chairman of Husky Energy Inc. ("Husky Energy"), an Executive Director of Hongkong Electric Holdings Limited ("Hongkong Electric") and a Director of The Hongkong and Shanghai Banking Corporation Limited. Mr 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 SAR. He holds a Bachelor of Science degree in Civil Engineering and a Master of Science degree in Structural Engineering.

- **FOK Kin-ning, Canning**, aged 52, has been an Executive Director since 1984 and Group Managing Director since 1993. He is the Chairman of Hutchison Harbour Ring Limited ("Hutchison Harbour Ring"), Hutchison Telecommunications (Australia) Limited ("HTAL"), Hutchison Global Communications Holdings Limited ("Hutchison Global Communications") and Partner Communications Company Ltd. ("Partner Communications") and the Co-Chairman of Husky Energy. He is also the Deputy Chairman of Cheung Kong Infrastructure and Hongkong Electric and a Director of Cheung Kong. He holds a Bachelor of Arts degree and is a member of the Australian Institute of Chartered Accountants.

- **CHOW WOO Mo Fong, Susan**, aged 50, has been an Executive Director since 1993 and Deputy Group Managing Director since 1998. She is a solicitor and holds a Bachelor's degree in Business Administration. She is also an Executive Director of Cheung Kong Infrastructure, Hutchison Harbour Ring and Hutchison Global Communications and a Director of Hongkong Electric, Partner Communications and TOM Group Limited ("TOM Group").

- **Frank John SIXT**, aged 52, has been an Executive Director since 1991 and Group Finance Director since 1998. He is the Chairman of TOM Group and TOM Online Inc. He is also an Executive Director of Cheung Kong Infrastructure, Hutchison Global Communications and Hongkong Electric and a Director of Cheung Kong, HTAL, Partner Communications and Husky Energy. He 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.

- **LAI Kai Ming, Dominic**, aged 50, has been an Executive Director since 2000. He is also the Deputy Chairman of Hutchison Harbour Ring and Hutchison Global Communications and a Director of Partner Communications and priceline.com Incorporated. He has over 20 years of management experience in different industries. He holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration.

- **George Colin MAGNUS**, aged 68, has been an Executive Director since 1980. He is also Chairman of Hongkong Electric and Deputy Chairman of Cheung Kong and Cheung Kong Infrastructure. He holds a Master's degree in Economics.

- **KAM Hing Lam**, aged 57, has been an Executive Director since 1993. He is the Deputy Managing Director of Cheung Kong, Group Managing Director of Cheung Kong Infrastructure and President and Chief Executive Officer of CK Life Sciences. He is also an Executive Director of Hongkong Electric. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration.

- **The Hon Michael David KADOORIE**, GBS, Chevalier de la Légion d'Honneur, Commandeur de l'Ordre de Leopold II, aged 62, has been a Director since 1995. He is also Chairman of CLP Holdings Limited and The Hongkong and Shanghai Hotels Limited as well as Heliservices (Hong Kong) Limited.

- **Simon MURRAY**, CBE, aged 64, has been a Director since 1984. He is the Chairman of General Enterprise Management Services Limited, a private equity fund management company sponsored by Simon Murray and Associates Limited. He is also a Director of a number of listed companies including Cheung Kong and Orient Overseas (International) Limited.

- **OR Ching Fai, Raymond**, aged 54, has been a Director since 2000. He is a General Manager of The Hongkong and Shanghai Banking Corporation Limited, and a Director of Cathay Pacific Airways Limited, Esprit Holdings Limited and Hang Seng Bank Limited. He was the Chairman of the Hong Kong Association of Banks in 2003.

- **William SHURNIAK**, aged 72, has been a Director since 1984. He is Chairman of ETSA Utilities, Powercor Australia Limited and CitiPower Pty, a Director of Envestra Limited and CrossCity Motorway Pty Ltd and a Director and Deputy Chairman of Husky Energy. He has broad banking experience and he holds Honorary Doctor of Laws degrees from the University of Saskatchewan and The University of Western Ontario in Canada.

- **Peter Alan Lee VINE**, OBE, LLD, VRD, JP, aged 82, is a solicitor and has been a Director since 1977. He is also a Director of a number of listed companies in Hong Kong including Liu Chong Hing Investments Limited and Liu Chong Hing Bank Limited.

- **WONG Chung Hin**, aged 70, is a solicitor and has been a Director since 1984. He is also a Director of The Bank of East Asia, Limited and Hongkong Electric.

The Executive Directors of the Company are also the Senior Managers of the Group.

Report of the Directors

The directors have pleasure in submitting to shareholders their report and statement of the audited accounts for the year ended 31 December 2003.

Principal Activities

The principal activity of the Company is investment holding and the activities of its principal subsidiary and associated companies and jointly controlled entities are shown on pages 118 to 124.

Group Profit

The consolidated profit and loss account is set out on page 74 and shows the Group profit for the year ended 31 December 2003.

Dividends

An interim dividend of 51 cents per share was paid to shareholders on 10 October 2003 and the directors recommend the declaration of a final dividend at the rate of HK$1.22 per share payable on 21 May 2004 to all persons registered as holders of shares on 20 May 2004. The Register of Members will be closed from 13 May 2004 to 20 May 2004, both days inclusive.

Reserves

Movements in the reserves of the Company and the Group during the year are set out in note 32(b) to the accounts and in the consolidated statement of changes in equity on pages 78 and 79, respectively.

Charitable Donations

Donations to charitable organisations by the Group during the year amounted to approximately HK$142 million (2002 – approximately HK$64 million).

Fixed Assets

Particulars of the movements of fixed assets are set out in note 9 to the accounts.

Share Capital

Details of the share capital of the Company are set out in note 22 to the accounts.

Directors

The board of directors as at 31 December 2003 comprised Messrs Li Ka-shing, Li Tzar Kuoi, Victor, Fok Kin-ning, Canning, Chow Woo Mo Fong, Susan, Frank John Sixt, Lai Kai Ming, Dominic, George Colin Magnus, Kam Hing Lam, Michael David Kadoorie, Li Fook-wo, Simon Murray, Or Ching Fai, Raymond, William Shurniak, Peter Alan Lee Vine and Wong Chung Hin.

Mr Fok Kin-ning, Canning was appointed as alternate director to Mr Simon Murray on 10 March 2003. Mrs Chow Woo Mo Fong, Susan was appointed as alternate director to Mr William Shurniak on 1 March 2004.

Mr Li Fook-wo resigned as director of the Company with effect on 1 January 2004. The directors would like to record their appreciation for the services of Mr Li Fook-wo to the Group.

Messrs Li Ka-shing, Frank John Sixt, George Colin Magnus and Michael David Kadoorie will retire by rotation at the forthcoming annual general meeting under the provisions of Article 85 of the Articles of Association of the Company and, being eligible, will offer themselves for reelection.

The directors' biographical details are set out on pages 50 and 51.

Interest in Contracts

No contracts of significance in relation to the businesses of the Company and its subsidiaries to which the Company or a subsidiary was a party in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Connected Transactions

On 24 March 2003, (i) the assignment by Hutchison Ports (Bahamas) Holdings Limited ("HPBH", an indirect wholly owned subsidiary of the Company) to FCP Holdings Limited ("FCPH", a company then equally owned by HPBH and Hutchison Ports (Bahamas) Limited ("HPB") which was an indirect non wholly owned subsidiary of the Company then) of a shareholder's loan of US$19 million in principal amount owed by Freeport Container Port Limited ("FCP"), a direct wholly owned subsidiary of FCPH; and (ii) the assignment by HPB to FCPH of a shareholder's loan of US$19 million in principal amount owed by FCP, were approved. On 27 March 2003 and 16 May 2003 respectively, HPBH made available two interest-bearing shareholder's loans of US$15 million and US$141 million in principal amount respectively to FCPH for onward lending to FCP. The assignment of shareholder's loans and the provision of shareholder's loans constituted connected transactions for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

On 28 March 2003, Aktieselskabet Dampskibsselskabet Svendborg ("ADS") and Dampskibsselskabet AF 1912, Aktieselskab ("DAF"), both being connected persons of the Company by virtue of them being associates of a then substantial shareholder of a subsidiary of the Company, jointly and severally assigned approximately 29.67% of the total of a shareholder's loan (i.e. HK$129,147,382.33 out of HK$433,890,349.71) in principal amount together with accrued interests of HK$1,316,735.12 (together the "Assigned Amount") due from Sigma Enterprises Limited, an indirect non wholly owned subsidiary of the Company, to Wattrus Limited ("Wattrus"), an indirect non wholly owned subsidiary of the Company, in consideration of Wattrus acknowledging a wholly owned subsidiary of ADS and DAF as having made a deemed contribution to Wattrus in the same amount as the Assigned Amount with effect as at 28 March 2003. The assignment of the Assigned Amount constituted a connected transaction for the Company under the Listing Rules.

During March and April 2003 and on 16 June 2003 and 10 September 2003 respectively, Hutchison Ports Yantian Limited, an indirect non wholly owned subsidiary of the Company, made available three interest-free shareholder's loans of HK$520 million, HK$585 million and HK$715 million in principal amount respectively to Yantian International Container Terminals (Phase III) Limited, a non wholly owned subsidiary of HPYL. The provision of the shareholder's loans constituted connected transactions for the Company under the Listing Rules.

On 1 April 2003, the Company and Cheung Kong (Holdings) Limited ("Cheung Kong"), the controlling shareholder of the Company, agreed to make available a loan facility in an aggregate amount of up to US$120 million in principal amount to Hui Xian Holdings Limited ("HXH") and/or its subsidiaries (the "HXH group companies") in proportion to their respective effective equity interests in HXH for refinancing the existing bank borrowings by the HXH group companies. HXH is a company whose equity interests are indirectly owned as to approximately 17.97% by the Company and as to approximately 33.38% by Cheung Kong. The provision of the loan facility constituted a connected transaction for the Company under the Listing Rules.

On 8 April 2003, Hutchison Communications Australia Pty Limited ("HCAPL"), an indirect wholly owned subsidiary of the Company, entered into a loan agreement with Leanrose Pty Limited ("Leanrose"), a connected person of the Company by virtue of it being a substantial shareholder of Hutchison Telecommunications (Australia) Limited ("HTAL", a non wholly owned subsidiary of the Company listed on the Australian Stock Exchange indirectly owned as to 57.8% by the Company) and an associate of a director of HTAL, under which HCAPL agreed to make available a loan facility of up to A$33 million in principal amount (the "HCAPL Loan") to Leanrose for it to refinance an existing loan due on 30 May 2003 extended by an independent financial institution to fund Leanrose's acquisition of shares in the rights issue of HTAL in 2000 and to pay for the costs and expenses in connection with the transaction relating to the HCAPL Loan and any accrued interest thereon. The provision of the HCAPL Loan constituted a connected transaction for the Company under the Listing Rules.

On 14 April 2003, Hutchison Telephone Company Limited ("HTCL"), an indirect non wholly owned subsidiary of the Company, entered into an agreement with Hutchison 3G HK Limited ("H3GHK"), an indirect non wholly owned subsidiary of the Company, for the provision to H3GHK of 3G network construction and development project support and such other support as may be agreed from time to time in connection with the construction and network development, management and operation of the 3G mobile telephony network in Hong Kong, which supplemented the agreement for provision of the same dated 20 June 2002 (the "Supplemental Network Support Agreement") entered into between HTCL and H3GHK. On the same day, HTCL entered into an agreement (the "Related System Support Agreement") with Hutchison 3G Services (HK) Limited ("H3GSHK"), an indirect non wholly owned subsidiary of the Company, in relation to the provision by HTCL to H3GSHK of the 3G related systems development project support and such other support as may be agreed between the parties from time to time in connection with the system development, management and operation of the 3G mobile telephony network in Hong Kong. In addition to being a substantial shareholder of HTCL, H3GHK and H3GSHK, NTT DoCoMo, Inc. ("DoCoMo") is a connected person of the Company also by virtue of it being a substantial shareholder of Hutchison 3G UK Holdings Limited ("H3GUKH"), which is an indirect non wholly owned subsidiary of the Company. Having regard to the specific facts and circumstances of this case, The Stock Exchange of Hong Kong Limited (the "Stock Exchange") ruled that the entering into of the Supplemental Network Support Agreement and the Related System Support Agreement constituted connected transactions for the Company under the Listing Rules not falling within any exemption under the provisions of Rule 14.24 of the Listing Rules.

On 22 April 2003, Promising Land International Inc. ("PLII"), an indirect wholly owned subsidiary of the Company, exercised in full the warrants issued by Hutchison Harbour Ring Limited ("Hutchison Harbour Ring"), a non wholly owned subsidiary of the Company listed on the Stock Exchange, which conferred on PLII the right to subscribe for up to an aggregate of 1,022 million new shares in Hutchison Harbour Ring (the "New Shares") at HK$0.39 per share for cash. The aggregate price paid by PLII upon the exercise of the warrants was HK$398,580,000. The subscription of the New Shares pursuant to the exercise of the warrants constituted a connected transaction for the Company under the Listing Rules.

On 28 April 2003, Hutchison Europe Telecommunications S.à r.l. (formerly "Hutchison 3G Europe Investments S.à r.l.") ("HET"), an indirect wholly owned subsidiary of the Company, entered into a loan agreement (the "HET Loan Agreement") with H3GUKH whereby HET agreed to provide H3GUKH with a shareholder's loan of up to £650 million in principal amount in proportion to HET's shareholding in H3GUKH. On the same day, HET entered into further loan agreements (the "Shortfall Loan Agreements") with H3GUKH whereby HET agreed to provide H3GUKH with shareholder's loans of up to £150 million in aggregate principal amount (the "Shortfall Loans"). The Shortfall Loans were made available to cover the shortfall arising as a result of KPN Mobile N.V. ("KPN"), H3GUKH's 15% shareholder, not providing its pro rata amount of the £1,000 million funding call made by H3GUKH. At that time, DoCoMo and KPN were connected persons of the Company by virtue of they being (i) substantial shareholders of H3GUKH, a 65% subsidiary of the Company and the immediate holding company of Hutchison 3G UK Limited ("H3GUK"); and (ii) DoCoMo being a substantial shareholder of HTCL and H3GHK, both being non wholly owned subsidiaries of the Company. The HET Loan Agreement and the Shortfall Loan Agreements constituted connected transactions for the Company under the Listing Rules. A waiver was granted by the Stock Exchange on 2 June 2003 to the Company from the requirement of obtaining shareholders' approval at an extraordinary general meeting of the Company for the entering into of the HET Loan Agreement and the Shortfall Loan Agreements based on a written certificate of approval of the loans under such agreements from a closely allied group of the Company's shareholders together holding more than 50% in nominal value of the securities giving the right to attend and vote at a general meeting of the Company.

On 7 May 2003, Market Power Limited ("MPL"), an indirect wholly owned subsidiary of the Company, made available an interest-bearing shareholder's loan of US$8 million in principal amount to Panama Ports Company, S.A. ("PPC"), an indirect non wholly owned subsidiary of the Company. In addition, on 20 June 2003 and 30 January 2004 respectively, MPL made available two credit facilities of up to US$22 million and US$15 million in principal amount respectively to PPC. The provision of the shareholder's loan and credit facilities constituted connected transactions for the Company under the Listing Rules.

On 16 May 2003, the Company and Cheung Kong executed an indemnity in favour of an independent financial institution under which the Company and Cheung Kong agreed to unconditionally and irrevocably indemnify the independent financial institution on a several basis and in the ratio of 70:30, being pro rata to the respective interests of the Company and Cheung Kong in Matrica Limited ("ML"), a company indirectly owned as to 70% by the Company and as to 30% by Cheung Kong, against all liabilities with a maximum amount of HK$847,386,500 which the independent financial institution may incur under an undertaking given by the independent financial institution to the Government of the Hong Kong Special Administrative Region (the "Hong Kong Government") and the Director of Lands with respect to the grant of consent for the sale of residential units or car parking spaces in the development on Tsing Yi Town Lot No. 140, of which ML is the developer. The provision of the indemnity constituted a connected transaction for the Company under the Listing Rules.

On 10 June 2003, Hutchison Whampoa (China) Limited ("HWCL"), an indirect wholly owned subsidiary of the Company, provided a guarantee in respect of all the obligations of Hutchison Optel Telecom Technology Co., Limited ("HOTT"), an indirect non wholly owned subsidiary of the Company, under a loan facility of up to RMB80 million in principal amount made available to HOTT by an independent financial institution. The guarantee constituted a connected transaction for the Company under the Listing Rules. In addition, on 31 January 2004, the following documents in respect of HOTT were entered into:

(a) an agreement between Motivational Investments Limited ("MIL"), an indirect wholly owned subsidiary of the Company, and 重慶奥普泰通信技術有限公司 ("COTT", name translated to English known as "Chongqing Optel Telecom Technology

Company Limited" for identification purpose only) under which, inter alia, (i) COTT agreed to transfer its 10% equity interests in HOTT and its shareholder's loan of RMB4 million in principal amount of HOTT to MIL at a consideration of RMB4,000,001; and (ii) MIL agreed to inject RMB20 million to HOTT as registered capital of HOTT (the "Capital Injection") and to capitalize a shareholder's loan of RMB8,571,428 (the "Capitalized Loan") (the "Capitalization");

(b) two termination agreements between (i) HOTT and MIL and (ii) HOTT and COTT respectively under which, inter alia, MIL agreed to terminate a shareholder's loan agreement dated 28 November 2001 with respect to the Capitalized Loan and COTT agreed to waive a sum of RMB14,453,781.06, being part of the total shareholder's loans made available by COTT to HOTT, and to terminate a shareholder's loan agreement dated 20 June 2000 and its supplemental agreement dated 19 March 2001. The remaining balance of the shareholder's loans made available by COTT to HOTT was RMB9,403,361.24 in principal amount (the "Remaining Loan");

(c) a loan agreement between MIL and HOTT with respect to a new interest-free shareholder's loan of RMB4 million in principal amount from MIL to HOTT. HWCL, being the holding company of MIL, provided funds to MIL to enable it to make available such shareholder's loan to HOTT; and

(d) a loan agreement between COTT and HOTT with respect to the Remaining Loan which was interest-free.

The Capital Injection, the Capitalization, the termination agreements and the loan agreements as referred to in (c) and (d) above constituted connected transactions for the Company under the Listing Rules.

On 16 June 2003, Hutchison Whampoa Properties Limited ("HWPL"), an indirect wholly owned subsidiary of the Company, provided a guarantee in respect of 50% of all the obligations of Shanghai Westgate Mall Co., Ltd. ("SWM") under a bank loan of US$47 million in principal amount made available to SWM by an independent financial institution. SWM is a company whose registered capital is owned as to 50% by the Company and as to 50% by Cheung Kong. The provision of the guarantee constituted a connected transaction for the Company under the Listing Rules.

On 24 June 2003, HWPL provided a guarantee in respect of 50% of all the obligations of Hutchison Whampoa Properties (Beijing Chaoyang) Limited ("HWPB") under a revolving credit facility of up to HK$332 million in principal amount made available to HWPB by an independent financial institution. HWPB is a subsidiary of Bayswater Developments Limited which in turn is equally owned by the Company and Cheung Kong. The provision of the guarantee constituted a connected transaction for the Company under the Listing Rules.

On 24 June 2003, (i) Clayton Power Enterprises Limited ("Clayton") and Cosmos Wide International Limited ("Cosmos") together as joint developers and (ii) the Company and Cheung Kong as guarantors executed a deed of undertaking and indemnity on a several basis and in the ratio of 50: 50 in favour of MTR Corporation Limited ("MTRC") in consideration of MTRC executing an undertaking in favour of the Hong Kong Government and the Director of Lands for the grant of consent to enter into agreements for sale and purchase in respect of the undivided shares of the residential units in Towers 6, 7, and 8, Phase II of Caribbean Coast (the "Development"). On 7 July 2003, (i) Clayton and Cosmos together as joint developers and (ii) the Company and Cheung Kong as guarantors executed a third supplemental deed in favour of MTRC on a several basis and in the ratio of 50:50 in relation to certain schemes for promoting the sale of units at the Development. The third supplemental deed was supplemental to the development agreement (as supplemented by the first and second supplemental deeds), the deed of confirmation and the guarantees previously given by the Company and Cheung Kong with respect to the Development. Both

Clayton and Cosmos are indirectly owned as to 50% by the Company and as to 50% by Cheung Kong. The financial assistance given by the Company under the third supplemental deed was part of the financial assistance given previously by the Company for the Development. The deed of undertaking and indemnity and the third supplemental deed constituted connected transactions for the Company under the Listing Rules.

On 14 July 2003, (i) Toprow Investment Limited ("Toprow"), a wholly owned subsidiary of Tronic Limited ("Tronic") owned as to 50% by the Company and as to 50% by Cheung Kong and (ii) an independent third party (the "JV Partner") entered into a joint venture agreement (the "JV Agreement") with respect to the establishment and operation of an equity joint venture named Guangzhou International Toy Center Ltd. (the "Joint Venture"), which was owned as to 60% by Toprow and as to 40% by the JV Partner, for the development, construction, operation and management of a toy center in the People's Republic of China. Under the JV Agreement, Toprow would contribute RMB150 million equivalent in US Dollars to the Joint Venture, as to RMB90 million by way of cash contribution to the registered capital of the Joint Venture and as to RMB60 million by way of shareholder's loan to the Joint Venture. On 5 December 2003, Toprow and the JV Partner entered into a new set of joint venture agreement (the "New JV Agreement") which superseded the JV Agreement. Under the New JV Agreement, the Joint Venture agreed, inter alia, to change its name to Guangzhou International Toys and Gifts Center Co., Ltd, to convert itself to a cooperative joint venture, to increase its registered capital to RMB370 million, of which RMB150 million (40%) and RMB220 million (60%) would be contributed by Toprow and the JV Partner respectively. Each of the Company and Cheung Kong would contribute in equal shares an aggregate of RMB150 million to Tronic and then to Toprow. Toprow would then contribute RMB150 million to the registered capital of the Joint Venture. The capital injection to the Joint Venture constituted a connected transaction for the Company under the Listing Rules.

On 7 August 2003, the Company agreed to increase the maximum liability under the guarantee (the "Increased Guarantee") executed by the Company on 18 March 2003 in favour of an independent financial institution (the "Bank") from A$200 million to A$250 million in connection with the Bank agreeing to increase the principal amount of the cash advance facility previously made available to Hutchison 3G Australia Pty Limited ("H3GA"), a non wholly wholly owned subsidiary owned as to 80.1% by HTAL and 19.9% by Telecom Corporation of New Zealand Limited ("TCNZ"), from A$200 million to A$250 million. As TCNZ is a connected person of the Company by virtue of it being a substantial shareholder of H3GA, the provision of the Increased Guarantee constituted a connected transaction for the Company under the Listing Rules.

On 8 August 2003, Hutchison OMF Limited ("HOMF"), an indirect wholly owned subsidiary of the Company, agreed to make available a credit facility of up to A$80 million in principal amount (the "Initial OMF Facility") to H3GA for general corporate funding requirements with a maturity date on 31 December 2003. On 2 December 2003, HOMF entered into an amendment agreement with H3GA under which the Initial OMF Facility was increased from A$80 million to A$150 million with extension of the maturity date to 31 December 2004 (the "Amended OMF Facility"). On 19 December 2003, the Amended OMF Facility was further increased from A$150 million to A$650 million pursuant to an amendment agreement no. 2 entered into between HOMF and H3GA (the "OMF Facility"). The provision of the OMF Facility constituted a connected transaction for the Company under the Listing Rules.

On 26 August 2003, PLII entered into a sale and purchase agreement with Reading Investments Limited ("Reading"), a substantial shareholder of Hutchison Harbour Ring then, pursuant to which PLII acquired from Reading 300 million shares of par value HK$0.10 each, representing approximately 4.5% of the then issued share capital, in Hutchison Harbour Ring (the "HHR Sale Shares") at an aggregate cash consideration of HK$174 million. Following completion of the agreement, the Company's indirect shareholding in Hutchison Harbour Ring increased from approximately 57.5% to approximately 62%. The acquisition of the HHR Sale Shares constituted a connected transaction for the Company under the Listing Rules.

On 26 August 2003 and 26 September 2003 respectively, HWPL provided two guarantees in respect of 50% of the obligations of Hutchison Whampoa Properties (Guangzhou Liwan) Limited ("HWPGL") under two bank loans of HK$200 million and HK$360 million in principal amount respectively made available to HWPGL by two independent financial institutions for financing part of the construction cost of a property development of HWPGL and/or refinancing certain existing bank loans of HWPGL. HWPGL is a company whose registered capital is owned as to 50% by the Company and as to 50% by Cheung Kong. The provision of the guarantees constituted connected transactions for the Company under the Listing Rules.

On 26 August 2003 and 31 October 2003 respectively, HWPL provided two guarantees in respect of 50% of the obligations of Hutchison Enterprises (Chongqing) Limited ("HECQ") under two bank loans of US$29.5 million and HK$70 million in principal amount respectively made available to HECQ by two independent financial institutions for financing the working capital of HECQ. HECQ is a company whose registered capital is owned as to 50% by the Company and as to 50% by Cheung Kong. The provision of the guarantees constituted connected transactions for the Company under the Listing Rules.

On 18 September 2003, the Company provided a guarantee (the "Hi3G Denmark Guarantee") in favour of an independent financial institution in respect of 60% of the liabilities of Hi3G Denmark ApS ("Hi3G Denmark") under the guarantee of up to DKK213,747,300.21 issued by such financial institution at the request of Hi3G Denmark in favour of the Danish Government, in replacement of a similar guarantee granted in September 2002 which was disclosed in last year's annual report. Hi3G Denmark is an indirect non wholly owned subsidiary owned as to 60% by the Company and 40% by Investor AB. The provision of the Hi3G Denmark Guarantee constituted a connected transaction for the Company under the Listing Rules.

On 22 September 2003, 24 September 2003 and 26 September 2003 respectively, HWPL provided three guarantees in respect of 50% of the obligations of Hutchison Whampoa Properties (Guangzhou Panyu) Limited ("HWPGP") under three bank loans of up to HK$150 million, HK$78 million and HK$220 million in principal amount respectively made available to HWPGP by independent financial institutions for financing part of the construction and development cost of a property development of HWPGP and/or for financing the repayment of certain existing bank loan(s) of HWPGP. HWPGP is a company whose registered capital is owned as to 50% by the Company and as to 50% by Cheung Kong. The provision of the guarantees constituted connected transactions for the Company under the Listing Rules.

On 23 September 2003, 16 January 2004 and 11 February 2004 respectively, the Company provided four guarantees in favour of independent financial institutions in respect of the obligations of H3GA under four cash advance facilities in principal amount of up to A$100 million, A$100 million, A$200 million and A$100 million respectively, granted by such financial institutions to H3GA to finance the rollout of the 3G network, for general corporate funding requirements and/or repayment of shareholders' loans. The provision of the guarantees constituted connected transactions for the Company under the Listing Rules.

On 24 September 2003, HWPL provided a guarantee in respect of 50% of the obligations of Shanghai Helian Property Development Co., Ltd. ("SHPD") under a term loan facility of up to HK$700 million in principal amount made available to SHPD by an independent financial institution for financing the construction of a property development of SHPD and the payment of the whole or any part of the land premium in relation thereto or the repayment of certain existing bank loan(s) of SHPD. SHPD is owned as to 50% by the Company and as to 50% by Cheung Kong. The provision of the guarantee constituted a connected transaction for the Company under the Listing Rules.

On 25 September 2003, Montoya (HK) Limited ("MHK"), a company owned as to 50% by the Company and as to 50% by Cheung Kong, made available a shareholder's loan of HK$370 million in principal amount to Hutchison Whampoa Properties (Shanghai) Gubei Limited ("HWPSG"), a direct wholly owned subsidiary of MHK. Hutchison International Limited ("HIL"), a direct wholly owned subsidiary of the Company, provided funds of HK$185 million to MHK to enable it to make available the aforesaid shareholder's loan to HWPSG. The provision of the shareholder's loan constituted a connected transaction for the Company under the Listing Rules.

On 28 September 2003 and 4 February 2004 respectively, Afford Limited ("AL"), a company whose registered capital is owned as to 50% by the Company and as to 50% by Cheung Kong, made available two shareholder's loans of HK$360 million and HK$400 million in principal amount respectively to HWPGL, a direct wholly owned subsidiary of AL. HIL provided funds of a total of HK$380 million to AL to enable it to make available the aforesaid shareholder's loans to HWPGL. The provision of the shareholder's loans constituted connected transactions for the Company under the Listing Rules.

On 31 October 2003, HWPL provided a guarantee in respect of 50% of the obligations of Hutchison Whampoa Properties (Chongqing Jiangbei) Limited ("HWPCJ") under a bank loan of HK$140 million in principal amount made available to HWPCJ by an independent financial institution for financing part of the construction and development cost of a property project of HWPCJ. HWPCJ is owned as to 50% by the Company and as to 50% by Cheung Kong. The provision of the guarantee constituted a connected transaction for the Company under the Listing Rules.

On 4 November 2003, HWPL provided a guarantee in respect of 50% of the obligations of Hutchison Whampoa Properties (Zhuhai) Company Limited ("HWPZ") under a term loan facility of up to HK$200 million in principal amount made available to HWPZ by an independent financial institution for financing the construction of a property development of HWPZ and the repayment of certain existing bank loan(s) of HWPZ. HWPZ is owned as to 50% by the Company and as to 50% by Cheung Kong. The provision of the guarantee constituted a connected transaction for the Company under the Listing Rules.

On 7 November 2003, the following documents (together the "Documents"), all dated 7 November 2003, were executed:

(a) a sale and purchase agreement between the Company and KPN (the "S&P Agreement");

(b) a settlement deed between the Company and KPN;

(c) an escrow and safekeeping agreement between the Company, KPN and an independent financial institution acting as escrow and custodian agent; and

(d) an agreement executed by KPN in favour of the Company pursuant to which the Sale Shares (as defined below) were mortgaged to the Company as security for performance of KPN's obligations under the S&P Agreement.

Pursuant to the Documents, among other things (i) the Company agreed to acquire, or procure the acquisition of, and KPN agreed to sell to the Company (or its nominee(s)) the entire issued share capital of Waerdah Limited (the "Sale Shares"), a wholly owned subsidiary of KPN whose principal assets were 666,823,013 ordinary shares of £1 each in the issued share capital of H3GUKH, at an aggregate cash consideration of £90 million, of which £60 million was paid in cash to KPN on 7 November 2003 upon the signing of the Documents and the remaining balance to be paid in cash either in three equal instalments of £10 million each payable on 31 December 2005, 31 December 2006 and 31 December 2007 or, if earlier, at the Completion Date (as defined below); and (ii) the Company and KPN agreed to settle any claim or liability which each party may have against or to another arising out of or in connection with the claims by the Company, KPN, H3GUKH or H3GUK or any of their affiliates arising out of or connected with (a) the proceedings brought by the Company against KPN in the Commercial Court of United Kingdom on 2 June 2003 for breach of contract and the petition presented by KPN in the Companies Court of United Kingdom on 11 July 2003 for unfair prejudice; (b) the shareholders agreement relating to H3GUKH entered into on 12 July 2000 between the Company and KPN (the "Shareholders Agreement") or KPN's shareholding in H3GUKH; and (c) their conduct in connection with the affairs of H3GUKH and H3GUK (excluding in relation to operational agreements entered into between KPN (and its affiliates) and either H3GUKH or H3GUK). Upon execution of the S&P Agreement, (i) the Shareholders Agreement and all rights, liabilities, all claims in respect of any breach (actual alleged) and all obligations of the Company and KPN respectively thereunder were terminated; and (ii) the two directors nominated to the boards of H3GUKH and H3GUK respectively by KPN and their respective alternate directors resigned from the board of directors of H3GUKH and H3GUK respectively. Upon, and subject to, completion of the S&P Agreement which would take place on 31 December 2007 or an earlier date at the option of the Company (the "Completion Date"), the Company's shareholding in H3GUKH would increase from 65% to 80%. KPN was a connected person of the Company then by virtue of it being a substantial shareholder of H3GUKH, an indirect non wholly owned subsidiary of the Company. The transactions under the Documents constituted connected transactions for the Company under the Listing Rules.

On 10 November 2003, H3GUK and Superdrug Stores plc ("Superdrug"), an indirect wholly owned subsidiary of the Company, entered into certain agreements (the "Superdrug Agreements"), pursuant to which Superdrug agreed to grant H3GUK a non exclusive right to share occupation (and to enjoy certain rights ancillary to such occupation) of between 300 and 500 Superdrug stores in main shopping areas within the United Kingdom to be agreed for sale of third generation mobile handsets, accessories and network subscriptions and such other related items and services as may be approved in writing by Superdrug from time to time. Such right would continue until either party provides the other at least twelve months' notice of its intention to determine. The Superdrug Agreements contemplated concession agreements and sub-leases on normal commercial terms and negotiated on arm's length basis to be entered into by the same parties upon suitable stores being identified and requisite approvals or consents therefor having been obtained and reflecting then the current rent, fees, rates, costs and charges to which Superdrug was subject for such stores. H3GUK agreed to pay Superdrug cash consideration in connection with the grant of such right and for the sharing of occupation (and enjoyment of certain rights ancillary to such occupation) on terms and conditions to be set out in the concession agreements and/or sub-leases and entered into from time to time between the same parties (the "Consideration"). H3GUK is wholly owned by H3GUKH, a non wholly owned subsidiary of the Company, of which DoCoMo is a shareholder. DoCoMo is a connected person of the Company by virtue of it being (i) a substantial shareholder of H3GUKH which is an immediate holding company of H3GUK and a subsidiary of the Company; and (ii) a substantial shareholder of another non wholly owned subsidiary of the Company. The Superdrug Agreements constituted connected transactions for the Company under the Listing Rules. An application would be made by the Company to the Stock Exchange for a waiver, subject to the standard terms and conditions (including annual report disclosure), to disclose further concession agreements and sub-leases to be entered into from time to time between H3GUK and Superdrug pursuant to the Superdrug Agreements.

On 21 November 2003, Hutchison Ports Myanmar Limited ("HPM"), an indirect wholly owned subsidiary of the Company, made available an interest-free loan of US$35,679,000 in principal amount to Pointo Enterprises Limited ("PEL"), an indirect non wholly owned subsidiary of HPM. On the same date, PEL made available an interest-free loan of US$42 million in principal amount to Myanmar International Terminals Thilawa Private Limited, the holding company of PEL. The provision of the loans constituted connected transactions for the Company under the Listing Rules.

On 24 November 2003, Hongkong International Terminals Limited ("HIT") accepted a 5-year term loan facility of an aggregate facility amount of HK$5,000 million in principal amount from a syndicate of independent financial institutions to refinance an existing syndicated loan facility of HIT and for general working capital of HIT. As a term for making available the term loan facility, the Company provided a guarantee in the relevant facility agreement in respect of, inter alia, the prompt performance by HIT of all of its obligations under the facility agreement. HIT is an indirect non wholly owned subsidiary of the Company and is indirectly owned as to approximately 86.5% by the Company, as to 10% by China Resources Enterprise, Limited ("CRE") and as to approximately 3.5% by independent third parties who are not connected persons of the Company. CRE is a connected person of the Company by virtue of it being (i) a substantial shareholder of HIT; and (ii) a substantial shareholder of Splendid Century Limited, Hutchison Ports Yantian Investments Ltd and Eckstein Resources Limited, being three other non wholly owned subsidiaries of the Company. The provision of the guarantee constituted a connected transaction for the Company under the Listing Rules.

In June 2002, Hutchison Whampoa Europe Investments S.à r. l. ("HWEI"), an indirect wholly owned subsidiary of the Company, provided a guarantee in respect of the obligations of Hutchison 3G Italia S.p.A. ("H3GI"), an indirect non wholly owned subsidiary of the Company, under a loan facility of up to EUR1.4 billion in principal amount granted to H3GI by an independent financial institution. On 12 December 2003, a confirmation letter (the "H3GI Confirmation Letter") was executed by HWEI consenting to the extension of obligations of H3GI resulting from the increase of the credit facility by EUR150 million to EUR1.55 billion made available by the independent financial institution to H3GI. On 17 February 2004, a further confirmation letter (the "Further Confirmation Letter") was executed by HWEI consenting to the further extension of obligations of H3GI resulting from the increase of the credit facility by EUR525 million to EUR2.075 billion granted by such independent financial institution to H3GI. The H3GI Confirmation Letter and the Further Confirmation Letter constituted connected transactions for the Company under the Listing Rules.

On 17 December 2003, HIL entered into a loan agreement with HIT with respect to a loan of HK$5,985 million in principal amount made available by HIL to HIT for financing the business expenditure of HIT. The provision of the loan constituted a connected transaction for the Company under the Listing Rules.

On 30 December 2003, Hutchison Ports Netherlands S.à r. l. ("HPNS"), an indirect wholly owned subsidiary of the Company, entered into the following agreements:

(a) a sale and purchase agreement (the "Sale & Purchase Agreement") with respect to the acquisition by HPNS from Rotterdamse Container Participatie Maatschappij B.V. ("RCPM") of 1,900,000 shares in ECT Beheer B.V. ("ECT Beheer"), a company then indirectly owned as to 19% by RCPM, as to 2% by Stichting Werknemersaandelen ECT ("Employees Foundation"), as to 44% by HPNS and as to 35% by Hutchison Ports Netherlands B.V. (an indirect wholly owned subsidiary of the Company), at a cash consideration of EUR10,400,000;

(b) a loan assignment deed (the “Loan Assignment Deed”) in respect of the assignment to HPNS of a loan of EUR541,829.73 in principal amount provided by RCPM to Employees Foundation for a cash consideration of EUR541,829.73; and

(c) a release deed (the “Release Deed”) under which HPNS and Hutchison Ports Antilles N.V., an indirect wholly owned subsidiary of the Company, each consented to a EUR26,549,656.54 repayment in full by ECT Beheer of the shareholder’s loan provided to it by RCPM and the release of RCPM from all its obligations thereof.

RCPM was a connected person of the Company by virtue of it being a substantial shareholder of ECT Beheer then, an indirect non wholly owned subsidiary of the Company. The transactions under the Sale & Purchase Agreement, the Loan Assignment Deed and the Release Deed constituted connected transactions for the Company under the Listing Rules.

On 30 December 2003, HIL provided a guarantee in respect of the obligations of Guangzhou Park’N Shop Supermarkets Limited (“GPSS”), an indirect non wholly owned subsidiary of the Company, under a loan facility of up to RMB200 million in principal amount made available to GPSS by an independent financial institution for general corporate funding requirements. The provision of the guarantee constituted a connected transaction for the Company under the Listing Rules.

On 31 December 2003, the Company provided a guarantee in favour of an independent handset supplier (the “Supplier”) in respect of the obligations of H3GA, H3G S.p.A. and Hi3G Access AB (together the “Participating Affiliates”), indirect non wholly owned subsidiaries of the Company, under the supply of handsets agreement made between the Supplier and a wholly owned subsidiary of the Company acting on behalf of the Participating Affiliates. The provision of the guarantee constituted a connected transaction for the Company under the Listing Rules.

Arrangement to Purchase Shares or Debentures

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

Directors’ Service Contract

There is no unexpired directors’ service contract which is not terminable by the Company within one year of any director proposed for reelection at the forthcoming annual general meeting.

Directors' Emoluments

Directors' emoluments comprise payments to directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The emoluments of the directors of the Company, excluding amounts received from the Company's listed subsidiaries and paid to the Company, are as follows:

Name of Director	Fees HK$ millions	Basic Salaries, Allowances and Benefits-in-kind HK$ millions	Bonuses HK$ millions	Provident Fund Contributions HK$ millions	Inducement or Compensation Fees HK$ millions	Total Emoluments HK$ millions
Li Ka-shing [(1)]	0.05	–	–	–	–	0.05
Li Tzar Kuoi, Victor						
Paid by the Company	*0.05*	*4.44*	*25.00*	–	–	*29.49*
Paid by Cheung Kong Infrastructure Holdings Limited ("Cheung Kong Infrastructure")	*0.05*	–	*5.52*	–	–	*5.57*
Paid to the Company	*(0.05)*	–	–	–	–	*(0.05)*
	0.05	4.44	30.52	–	–	35.01
Fok Kin-ning, Canning [(2)]	0.05	9.77	113.50	1.93	–	125.25
Chow Woo Mo Fong, Susan [(2)]	0.05	7.01	26.00	1.40	–	34.46
Frank John Sixt [(2)]	0.05	7.01	25.00	0.61	–	32.67
Lai Kai Ming, Dominic [(2)]	0.05	4.64	7.60	0.77	–	13.06
George Colin Magnus [(2)]	0.05	4.03	3.50	–	–	7.58
Kam Hing Lam						
Paid by the Company	*0.05*	*2.25*	*6.30*	–	–	*8.60*
Paid by Cheung Kong Infrastructure	*0.05*	*4.20*	*2.64*	–	–	*6.89*
Paid to the Company	*(0.05)*	*(4.20)*	–	–	–	*(4.25)*
	0.05	2.25	8.94	–	–	11.24
Michael David Kadoorie	0.05	–	–	–	–	0.05
Li Fook-wo	0.05	–	–	–	–	0.05
Simon Murray	0.05	–	–	–	–	0.05
Or Ching Fai, Raymond	0.05	–	–	–	–	0.05
William Shurniak	0.10	–	–	–	–	0.10
Peter Alan Lee Vine	0.10	–	–	–	–	0.10
Wong Chung Hin	0.10	–	–	–	–	0.10
Total:	0.90	39.15	215.06	4.71	–	259.82

Notes:

(1) No management remuneration was paid to Mr Li Ka-shing during the year other than a director's fee of HK$50,000 which he paid to Cheung Kong.

(2) Directors' fees received by these directors from the Company's listed subsidiaries have been paid to the Company and are not included in the amounts above.

(3) The Company does not have an option scheme for the purchase of ordinary shares in the Company.

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

As at 31 December 2003, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and the chief executives of the Company were deemed or taken to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Listing Rules were as follows:

(I) Interests and short positions in the shares, underlying shares and debentures of the Company

Long positions in the shares of the Company

Name of Director	Capacity	Nature of Interests	Number of Shares Held	Approximate % of Shareholding
Li Ka-shing	(i) Founder of discretionary trusts	(i) Other interest	2,141,698,773 (1)	
	(ii) Interest of a controlled corporation	(ii) Corporate interest	6,833,000 (2)	50.3951%
Li Tzar Kuoi, Victor	(i) Beneficiary of trusts	(i) Other interest	2,141,698,773 (1)	
	(ii) Interest of controlled corporations	(ii) Corporate interest	1,086,770 (3)	50.2604%
Fok Kin-ning, Canning	Interest of a controlled corporation	Corporate interest	2,110,875 (4)	0.0495%

Name of Director	Capacity	Nature of Interests	Number of Shares Held	Approximate % of Shareholding
Chow Woo Mo Fong, Susan	Beneficial owner	Personal interest	150,000	0.0035%
Frank John Sixt	Beneficial owner	Personal interest	50,000	0.0012%
Lai Kai Ming, Dominic	Beneficial owner	Personal interest	50,000	0.0012%
George Colin Magnus	(i) Beneficial owner (ii) Interest of spouse	(i) Personal interest (ii) Family interest	990,100 9,900	0.0235%
Kam Hing Lam	Beneficial owner	Personal interest	60,000	0.0014%
Michael David Kadoorie	Beneficiary of trust(s)	Other interest	15,984,095 (5)	0.3749%
Simon Murray	(i) Beneficial owner (ii) Beneficiary of trust	(i) Personal interest (ii) Other interest	25,000 17,000 (6)	0.0010%
William Shurniak	Beneficial owner	Personal interest	165,000	0.0039%
Peter Alan Lee Vine	Beneficial owner	Personal interest	33,000	0.0008%

Notes:

(1) The two references to 2,141,698,773 shares relate to the same block of shares in the Company comprising:

(a) 2,130,202,773 shares held by certain subsidiaries of Cheung Kong. 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 its related companies in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("TUT1 related companies") hold more than one-third of the issued share capital of Cheung Kong.

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 Cheung Kong 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 Cheung Kong 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 Cheung Kong held by TUT1 as trustee of UT1 and TUT1 related companies and the said shares of the Company held by the subsidiaries of Cheung Kong under the SFO as directors of Cheung Kong. 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 Cheung Kong and has no duty of disclosure in relation to the shares of Cheung Kong held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO.

(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 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 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 the Company 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 the Company held by TUT3 as trustee of UT3 under the SFO.

(2) Such shares are held by a company of which Mr Li Ka-shing is interested in the entire issued share capital.

(3) Such shares are held by certain companies of which Mr Li Tzar Kuoi, Victor is interested in the entire issued share capital.

(4) Such shares are held by a company which is equally owned by Mr Fok Kin-ning, Canning and his spouse.

(5) The Hon Michael David Kadoorie is deemed to be interested by virtue of the SFO in 15,984,095 shares in the Company.

(6) Such shares are held by an offshore family trust fund under which Mr Simon Murray is a discretionary beneficiary.

(II) Interests and short positions in the shares, underlying shares and debentures of the associated corporations

Long positions in the shares, underlying shares and debentures of the associated corporations

As at 31 December 2003, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as directors of the Company, were deemed to be interested in the following by virtue of, inter alia, their interests in the shares of the Company as described in Note (1) above:

(i) 1,912,109,945 shares, representing approximately 84.82% of the then issued share capital, in Cheung Kong Infrastructure of which 1,906,681,945 shares were held by a wholly owned subsidiary of the Company and 5,428,000 shares were held by TUT1 as trustee of UT1;

(ii) 829,599,612 shares, representing approximately 38.87% of the then issued share capital, in Hongkong Electric Holdings Limited (“Hongkong Electric”) which shares were held by certain wholly owned subsidiaries of Cheung Kong Infrastructure;

(iii) 1,429,024,545 shares, representing approximately 36.85% of the then issued share capital, in TOM Group Limited of which 476,341,182 shares and 952,683,363 shares were held by a wholly owned subsidiary of each of Cheung Kong and the Company respectively;

(iv) 146,691,551 common shares, representing approximately 34.75% of the then issued share capital, in Husky Energy Inc. (“Husky Energy”) and 144,952 underlying common shares derived from 78,057 unlisted and physically settled transferable warrants in Husky Energy which were held by a wholly owned subsidiary of the Company; and 152,678,961 common shares, representing approximately 36.16% of the then issued share capital, in Husky Energy and 150,868 underlying common shares derived from 81,243 unlisted and physically settled transferable warrants in Husky Energy which were held by a company in respect of which TDT3 as trustee of DT3 is indirectly entitled to substantially all the net assets thereof;

(v) a nominal amount of US$33,700,000 in the 13% unsecured senior subordinated notes due 2010 (the “Partner Communications Notes”) issued by Partner Communications Company Ltd. (“Partner Communications”) which notes were held by a wholly owned subsidiary of Cheung Kong; and

(vi) all the shares, underlying shares and debentures of the subsidiary and associated companies of the Company held by the Company and its subsidiary companies.

In addition, Mr Li Ka-shing had, as at 31 December 2003, corporate interests in 4,600 class C common shares, representing approximately 53.31% of the then issued share capital, in Husky Oil Holdings Limited and a nominal amount of US$1,500,000 in the Partner Communications Notes, which were held by a company of which Mr Li Ka-shing is interested in the entire issued share capital.

Mr Li Tzar Kuoi, Victor had, as at 31 December 2003, the following interests:

(i) family interests in 151,000 shares, representing approximately 0.007% of the then issued share capital, in Hongkong Electric held by his spouse; and

(ii) corporate interests in a nominal amount of US$11,000,000 in the 6.5% Notes due 2013 issued by Hutchison Whampoa International (03/13) Limited, a nominal amount of US$2,000,000 in the 7% Notes due 2011 issued by Hutchison Whampoa International (01/11) Limited and a nominal amount of US$10,989,000 in the Partner Communications Notes, which were held by a company of which Mr Li Tzar Kuoi, Victor is interested in the entire issued share capital.

Mr Fok Kin-ning, Canning had, as at 31 December 2003, the following interests:

(i) interests in an aggregate of 2,574,001 ordinary shares and underlying shares in HTAL comprising:

    (a) personal and corporate interests in 100,000 and 1,000,000 ordinary shares respectively which in aggregate represented approximately 0.16% of the then issued share capital of HTAL; and

    (b) personal and corporate interests in 134,000 and 1,340,001 underlying shares respectively on conversion of the listed and physically settled 5.5% Unsecured Convertible Notes due 2007 issued by HTAL;

(ii) corporate interests in 5,000,000 ordinary shares, representing approximately 0.07% of the then issued share capital, in Hutchison Harbour Ring;

(iii) corporate interests in 300,000 common shares, representing approximately 0.07% of the then issued share capital, in Husky Energy;

(iv) corporate interests in 225,000 American Depositary Shares (each representing one ordinary share), representing approximately 0.12% of the then issued share capital, in Partner Communications; and

(v) corporate interests in a nominal amount of Eur31,900,000 in the 5.875% Notes due 2013 issued by Hutchison Whampoa Finance (03/13) Limited and a nominal amount of US$4,000,000 in the Partner Communications Notes.

Mr Fok Kin-ning, Canning held the above personal interests in his capacity as a beneficial owner and held the above corporate interests through a company which is equally owned by Mr Fok and his spouse.

Mr George Colin Magnus in his capacity as a beneficial owner had, as at 31 December 2003, personal interests in 25,000 American Depositary Shares (each representing one ordinary share), representing approximately 0.014% of the then issued share capital, in Partner Communications.

Mr Kam Hing Lam in his capacity as a beneficial owner had, as at 31 December 2003, personal interests in 100,000 shares, representing approximately 0.004% of the then issued share capital, in Cheung Kong Infrastructure.

Mr Peter Alan Lee Vine in his capacity as a beneficial owner had, as at 31 December 2003, personal interests in 80,000 shares, representing approximately 0.004% of the then issued share capital, in Hongkong Electric.

Save as disclosed above, as at 31 December 2003, none of the directors and chief executives of the Company and their respective associates had any interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

Certain directors held qualifying shares in certain subsidiaries of the Company on trust for other subsidiaries.

Interests and Short Positions of Shareholders Disclosable under the SFO

So far as is known to any directors or chief executives of the Company, as at 31 December 2003, other than the interests and short positions of the directors or chief executives of the Company as disclosed above, the following persons had an interest 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:

(I) Interests and short positions of substantial shareholders in the shares and underlying shares of the Company

Long positions in the shares of the Company

Name	Capacity	Number of Shares Held	Approximate % of Shareholding
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1")	Trustee and beneficiary of a trust	2,130,202,773 (1)	49.97%
Li Ka-Shing Unity Trustcorp Limited ("TDT2")	Trustee and beneficiary of a trust	2,130,202,773 (1)	49.97%
Li Ka-Shing Unity Trustee Company Limited ("TUT1")	Trustee	2,130,202,773 (1)	49.97%
Cheung Kong (Holdings) Limited ("Cheung Kong")	Interest of controlled corporations	2,130,202,773 (1)	49.97%
Continental Realty Limited	Interest of a controlled corporation	465,265,969 (2)	10.91%

(II) Interests and short positions of other persons in the shares and underlying shares of the Company

Long positions in the shares of the Company

Name	Capacity	Number of Shares Held	Approximate % of Shareholding
Honourable Holdings Limited	Interest of controlled corporations	322,942,375 (2)	7.57%
Winbo Power Limited	Beneficial owner	236,260,200 (2)	5.54%
Polycourt Limited	Beneficial owner	233,065,641 (2)	5.47%
Well Karin Limited	Beneficial owner	226,969,600 (2)	5.32%

Notes:

(1) *The four references to 2,130,202,773 shares of the Company relate to the same block of shares in the Company which represent the total number of shares of the Company held by certain wholly owned subsidiaries of Cheung Kong where Cheung Kong is taken to be interested in such shares under the SFO. In addition, by virtue of the SFO, each of TDT1, TDT2 and TUT1 is deemed to be interested in the same 2,130,202,773 shares of the Company held by Cheung Kong as described in Note (1)(a) above.*

(2) *These are wholly owned subsidiaries of Cheung Kong and their interests in the shares of the Company are duplicated in the interests of Cheung Kong.*

Saved as disclosed above, as at 31 December 2003, there was no other person (other than the directors or chief executives of the Company) who was recorded in the register of the Company as having interests or short position 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.

Directors' Interests In Competing Business

During the year ended 31 December 2003 and up to the date of this report, the directors of the Company have interests in companies of which their businesses compete or are likely to compete, either directly or indirectly, with the businesses of the Company as required to be disclosed pursuant to Rule 8.10 of the Listing Rules, by virtue of either (i) their directorship in a number (in excess of 100) of associated companies or other companies in which the Company has less than 20% shareholding interest, as a result of their nomination by the Company to the board of such companies; or (ii) their deemed interests in the following companies:

Name of Director	Name of Company	Nature of Competing Business
Li Ka-shing Li Tzar Kuoi, Victor	Cheung Kong (Holdings) Limited and its associated companies	– Property development and investment – Hotels ownership, management, operations and related services – Finance and investment
	Husky Energy Inc.	– Integrated oil and gas business

Save as disclosed above, none of the directors is interested in any businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Company during the year ended 31 December 2003 and up to the date of this report.

Purchase, Sale or Redemption of Shares

During the year, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's ordinary shares. In addition, the Company has not redeemed any of its ordinary shares during the year.

Corporate Governance

The Group is committed to high standards of corporate governance and has throughout the year complied with statutory and non-statutory requirements, including those stipulated in the Companies Ordinance, the Listing Rules, the SFO as well as overseas statutes and rules.

Code of Best Practice

With respect to the Code of Best Practice as set out in Appendix 14 of the Listing Rules, physical board meetings of the Company are held at least four times a year. Executive directors of the Company meet on a regular basis to oversee the Company's day-to-day management, including the formulation of Group wide strategies and policies, the approval of annual budgets and business plans and the review of operational issues and financial and business performance. In addition, executive directors of the Company are actively involved in the management of the Group's subsidiary and associated companies through regular participation at the board and operational levels of such subsidiary and associated companies. With the exception that non executive directors have no set term of office but retire from office on a rotational basis, the Company has complied with Appendix 14 of the Listing Rules throughout the year ended 31 December 2003.

Audit Committee

The Audit Committee of the Company currently has a membership comprising three non executive directors of the Company, the majority of which is independent non executive directors. The terms of reference of the Audit Committee, which is based on "A Guide for the Formation of an Audit Committee" as issued by the Hong Kong Society of Accountants in 1997, sets out the powers and duties of the committee and is reviewed by the board of directors of the Company from time to time. The Audit Committee meets regularly with management and the external auditors of the Company and reviews matters relating to audit, accounting and financial statements as well as internal control, risk evaluation and general compliance of the Group, and reports directly to the board of directors of the Company.

Major Customers and Suppliers

During the year, the respective percentage of purchases attributable to the Group's five largest suppliers combined and the turnover attributable to the Group's five largest customers combined was less than 30% of the total value of Group purchases and total Group turnover.

Auditors

The accounts have been audited by PricewaterhouseCoopers, who retire and, being eligible, offer themselves for reappointment.

By order of the board

Edith SHIH

Company Secretary

Hong Kong, 18 March 2004

Auditors' Report

To the Shareholders of Hutchison Whampoa Limited

(incorporated in Hong Kong with limited liability)

We have audited the accounts on pages 74 to 124 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective Responsibilities of Directors and Auditors

The Hong Kong Companies Ordinance requires the directors to prepare accounts which give a true and fair view. In preparing accounts 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 accounts and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group at 31 December 2003 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 18 March 2004

Consolidated Profit and Loss Account

for the year ended 31 December 2003

2003 US$ millions		Note	2003 HK$ millions	As restated 2002 HK$ millions
	Turnover			
13,451	Company and subsidiary companies	2	**104,921**	75,235
5,217	Share of associated companies and jointly controlled entities		**40,688**	35,894
18,668		3	**145,609**	111,129
	Company and subsidiary companies			
13,451	Turnover		**104,921**	75,235
5,807	Cost of inventories sold		**45,295**	27,521
2,161	Staff costs		**16,856**	11,761
1,618	Depreciation and amortisation		**12,619**	5,636
3,926	Other operating expenses		**30,626**	16,126
1,140	Profit on disposal of investments and provisions	3	**8,893**	3,395
1,079		3	**8,418**	17,586
1,143	Share of profits less losses of associated companies		**8,914**	6,337
357	Share of profits less losses of jointly controlled entities		**2,786**	1,872
2,579	**Earnings before interest expense and taxation**	3 & 31	**20,118**	25,795
1,227	Interest and other finance costs, including share of associated companies and jointly controlled entities	4	**9,568**	7,093
1,352	**Profit before taxation**		**10,550**	18,702
353	Current taxation charge	6	**2,758**	2,015
(673)	Deferred taxation charge (credit)	6	**(5,250)**	318
1,672	**Profit after taxation**		**13,042**	16,369
(171)	Minority interests		**(1,336)**	2,007
1,843	**Profit attributable to shareholders**		**14,378**	14,362
946	**Dividends**	7	**7,375**	7,375
US 43 cents	**Earnings per share**	8	**HK$ 3.37**	HK$ 3.37

Consolidated Balance Sheet

at 31 December 2003

2003 US$ millions		Note	2003 HK$ millions	As restated 2002 HK$ millions
	ASSETS			
	Non-current assets			
23,218	Fixed assets	9	**181,099**	148,713
13,558	Other non-current assets	10	**105,753**	95,069
1,100	Goodwill	11	**8,583**	7,838
1,197	Deferred tax assets	19	**9,338**	2,032
6,556	Associated companies	12	**51,132**	45,277
5,007	Interests in joint ventures	13	**39,051**	35,016
8,196	Liquid funds and other listed investments	14	**63,929**	75,597
58,832	**Total non-current assets**		**458,885**	409,542
14,350	Cash and cash equivalents	15	**111,933**	42,852
6,777	Other current assets	15	**52,859**	45,755
11,569	Current liabilities	16	**90,240**	83,429
9,558	**Net current assets**		**74,552**	5,178
68,390	**Total assets less current liabilities**		**533,437**	414,720
	Non-current liabilities			
29,511	Long term liabilities	17	**230,182**	141,569
1,158	Deferred tax liabilities	19	**9,032**	8,680
123	Pension obligations	20	**960**	730
30,792	**Total non-current liabilities**		**240,174**	150,979
5,865	**Minority interests**	21	**45,748**	41,596
31,733	**Net assets**		**247,515**	222,145
	CAPITAL AND RESERVES			
137	Share capital	22	**1,066**	1,066
31,596	Reserves		**246,449**	221,079
31,733	**Shareholders' funds**		**247,515**	222,145

FOK Kin-ning, Canning
Director

Frank John SIXT
Director

Consolidated Cash Flow Statement

for the year ended 31 December 2003

2003 US$ millions		Note	2003 HK$ millions	2002 HK$ millions
	Operating activities			
	Earnings before interest, taxation, depreciation			
4,343	and amortisation ("EBITDA")	23 (a)	**33,873**	33,273
	Share of EBITDA of associated companies and			
(2,155)	jointly controlled entities		**(16,806)**	(12,306)
	Dividends received from associated companies and			
728	jointly controlled entities		**5,679**	3,317
401	Distribution from property jointly controlled entities		**3,127**	3,653
221	Decrease in properties under development		**1,727**	–
	Profit on disposal of subsidiary and associated			
(227)	companies and jointly controlled entities		**(1,768)**	(742)
(989)	Interest and other finance costs		**(7,715)**	(5,262)
(13)	Profits tax paid, Hong Kong		**(98)**	(567)
(103)	Profits tax paid, outside Hong Kong		**(803)**	(660)
–	Loss on disposal of unlisted investments		**–**	25
1	Loss on disposal of fixed assets		**5**	105
2,207	**Funds from operations**		**17,221**	20,836
(139)	Changes in working capital	23 (b)	**(1,087)**	3,967
2,068	**Cash flows from operating activities**		**16,134**	24,803
	Investing activities			
(1,686)	Purchase of fixed assets for established businesses		**(13,153)**	(9,356)
(3,148)	Purchase of fixed assets for 3G businesses		**(24,557)**	(29,842)
(16)	Purchase of 3G licences		**(126)**	(180)
	Additions to telecommunications customer			
(474)	acquisition costs		**(3,699)**	–
(34)	Purchase of subsidiary companies	23 (c)	**(265)**	(8,888)
(258)	Purchase of and advances to associated companies		**(2,012)**	(6,436)
(435)	Purchase of and advances to jointly controlled entities		**(3,395)**	(3,572)
(174)	Additions to unlisted investments		**(1,353)**	(538)
	Repayment from associated companies and non-property			
298	jointly controlled entities and other joint ventures		**2,325**	1,567
69	Proceeds on disposal of fixed assets		**539**	176
607	Proceeds on disposal of subsidiary companies	23 (d)	**4,734**	1,014
12	Proceeds on disposal of associated companies		**93**	167
–	Proceeds on disposal of jointly controlled entities		**–**	36
8	Proceeds on disposal of other joint ventures		**61**	–
12	Proceeds on disposal of other unlisted investments		**99**	1,258
(5,219)	**Subtotal**		**(40,709)**	(54,594)

2003 US$ millions		Note	2003 HK$ millions	2002 HK$ millions
	Liquid funds and other listed investments			
6,206	Disposal of liquid funds and other listed investments		**48,403**	27,662
(3,464)	Additions to liquid funds and other listed investments		**(27,016)**	(22,495)
2,742	Net transfer from liquid funds and other listed investments		**21,387**	5,167
(2,477)	**Cash flows from investing activities**		**(19,322)**	(49,427)
	Financing activities			
10,605	Net cash flows from financing activities	23 (e)	**82,720**	29,016
(394)	Dividends paid to minority shareholders		**(3,076)**	(1,539)
(946)	Dividends paid to shareholders		**(7,375)**	(7,375)
9,265	**Cash flows from financing activities**		**72,269**	20,102
8,856	Increase (decrease) in cash and cash equivalents		**69,081**	(4,522)
5,494	Cash and cash equivalents at 1 January		**42,852**	47,374
14,350	**Cash and cash equivalents at 31 December**		**111,933**	42,852
	Analysis of cash, liquid funds and other listed investments			
14,350	Cash and cash equivalents, as above		**111,933**	42,852
5,873	Managed funds, outside Hong Kong		**45,812**	34,128
2,607	Held-to-maturity listed debt securities and long term deposits		**20,336**	17,553
566	Listed equity securities, Hong Kong		**4,410**	3,427
391	Listed equity securities, outside Hong Kong		**3,051**	32,307
9,437	Liquid funds and other listed investments	14	**73,609**	87,415
23,787	Total cash, liquid funds and other listed investments		**185,542**	130,267
35,018	Bank and other interest bearing borrowings		**273,144**	180,496
11,231	**Net debts**		**87,602**	50,229

Consolidated Statement of Changes in Equity

for the year ended 31 December 2003

	Share capital HK$ millions	Share premium HK$ millions	Revaluation reserves HK$ millions	Exchange reserve HK$ millions	Retained profit HK$ millions	Total HK$ millions
At 1 January 2003, as previously reported	**1,066**	**28,359**	**5,074**	**982**	**190,695**	**226,176**
Prior year adjustment (note 1A)	–	–	(484)	15	(3,562)	(4,031)
At 1 January 2003, as restated	1,066	28,359	4,590	997	187,133	222,145
Company and subsidiary companies' profit for the year	–	–	–	–	12,202	12,202
Share of reserves of associated companies	–	–	6	638	2,150	2,794
Share of reserves of jointly controlled entities	–	–	(44)	59	26	41
Net goodwill released upon disposal of subsidiary and associated companies and jointly controlled entities	–	–	–	–	1,319	1,319
Revaluation surplus on investments	–	–	3,060	–	–	3,060
Valuation released upon disposal of Vodafone and Deutsche Telekom shares	–	–	3,105	–	–	3,105
Valuation released upon disposal of other investments	–	–	101	–	–	101
Revaluation deficit on investment properties	–	–	(1,705)	–	–	(1,705)
Deferred tax effect on revaluation	–	–	(30)	–	–	(30)
Exchange translation differences	–	–	–	11,858	–	11,858
2002 final dividend paid	–	–	–	–	(5,201)	(5,201)
2003 interim dividend paid	–	–	–	–	(2,174)	(2,174)
At 31 December 2003	**1,066**	**28,359**	**9,083**	**13,552**	**195,455**	**247,515**

	Share capital HK$ millions	Share premium HK$ millions	Revaluation reserves HK$ millions	Exchange reserve HK$ millions	Retained profit HK$ millions	Total HK$ millions
At 1 January 2002, as previously reported	1,066	28,359	11,847	(6,889)	183,694	218,077
Prior year adjustment (note 1A)	–	–	(311)	24	(3,636)	(3,923)
At 1 January 2002, as restated	1,066	28,359	11,536	(6,865)	180,058	214,154
Company and subsidiary companies' profit for the year	–	–	–	–	12,614	12,614
Share of reserves of associated companies	–	–	(315)	271	1,967	1,923
Share of reserves of jointly controlled entities	–	–	278	(1)	(219)	58
Net goodwill realised upon disposal of subsidiary and associated companies and jointly controlled entities	–	–	–	–	88	88
Revaluation deficit on Vodafone and Deutsche Telekom shares	–	–	(3,105)	–	–	(3,105)
Revaluation deficit on other investments	–	–	(1,767)	–	–	(1,767)
Valuation released upon disposal of other investments	–	–	(8)	–	–	(8)
Revaluation deficit on investment properties	–	–	(2,014)	–	–	(2,014)
Deferred tax effect on revaluation	–	–	(15)	–	–	(15)
Exchange translation differences	–	–	–	7,592	–	7,592
2001 final dividend paid	–	–	–	–	(5,201)	(5,201)
2002 interim dividend paid	–	–	–	–	(2,174)	(2,174)
At 31 December 2002	1,066	28,359	4,590	997	187,133	222,145

As at 31 December 2003, included in revaluation reserves are investment properties revaluation surplus of HK$10,006 million (31 December 2002 and 1 January 2002 – HK$11,788 million and HK$13,846 million respectively, as restated) and investment revaluation deficit of HK$923 million (31 December 2002 and 1 January 2002 – deficit of HK$7,198 million and HK$2,310 million respectively, as restated). Included in share premium is a capital redemption reserve of HK$404 million in all reporting years.

The retained profits of the Group include HK$13,098 million (2002 – HK$11,522 million as restated) retained by associated companies and accumulated losses of HK$1,751 million (2002 – HK$2,401 million as restated) retained by jointly controlled entities.

Reserves of the Company available for distribution to shareholders amount to HK$28,121 million (2002 – HK$27,689 million).

1 Principal Accounting Policies

A Basis of preparation

The accounts have been prepared in accordance with generally accepted accounting principles in Hong Kong and comply with the Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants ("SSAP"). The accounts are prepared under the historical cost convention except that, as set out in Notes 1F and 1H below, listed equity securities and investment properties are stated at fair value and open market value respectively. In the current year, the Group has adopted the new or revised SSAPs effective for accounting periods commencing on or after 1 January 2003. Except for the adoption of the revised SSAP 12 "Income taxes" to account for deferred taxation as set out in Note 1P below, the adoption of these new or revised SSAPs had on material effects on the Group's results.

Certain comparative figures have been reclassified to conform with the current year's presentation.

The principal accounting policies adopted in the preparation of these accounts are set out below.

B Basis of consolidation

The consolidated accounts of the Group include the accounts for the year ended 31 December 2003 of the Company and of all its direct and indirect subsidiary companies and also incorporate the Group's interest in associated companies and jointly controlled entities on the basis set out in Notes 1D and 1E below. Results of subsidiary and associated companies and jointly controlled entities acquired or disposed of during the year are included as from their effective dates of acquisition to 31 December 2003 or up to the dates of disposal as the case may be.

C Subsidiary companies

A company is a subsidiary company if more than 50% of the equity voting rights or issued share capital is held long term. In the consolidated accounts, subsidiary companies are accounted for as described in Note 1B above. In the unconsolidated accounts of the holding company, investments in subsidiary companies are carried at cost less provision for impairment in value.

D Associated companies

A company or a joint venture is classified as an associated company if not less than 20% nor more than 50% of the equity voting rights are held as a long term investment, a significant influence is exercised over its management and there is no contractual agreement between the shareholders to establish joint control over the economic activities of the entity. Results of the associated companies are incorporated in the accounts to the extent of the Group's share of the post acquisition results. Investments in associated companies represent the Group's share of their net assets, after attributing fair values to their net tangible and intangible assets at the date of acquisition, less provision for impairment in value.

E Joint ventures

A joint venture is classified as a jointly controlled entity if it is held as a long term investment and a contractual arrangement between the shareholders establishes joint control over the economic activities of the joint venture. Results of the jointly controlled entities are incorporated in the accounts to the extent of the Group's share of the post acquisition results. Investments in jointly controlled entities represent the Group's share of their net assets, after attributing fair values to their net tangible and intangible assets at the date of acquisition, less provision for impairment in value.

1 Principal Accounting Policies (continued)

E Joint ventures (continued)

A joint venture is classified as other joint venture if it is held as a long term investment and is not an associated company nor a jointly controlled entity. Other joint ventures, which give fixed rate returns, are carried at cost less repayment of capital and provision for impairment in value. Cost includes capital contributions and loans to the joint ventures, capitalised interest on related loans incurred up to the date of operations, and, in circumstances where the Group acquired the joint ventures, the purchase consideration which is attributable to their net tangible and intangible assets based upon their estimated fair value at the date of acquisition. Income is recognised on the accrual basis throughout the joint venture period.

F Liquid funds and other listed investments

Liquid funds and other listed investments are investments in cash and cash equivalents, listed held-to-maturity debt securities and listed equity securities. Listed held-to-maturity debt securities are carried at cost less provision for impairment in value. Listed equity securities ("equity securities") represent listed investments in companies which are not subsidiary companies nor associated companies nor joint ventures and are carried at fair value. Changes in the fair value of equity securities are dealt with as movements in the investment revaluation reserve. In circumstances where the fair value of equity securities has declined below their cost and the decline is determined not to be temporary, a provision for impairment in value is charged to the profit and loss account. Upon disposal of equity securities, the relevant revaluation surplus or deficit is dealt with in the profit and loss account. Interest income from these investments are recognised on the accrual basis. Dividends from these investments are recognised when the right to receive payment is established.

G Fixed assets

Fixed assets are stated at cost or valuation less depreciation. Leasehold land is amortised over the remaining period of the lease. Buildings are depreciated on the basis of an expected life of fifty years, or the remainder thereof, or over the remaining period of the lease, whichever is less. The period of the lease includes the period for which a right of renewal is attached.

Depreciation of other fixed assets is provided at rates calculated to write off their costs over their estimated useful lives on a straight line basis at the following annual rates:

Motor vehicles	20 – 25%
Plant, machinery and equipment	3⅓ – 33⅓%
Container terminal equipment	5 – 20%
Telecommunication equipment	5 – 10%
Leasehold improvements	Over the unexpired period of the lease or 15%, whichever is the greater

The gain or loss on disposal of a fixed asset other than investment properties is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

1 Principal Accounting Policies (continued)

H Investment properties

Investment properties are interests in land and buildings in respect of which construction work has been completed and which are held for their investment potential. Such properties are included in fixed assets at their open market value based on existing use as determined by an annual professional valuation. Changes in the value of investment properties are dealt with as movements in the investment properties revaluation reserve. If the total of this reserve is insufficient to cover a deficit on a portfolio basis, the excess of the deficit is charged to the profit and loss account. Upon disposal of an investment property, the relevant revaluation reserve is recognised in the profit and loss account. Investment properties are not depreciated except where the unexpired term of the lease is twenty years or less.

I Leased assets

Assets acquired pursuant to finance leases and hire purchase contracts that transfer to the Group substantially all the rewards and risks of ownership are accounted for as if purchased.

Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Leases payments are treated as consisting of capital and interest elements. The capital element of the leasing commitment is included as a liability and the interest element is charged to the profit and loss account. All other leases are accounted for as operating leases and the rental payments are charged to the profit and loss account on accrual basis.

J Other non-current assets

3G telecommunications spectrum licences acquired are stated at cost for the period from acquisition to the dates of first commercial usage of the related spectrum. Thereafter licences are stated net of accumulated amortisation which is expensed systematically over the remaining licence periods.

Telecommunications customer acquisition costs are capitalised and amortised over a period of 36 months. In the event that a customer churns off the network within the 36 month period, any unamortised customer acquisition costs are written off in the period in which the customer churns.

Other unlisted investments are investments in unlisted held-to-maturity debt securities and unlisted equity securities and advances. Unlisted equity securities represent unlisted investments in companies which are not subsidiary companies nor associated companies nor joint ventures. Other unlisted investments are carried at cost less provision for impairment in value.

K Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary company, associated company or jointly controlled entity at the date of its acquisition.

Goodwill on acquisitions occurring on or after 1 January 2001 is reported in the balance sheet as a separate asset or, as applicable, included within investments in associated companies and joint ventures, and is amortised using the straight line method over its estimated useful life. Goodwill on acquisitions which occurred before 1 January 2001 was taken directly to reserves.

1 Principal Accounting Policies (continued)

L Asset impairment

Intangible and tangible assets, except investment properties, are tested for impairment when an event that might affect asset values has occurred. A provision for impairment in value is recognised to the extent that the carrying amount cannot be recovered either by selling the asset or by discounting future earnings from operating the asset. Such provision is recognised in the profit and loss account except where the asset is carried at valuation and the provision does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

M Borrowing costs

Borrowing costs are accounted for on the accrual basis and charged to the profit and loss account in the year incurred, except for costs related to funding of fixed assets, properties under development, 3G licences and infrastructure joint ventures which are capitalised as part of the cost of that asset up to the date of commencement of its operations.

Fees paid for the arrangement of syndicated loan facilities and debt securities are deferred and amortised on a straight line basis over the period of the loans.

N Properties under development

Land for properties under development is stated at cost and development expenditure is stated at the aggregate amount of costs incurred up to the date of completion, including capitalised interest on related loans. The profit and turnover on sales of property are recorded either on the date of sale or on the date of issue of the occupation permit, whichever is the later.

O Stocks

Stocks consist mainly of retail goods and the carrying value is determined as the estimated selling price less the normal gross profit margin. Other stocks are stated at the lower of cost and net realisable value.

P Deferred taxation

In previous years, deferred taxation was accounted for in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. Pursuant to the revised SSAP 12, deferred taxation is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the accounts. Deferred tax liabilities are provided in full on all taxable temporary differences while deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

The adoption of the revised SSAP 12 represents a change in accounting policy, which has been applied retrospectively and the comparative figures have been restated accordingly. This change in accounting policy has resulted in an increase of HK$4,487 million and HK$74 million in the profit attributable to shareholders for the years ended 31 December 2003 and 2002 respectively. The opening reserves at 1 January 2003 and 2002 have been reduced by HK$4,031 million and HK$3,923 million respectively. The effect of this change in accounting policy on the various other balance sheet items as at 31 December 2002 is set out in note 6.

1 Principal Accounting Policies (continued)

Q Pension plans

Pension plans are classified into defined benefit and defined contribution plans.

Pension accounting costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the profit and loss account so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans each year. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the balance sheet date based on high quality corporate bonds with currency and term similar to the estimated term of benefit obligations. Cumulative unrecognised net actuarial gains and losses at the previous financial year end to the extent of the amount in excess of 10% of the greater of the present value of plan obligations and the fair value of plan assets at that date are recognised over the average remaining service lives of employees.

The Group's contributions to the defined contribution plans are charged to the profit and loss account in the year incurred.

Pension costs are charged against the profit and loss account within staff costs.

The pension plans are generally funded by the relevant Group companies taking into account the recommendations of independent qualified actuaries and by payments from employees for contributory plans.

R Foreign exchange

Transactions in foreign currencies are converted at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated at the rates of exchange ruling at the balance sheet date. Exchange differences are included in the determination of operating profit.

The accounts of subsidiary and associated companies and jointly controlled entities outside Hong Kong are translated into Hong Kong dollars using the year end rates of exchange for the balance sheet items and the average rates of exchange for the year for the profit and loss account items. Exchange differences are dealt with as a movement in reserves.

S Dividends

Dividend is recorded as a liability on the date of declaration.

2 Turnover

Turnover comprises the gross value of goods and services invoiced to customers, income from investments and other joint ventures, proceeds from the sales of development properties, rental income from investment properties, interest income and finance charges earned. An analysis of turnover of the Company and subsidiary companies is as follows:

	2003	2002
	HK$ millions	HK$ millions
Sales of goods	**62,510**	38,071
Rendering of services	**37,473**	31,333
Interest	**4,632**	4,331
Dividends	**306**	1,500
	104,921	75,235

3 Segment information

Segment information is presented in respect of the Group's primary business segment and secondary geographical segment.

Turnover from external customers is after elimination of inter-segment turnover. The amount eliminated attributable to Telecommunications – 2G and others is HK$93 million (2002 – HK$48 million), Property and hotels is HK$343 million (2002 – HK$467 million) and Retail and manufacturing is HK$76 million (2002 – HK$79 million) and Finance and investments is nil (2002 – HK$240 million).

The column headed as Company and Subsidiaries refers to the Company and subsidiary companies' respective items. The column headed as Associates and JCE refers to the Group's share of associated companies and jointly controlled entities' respective items.

Business segment

	Turnover from external customers					
	Company and Subsidiaries	**Associates and JCE**	**2003 Total**	Company and Subsidiaries	Associates and JCE	2002 Total
	HK$ millions	**HK$ millions**	**HK$ millions**	HK$ millions	HK$ millions	HK$ millions
ESTABLISHED BUSINESSES						
Ports and related services	**20,282**	**2,847**	**23,129**	18,156	2,416	20,572
Telecommunications – 2G and others (note a)	**11,612**	**3,859**	**15,471**	10,021	3,346	13,367
Property and hotels	**5,637**	**5,587**	**11,224**	3,802	7,907	11,709
Retail and manufacturing	**58,878**	**4,208**	**63,086**	36,600	2,871	39,471
Cheung Kong Infrastructure	**2,647**	**8,920**	**11,567**	2,707	7,919	10,626
Husky Energy	**–**	**14,886**	**14,886**	–	11,198	11,198
Finance and investments	**3,842**	**381**	**4,223**	3,949	237	4,186
Subtotal – established businesses	**102,898**	**40,688**	**143,586**	75,235	35,894	111,129
TELECOMMUNICATIONS – 3G (note c)	**2,023**	**–**	**2,023**	–	–	–
	104,921	**40,688**	**145,609**	75,235	35,894	111,129

3 Segment information (continued)

Business segment (continued)

	Earnings before interest expense and taxation					
	Company and Subsidiaries	**Associates and JCE**	**2003 Total**	Company and Subsidiaries	Associates and JCE	2002 Total
	HK$ millions	**HK$ millions**	**HK$ millions**	HK$ millions	HK$ millions	HK$ millions
ESTABLISHED BUSINESSES						
Ports and related services	**6,585**	**1,012**	**7,597**	5,839	787	6,626
Telecommunications – 2G and others (notes a & b)	**590**	**605**	**1,195**	714	255	969
Property and hotels	**1,973**	**1,148**	**3,121**	2,017	553	2,570
Retail and manufacturing	**1,668**	**637**	**2,305**	758	273	1,031
Cheung Kong Infrastructure	**1,031**	**4,574**	**5,605**	813	4,177	4,990
Husky Energy	**–**	**3,462**	**3,462**	–	2,084	2,084
Finance and investments	**5,988**	**262**	**6,250**	6,120	80	6,200
Subtotal – established businesses	**17,835**	**11,700**	**29,535**	16,261	8,209	24,470
TELECOMMUNICATIONS – 3G (note c)						
EBIT before amortisation and depreciation	**(11,939)**	**–**	**(11,939)**	(1,839)	–	(1,839)
Amortisation and depreciation	**(6,371)**	**–**	**(6,371)**	(231)	–	(231)
Subtotal – telecommunications – 3G	**(18,310)**	**–**	**(18,310)**	(2,070)	–	(2,070)
PROFIT ON DISPOSAL OF INVESTMENTS AND PROVISIONS (note d)	**8,893**	**–**	**8,893**	3,395	–	3,395
	8,418	**11,700**	**20,118**	17,586	8,209	25,795

Notes

(a) Telecommunications – 2G and others includes the fixed line business of Hutchison Global Communications in Hong Kong and the 2G operations in Hong Kong, India, Israel, Australia, Thailand and other countries.

(b) Earnings before interest expense and taxation ("EBIT") for Telecommunications – 2G and others includes a full write-off of the investment in Asia Global Crossing, a company being restructured under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for Southern District of New York, of HK$390 million offset by release of a provision made in previous years of the same amount.

(c) Telecommunications – 3G includes 3G operations in the UK, Italy, Australia, Hong Kong, Sweden, Austria, Denmark and Ireland.

(d) Profit on disposal of investments and provisions in 2003 represents a profit of HK$1,683 million on the disposal of the European water businesses and a profit of HK$2,627 million from the disposal of equity investments in Vodafone and Deutsche Telekom, release of provisions of HK$7,810 million, less a full write-off of the HK$3,111 million investment in Global Crossing and other net non-recurring charge of HK$116 million. The comparative amounts in 2002 represents profit on sale of equity interests ranging from 1% to 3% in certain ports of HK$1,129 million, write-back of a provision previously made for Hutchison Harbour Ring Limited of HK$395 million and release of provisions amounting to HK$1,871 million.

3 Segment information (continued)

Business segment (continued)

	Depreciation and amortisation					
	Company and Subsidiaries	**Associates and JCE**	**2003 Total**	Company and Subsidiaries	Associates and JCE	2002 Total
	HK$ millions	**HK$ millions**	**HK$ millions**	HK$ millions	HK$ millions	HK$ millions
ESTABLISHED BUSINESSES						
Ports and related services	**2,326**	**357**	**2,683**	2,358	311	2,669
Telecommunications – 2G and others	**1,712**	**461**	**2,173**	1,498	399	1,897
Property and hotels	**196**	**91**	**287**	195	54	249
Retail and manufacturing	**1,703**	**179**	**1,882**	1,031	124	1,155
Cheung Kong Infrastructure	**236**	**1,675**	**1,911**	257	1,317	1,574
Husky Energy	**–**	**2,342**	**2,342**	–	1,891	1,891
Finance and investments	**75**	**1**	**76**	66	1	67
Subtotal – established businesses	**6,248**	**5,106**	**11,354**	5,405	4,097	9,502
TELECOMMUNICATIONS – 3G	**6,371**	**–**	**6,371**	231	–	231
	12,619	**5,106**	**17,725**	5,636	4,097	9,733

	Capital expenditures Company and subsidiaries	
	2003	2002
	HK$ millions	HK$ millions
ESTABLISHED BUSINESSES		
Ports and related services	**6,559**	4,005
Telecommunications – 2G and others	**2,841**	2,799
Property and hotels	**2,175**	1,190
Retail and manufacturing	**1,454**	1,237
Cheung Kong Infrastructure	**83**	111
Husky Energy	**–**	–
Finance and investments	**41**	14
Subtotal – established businesses	**13,153**	9,356
TELECOMMUNICATIONS – 3G	**24,557**	29,842
	37,710	39,198

3 Segment information (continued)

Business segment (continued)

	Total assets							
	Company and Subsidiaries				Company and Subsidiaries			
	Segment assets	Deferred tax assets	Investments in associated companies and interests in joint ventures	2003 Total assets	Segment assets	Deferred tax assets	Investments in associated companies and interests in joint ventures	2002 Total assets
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
ESTABLISHED BUSINESSES								
Ports and related services	**61,794**	**59**	**6,508**	**68,361**	53,905	143	5,951	59,999
Telecommunications – 2G and others	**20,791**	**653**	**4,831**	**26,275**	52,414	276	1,593	54,283
Property and hotels	**36,529**	**1**	**19,399**	**55,929**	37,848	–	19,599	57,447
Retail and manufacturing	**28,347**	**416**	**1,848**	**30,611**	26,556	333	1,064	27,953
Cheung Kong Infrastructure	**15,014**	**1**	**41,616**	**56,631**	14,880	3	38,995	53,878
Husky Energy	**–**	**–**	**15,000**	**15,000**	–	–	12,090	12,090
Finance and investments	**181,324**	**2**	**981**	**182,307**	94,250	4	1,001	95,255
Subtotal – established businesses	**343,799**	**1,132**	**90,183**	**435,114**	279,853	759	80,293	360,905
TELECOMMUNICATIONS – 3G (1)	**180,357**	**8,206**	**–**	**188,563**	135,971	1,273	–	137,244
	524,156	**9,338**	**90,183**	**623,677**	415,824	2,032	80,293	498,149

(1) Included in this amount is an unrealised foreign currency exchange gain arising in 2003 of HK$17,034 million (2002 – HK$10,829 million) from the translation of overseas subsidiaries accounts to Hong Kong dollars with an offsetting amount recorded in exchange reserve.

Segment assets comprise fixed assets, other non-current assets, goodwill, liquid funds and other listed investments, cash and cash equivalents and other current assets.

	Total liabilities					
	Segment liabilities	Current & Deferred tax liabilities	2003 Total liabilities	Segment liabilities	Current & Deferred tax liabilities	2002 Total liabilities
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
ESTABLISHED BUSINESSES						
Ports and related services	**28,580**	**6,549**	**35,129**	24,067	6,022	30,089
Telecommunications – 2G and others	**17,697**	**53**	**17,750**	64,560	14	64,574
Property and hotels	**3,293**	**422**	**3,715**	2,123	292	2,415
Retail and manufacturing	**25,900**	**610**	**26,510**	22,485	300	22,785
Cheung Kong Infrastructure	**13,131**	**2,229**	**15,360**	14,515	2,278	16,793
Husky Energy	**–**	**754**	**754**	–	356	356
Finance and investments	**159,694**	**31**	**159,725**	59,499	9	59,508
Subtotal – established businesses	**248,295**	**10,648**	**258,943**	187,249	9,271	196,520
TELECOMMUNICATIONS – 3G	**71,462**	**9**	**71,471**	37,888	–	37,888
	319,757	**10,657**	**330,414**	225,137	9,271	234,408

Segment liabilities comprise bank and other loans, notes and bonds, trade payables, other payables, accruals and pension obligations.

3 Segment information (continued)

Geographical segment

	Turnover from external customers					
	Company and Subsidiaries	**Associates and JCE**	**2003 Total**	Company and Subsidiaries	Associates and JCE	2002 Total
	HK$ millions	**HK$ millions**	**HK$ millions**	HK$ millions	HK$ millions	HK$ millions
Hong Kong	**35,628**	**9,599**	**45,227**	33,618	14,419	48,037
Mainland China	**8,407**	**7,876**	**16,283**	7,098	5,518	12,616
Asia and Australia	**15,944**	**6,014**	**21,958**	12,228	4,290	16,518
Europe	**38,146**	**2,164**	**40,310**	15,253	354	15,607
Americas and others	**6,796**	**15,035**	**21,831**	7,038	11,313	18,351
	104,921	**40,688**	**145,609**	75,235	35,894	111,129

	Earnings before interest expense and taxation					
	Company and Subsidiaries	**Associates and JCE**	**2003 Total**	Company and Subsidiaries	Associates and JCE	2002 Total
	HK$ millions	**HK$ millions**	**HK$ millions**	HK$ millions	HK$ millions	HK$ millions
Hong Kong	**6,043**	**3,744**	**9,787**	4,992	3,939	8,931
Mainland China	**2,230**	**2,685**	**4,915**	1,947	1,431	3,378
Asia and Australia	**337**	**1,485**	**1,822**	291	759	1,050
Europe	**(12,525)**	**268**	**(12,257)**	1,070	(15)	1,055
Americas and others	**3,440**	**3,518**	**6,958**	5,891	2,095	7,986
	(475)	**11,700**	**11,225**	14,191	8,209	22,400
Profit on disposal of investments and provisions (note d above)	**8,893**	**–**	**8,893**	3,395	–	3,395
	8,418	**11,700**	**20,118**	17,586	8,209	25,795

	Capital expenditures Company and subsidiaries	
	2003	2002
	HK$ millions	HK$ millions
Hong Kong	**5,493**	4,336
Mainland China	**3,724**	1,028
Asia and Australia	**4,260**	5,490
Europe	**23,085**	27,970
Americas and others	**1,148**	374
	37,710	39,198

3 Segment information (continued)

Geographical segment (continued)

	Total assets							
	Company and Subsidiaries		Investments in associated companies		Company and Subsidiaries		Investments in associated companies	
	Segment assets	Deferred tax assets	and interests in joint ventures	2003 Total assets	Segment assets	Deferred tax assets	and interests in joint ventures	2002 Total assets
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
Hong Kong	**91,442**	**280**	**29,082**	**120,804**	88,278	381	29,985	118,644
Mainland China	**16,282**	**32**	**27,450**	**43,764**	13,273	18	23,185	36,476
Asia and Australia	**34,318**	**456**	**15,989**	**50,763**	27,781	8	13,209	40,998
Europe	**227,060**	**8,534**	**964**	**236,558**	192,914	1,590	754	195,258
Americas and others	**155,054**	**36**	**16,698**	**171,788**	93,578	35	13,160	106,773
	524,156	**9,338**	**90,183**	**623,677**	415,824	2,032	80,293	498,149

4 Interest and other finance costs

	2003 HK$ millions	2002 HK$ millions
Company and subsidiary companies		
Bank loans and overdrafts	**4,320**	2,776
Other loans repayable within 5 years	**841**	251
Other loans not wholly repayable within 5 years	**267**	2
Notes and bonds repayable within 5 years	**1,942**	1,728
Notes and bonds not wholly repayable within 5 years	**2,695**	1,703
	10,065	6,460
Less: interest capitalised	**(2,350)**	(1,198)
	7,715	5,262
Share of associated companies	**1,407**	1,233
Share of jointly controlled entities	**446**	598
	9,568	7,093

5 Directors' emoluments

Directors' emoluments comprise payments to Directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The emoluments of the directors of the Company, excluding amounts received from the Company's listed subsidiaries and paid to the Company, are as follows:

	2003	2002
	HK$ millions	HK$ millions
Fees	**1**	1
Basic salaries, allowances and benefits-in-kind	**39**	39
Provident fund contributions	**5**	5
Bonuses	**215**	214
	260	259

The total emoluments of the five independent non-executive directors of the Company was HK$0.35 million (2002 – six directors, HK$0.45 million).

No management remuneration was paid to Mr Li Ka-shing during the year other than a director's fee of HK$50,000 which he paid to Cheung Kong (Holdings) Limited.

The Company does not have an option scheme for the purchase of ordinary shares in the Company.

HK$	**2003 Number of directors**	2002 Number of directors
Nil – 1,000,000	**8**	8
7,500,001 – 8,000,000	**1**	1
11,000,001 – 11,500,000	**1**	1
11,500,001 – 12,000,000	**–**	1
13,000,001 – 13,500,000	**1**	–
32,500,001 – 33,000,000	**1**	1
34,000,001 – 34,500,000	**1**	1
35,000,001 – 35,500,000	**1**	1
125,000,001 – 125,500,000	**1**	1

The five individuals whose emoluments were the highest for the year were four (2002 – four) directors of the Company and one (2002 – one) director of a subsidiary of the Company. The remuneration of the director of the subsidiary company consisted of basic salary, allowances and benefits-in-kind – HK$7.0 million (2002 – HK$6.6 million); provident fund contribution – HK$1.1 million (2002 – HK$1.0 million); and bonus – HK$19.0 million (2002 – HK$25.0 million).

Further details on directors' emoluments can be found in the Report of the Directors on pages 63 to 64.

6 Taxation

	Current taxation HK$ millions	Deferred taxation HK$ millions	2003 Total HK$ millions	Current taxation HK$ millions	Deferred taxation HK$ millions	2002 Total HK$ millions
Hong Kong						
Subsidiary companies	**602**	**146**	**748**	492	21	513
Associated companies	**430**	**241**	**671**	393	80	473
Jointly controlled entities	**66**	**26**	**92**	113	12	125
Outside Hong Kong						
Subsidiary companies	**997**	**(6,085)**	**(5,088)**	752	(461)	291
Associated companies	**365**	**268**	**633**	168	638	806
Jointly controlled entities	**298**	**154**	**452**	97	28	125
	2,758	**(5,250)**	**(2,492)**	2,015	318	2,333

Hong Kong profits tax has been provided for at the rate of 17.5% (2002 – 16%) on the estimated assessable profits less available tax losses. In 2003, The Government of the Hong Kong Special Administrative Region enacted a change in the profits tax rate from 16% to 17.5% for the fiscal year 2003/2004. Taxation outside Hong Kong has been provided for at the applicable rate on the estimated assessable profits less available tax losses.

The change in accounting policy in accordance with the revised SSAP 12 “Income taxes” to account for deferred taxation has been applied retrospectively and the comparative amounts previously reported have been restated accordingly. The adjustments to the balance sheet at 31 December 2002 are as follows:

	HK$ millions
Fixed assets	4,483
Goodwill	(69)
Deferred tax assets	1,717
Associated companies	(1,454)
Interests in joint ventures	(199)
Deferred tax liabilities	(8,449)
Minority interests	(60)
Decrease in reserves	(4,031)

6 Taxation (continued)

The differences between the Group's expected tax charge (credit), using the weighted average applicable tax rate, and the Group's tax charge (credit) for the years were as follows:

	Established businesses HK$ millions	3G businesses HK$ millions	2003 Total HK$ millions	2002 Total HK$ millions
Expected tax calculated at the weighted average applicable tax rate	**3,836**	**(6,232)**	**(2,396)**	1,527
Tax losses not recognised	**895**	**1,182**	**2,077**	932
Tax incentives of other places	**(429)**	**(1,076)**	**(1,505)**	–
Income not subject to taxation	**(126)**	**(170)**	**(296)**	(264)
Expenses not deductible for taxation purposes	**644**	**–**	**644**	574
Recognition of previously unrecognised tax losses	**(799)**	**–**	**(799)**	(18)
Utilisation of previously unrecognised tax losses	**(285)**	**–**	**(285)**	(132)
Under (over) provision in prior years	**78**	**–**	**78**	(187)
Deferred tax assets written off	**84**	**–**	**84**	4
Others temporary differences	**(210)**	**(231)**	**(441)**	(103)
Effect of change in tax rate	**182**	**165**	**347**	–
Total taxation	**3,870**	**(6,362)**	**(2,492)**	2,333

The weighted average applicable tax rate is the aggregate of the domestic rate in each of the Group companies.

7 Dividends

	2003 HK$ millions	2002 HK$ millions
Interim, paid of HK$0.51 per share (2002 – HK$0.51)	**2,174**	2,174
Final, proposed of HK$1.22 per share (2002 – HK$1.22)	**5,201**	5,201
	7,375	7,375

8 Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders of HK$14,378 million (2002 – HK$14,362 million, as restated) and on 4,263,370,780 shares in issue during 2003 (2002 – 4,263,370,780 shares).

9 Fixed assets

	Investment properties HK$ millions	Other properties HK$ millions	Other assets HK$ millions	2003 Total HK$ millions	2002 Total HK$ millions
Cost or valuation					
At 1 January, as previously reported	28,525	51,116	96,795	176,436	127,327
Prior year adjustment	–	4,955	–	4,955	4,653
At 1 January, as restated	28,525	56,071	96,795	181,391	131,980
Exchange translation differences	–	1,059	8,579	9,638	2,663
Additions	36	6,831	30,843	37,710	39,198
Disposals	(1)	(275)	(2,600)	(2,876)	(2,339)
Relating to subsidiaries acquired	–	1,366	871	2,237	14,691
Relating to subsidiaries disposed of	–	(157)	(952)	(1,109)	(1,405)
Revaluation	(1,796)	–	–	(1,796)	(1,866)
Transfer to current assets	(14)	(1,771)	(22)	(1,807)	(318)
Transfer between categories	719	(708)	(18)	(7)	(1,213)
At 31 December	27,469	62,416	133,496	223,381	181,391
Accumulated depreciation					
At 1 January, as previously reported	–	7,096	25,110	32,206	24,571
Prior year adjustment	–	472	–	472	310
At 1 January, as restated	–	7,568	25,110	32,678	24,881
Exchange translation differences	–	271	1,748	2,019	1,031
Charge for the year	–	1,400	8,054	9,454	5,489
Impairment recognised	–	16	212	228	112
Disposals	–	(123)	(2,186)	(2,309)	(2,053)
Relating to subsidiaries acquired	–	122	450	572	4,819
Relating to subsidiaries disposed of	–	(9)	(376)	(385)	(356)
Transfer from (to) current assets	–	–	32	32	(32)
Transfer between categories	–	168	(175)	(7)	(1,213)
At 31 December	–	9,413	32,869	42,282	32,678
Net book value at 31 December	27,469	53,003	100,627	181,099	148,713
Cost or valuation at 31 December					
At cost	–	62,416	133,496	195,912	152,866
At valuation	27,469	–	–	27,469	28,525
	27,469	62,416	133,496	223,381	181,391

9 Fixed assets (continued)

Net book value of investment properties and other properties comprises:

	2003 HK$ millions	2002 HK$ millions
Hong Kong		
Long leasehold (not less than 50 years)	**15,269**	14,565
Medium leasehold (less than 50 years but not less than 10 years)	**32,104**	33,789
Short leasehold (less than 10 years)	**22**	26
Outside Hong Kong		
Freehold	**8,668**	7,629
Long leasehold	**2,243**	1,781
Medium leasehold	**20,535**	14,139
Short leasehold	**1,631**	616
	80,472	72,545

Investment properties have been revalued as at 31 December 2003 by DTZ Debenham Tie Leung Limited, professional valuers, on an open market value basis based on existing use.

Other properties include projects under development in the amount of HK$2,981 million at 31 December 2003 (2002 – HK$3,503 million).

Cost and net book value of fixed assets include HK$70,729 million (2002 – HK$40,615 million) and HK$66,422 million (2002 – HK$40,223 million) respectively relating to 3G businesses.

At 31 December, the analysis of the Group's aggregate future minimum lease payments receivable under non-cancellable operating leases is as follows:

	2003 HK$ millions	2002 HK$ millions
Within 1 year	**1,308**	1,282
After 1 year, but within 5 years	**2,359**	2,211
After 5 years	**978**	722

10 Other non-current assets

	2003 HK$ millions	2002 HK$ millions
Cost of licences for 3G telecommunications spectrum		
At 1 January	**88,519**	78,152
Exchange translation differences	**11,466**	10,187
Additions	**126**	180
Amortisation for the year	**(2,185)**	–
At 31 December	**97,926**	88,519
Telecommunications customer acquisition costs		
Additions	**3,699**	–
Exchange translation differences	**(64)**	–
Amortisation for the year	**(555)**	–
At 31 December	**3,080**	–
Other unlisted investments		
Held-to-maturity debt securities	**509**	3,842
Equity securities and advances	**4,238**	2,673
	4,747	6,515
Pension assets	**–**	35
	105,753	95,069

11 Goodwill

	2003 HK$ millions	2002 HK$ millions
Cost		
At 1 January, as previously reported	**8,304**	440
Prior year adjustment	**(75)**	(75)
At 1 January, as restated	**8,229**	365
Additional goodwill recognised	**431**	7,534
Exchange translation differences	**1,110**	405
Relating to subsidiaries disposed of	**(307)**	(75)
At 31 December	**9,463**	8,229
Accumulated amortisation		
At 1 January, as previously reported	**397**	35
Prior year adjustment	**(6)**	(3)
At 1 January, as restated	**391**	32
Charge for the year	**425**	147
Exchange translation differences	**87**	12
Relating to subsidiaries acquired	**–**	230
Relating to subsidiaries disposed of	**(23)**	(30)
At 31 December	**880**	391
Net book value at 31 December	**8,583**	7,838

12 Associated companies

	2003 HK$ millions	2002 HK$ millions
Unlisted shares	**1,543**	1,524
Listed shares, Hong Kong	**9,683**	9,512
Listed shares, outside Hong Kong	**10,928**	10,864
Share of undistributed post acquisition reserves	**16,242**	12,239
Investments in associated companies	**38,396**	34,139
Amounts due from associated companies	**13,004**	12,722
Amounts due to associated companies	**(268)**	(1,584)
	51,132	45,277

The market value of the listed investments at 31 December 2003 was HK$53,155 million (2002 – HK$40,315 million).

Particulars regarding the principal associated companies are set forth on pages 118 to 124.

13 Interests in joint ventures

	2003 HK$ millions	2002 HK$ millions
Jointly controlled entities		
Unlisted shares	**18,424**	17,137
Share of undistributed post acquisition reserves	**(5,258)**	(5,963)
Investments in jointly controlled entities	**13,166**	11,174
Amounts due from jointly controlled entities	**22,286**	19,146
Amounts due to jointly controlled entities	**(490)**	(600)
	34,962	29,720
Other joint ventures		
Cost of investments	**3,852**	4,645
Amounts due from other joint ventures	**237**	651
	4,089	5,296
	39,051	35,016

Particulars regarding the principal jointly controlled entities are set forth on pages 118 to 124.

14 Liquid funds and other listed investments

	2003 HK$ millions	2002 HK$ millions
Managed funds, outside Hong Kong		
Listed held-to-maturity debt securities	**42,998**	33,471
Cash and cash equivalents	**2,814**	657
	45,812	34,128
Listed held-to-maturity debt securities	**20,020**	17,232
Long term deposits	**316**	321
Equity securities		
Listed equity securities, Hong Kong	**4,410**	3,427
Listed equity securities, outside Hong Kong	**3,051**	32,307
	73,609	87,415
Less: current portion	**(9,680)**	(11,818)
	63,929	75,597

The market value of the liquid funds and other listed investments excluding long term deposits at 31 December 2003 was HK$73,390 million (2002 – HK$88,603 million).

15 Current assets

	2003 HK$ millions	2002 HK$ millions
Stocks	**11,966**	8,742
Trade receivables	**6,916**	4,726
Other receivables and prepayments	**24,297**	20,469
Current portion of liquid funds and other listed investments	**9,680**	11,818
Total other current assets	**52,859**	45,755
Cash and cash equivalents	**111,933**	42,852
	164,792	88,607

The Group has established credit policies for customers in each of its core businesses. The average credit period granted for trade receivables ranges from 30 to 45 days.

At 31 December, the ageing analysis of the trade receivables is as follows:

	2003 HK$ millions	2002 HK$ millions
Current	**4,081**	3,277
31-60 days	**1,378**	844
61-90 days	**502**	253
Over 90 days	**955**	352
	6,916	4,726

16 Current liabilities

	2003 HK$ millions	2002 HK$ millions
Bank loans	**13,908**	13,334
Other loans	**946**	94
Exchangeable notes		
US$3,000 million exchangeable notes, 2.875% due 2003	**–**	23,400
US$2,657 million exchangeable notes, 2% due 2004	**20,723**	–
Other notes and bonds		
HK$ notes, 7% due 2003	**–**	1,000
HK$ notes, HIBOR + 0.8% due 2004	**1,500**	–
Trade payables	**11,978**	8,610
Other payables and accruals	**39,560**	36,400
Taxation	**1,625**	591
	90,240	83,429

The bank loans include project financing for 3G businesses totalling HK$1,999 million (2002 – nil) which is guaranteed by the Group.

The bank and other loans of the Group are secured to the extent of HK$1,059 million (2002 – HK$3,159 million).

At 31 December, the ageing analysis of the trade payables is as follows:

	2003 HK$ millions	2002 HK$ millions
Current	**9,007**	5,354
31-60 days	**1,930**	1,280
61-90 days	**539**	516
Over 90 days	**502**	1,460
	11,978	8,610

17 Long term liabilities

	2003 HK$ millions	2002 HK$ millions
Bank loans		
Repayable within 5 years	**84,280**	75,048
Not wholly repayable within 5 years	**27,056**	12,159
Less: current portion	**(13,908)**	(13,334)
	97,428	73,873
Other loans		
Repayable within 5 years	**7,413**	5,521
Not wholly repayable within 5 years	**4,013**	856
Less: current portion	**(946)**	(94)
	10,480	6,283
Exchangeable notes		
US$2,657 million exchangeable notes, 2% due 2004	**–**	20,723
	–	20,723
Other notes and bonds		
HK$1,500 million notes, HIBOR + 0.8% due 2004	**–**	1,500
US$750 million notes-Series A, 6.95% due 2007	**5,807**	5,807
US$500 million notes-Series B, 7.45% due 2017	**3,871**	3,871
US$500 million notes-Series C, 7.5% due 2027	**3,871**	3,871
US$250 million notes-Series D, 6.988% due 2037	**1,935**	1,935
US$175 million notes, LIBOR + 0.45% due 2008	**1,365**	–
US$1,500 million notes, 7% due 2011	**11,700**	11,700
US$3,500 million notes, 6.5% due 2013	**27,300**	–
US$1,500 million notes, 5.45% due 2010	**11,700**	–
US$2,000 million notes, 6.25% due 2014	**15,600**	–
US$1,500 million notes, 7.45% due 2033	**11,700**	–
EUR500 million bonds, 5.5% due 2006	**4,815**	4,085
EUR1,000 million notes, 5.875% due 2013	**8,997**	–
GBP325 million bonds, 6.75% due 2015	**4,449**	4,069
AUD425 million notes, 6.5% due 2006	**2,427**	1,878
AUD800 million notes, BBSW + 0.65% due 2008	**4,568**	–
JPY 30,000 million notes, 3.5% due 2032	**2,169**	1,974
	122,274	40,690
	230,182	141,569

17 Long term liabilities (continued)

The long term liabilities include financing for 3G businesses totalling HK$50,532 million (2002 – HK$24,691 million) of which HK$16,187 million (2002 – HK$4,074 million) were guaranteed by the Group.

The bank and other loans of the Group are secured to the extent of HK$52,815 million (2002 – HK$30,987 million) of which HK$34,345 million (2002 – HK$20,617 million) and HK$16,187 million (2002 – HK$4,074 million) are non guaranteed and guaranteed loans respectively for 3G operations included in the financing amounts above.

The US$250 million notes-Series D due 2037 are subject to repayment at the option of the holders thereof on 1 August 2009.

The loans are repayable as follows:

	2003	2002
	HK$ millions	HK$ millions
Bank loans		
After 1 year, but within 2 years	**25,797**	7,511
After 2 years, but within 5 years	**44,787**	54,210
After 5 years	**26,844**	12,152
Other loans		
After 1 year, but within 2 years	**4,929**	89
After 2 years, but within 5 years	**1,738**	5,348
After 5 years	**3,813**	846
Exchangeable notes		
After 1 year, but within 2 years	**–**	20,723
Other notes and bonds		
After 1 year, but within 2 years	**–**	1,500
After 2 years, but within 5 years	**18,981**	11,770
After 5 years	**103,293**	27,420
	230,182	141,569

The Group has entered into interest rate swap agreements with banks and other financial institutions mainly to swap fixed interest rate borrowings to floating interest rate borrowings. At 31 December 2003, outstanding interest rate swap agreements with financial institutions amounted to HK$106,350 million (2002 – HK$30,363 million). In addition, HK$6,062 million (2002 – HK$6,539 million) principal amount of infrastructure related floating interest rate borrowings were swapped to fixed interest rate borrowings.

The Group has entered into cross currency swap arrangements with banks to swap non HK dollar borrowings of HK$8,997 million (2002 – nil) to US dollar payments, US dollar borrowings of HK$1,365 million (2002 – nil) to non US dollar payments and non US dollar borrowings of HK$2,555 million (2002 – nil) to non US dollar payments to match currency exposure of the underlying businesses.

18 Pledge of assets

At 31 December 2003, the Group's shares of Hutchison 3G UK Limited and H3G S.p.A. and their respective assets were pledged as security for 3G project financing facilities. The assets of these two companies totalled HK$165,732 million (2002 – HK$119,812 million) at 31 December 2003. In addition, HK$17,628 million (2002 – HK$22,238 million) of assets were pledged as security for bank and other loans of the Group.

19 Deferred taxation

The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	2003 **HK$ millions**	2002 HK$ millions
Deferred tax assets	**9,338**	2,032
Deferred tax liabilities	**9,032**	8,680
Net deferred tax liabilities (assets)	**(306)**	6,648
Movements in net deferred tax liabilities (assets) are as follows:		
At 1 January, as previously reported	**(84)**	200
Prior year adjustment	**6,732**	6,878
At 1 January, as restated	**6,648**	7,078
Exchange translation differences	**(1,081)**	(23)
Relating to subsidiaries acquired	**370**	(43)
Relating to subsidiaries disposed of	**(7)**	55
Transfer to current tax	**(344)**	–
Net charge to reserves	**47**	21
Net credit for the year	**(5,939)**	(440)
At 31 December	**(306)**	6,648
Analysis of net deferred tax liabilities (assets):		
Unused tax losses	**(10,710)**	(3,062)
Accelerated depreciation allowances	**2,704**	2,381
Investments in subsidiary and associated companies and joint ventures	**6,644**	6,817
Withholding tax on unremitted earnings	**703**	477
Other temporary differences	**353**	35
	(306)	6,648
The potential deferred tax liabilities (assets) which have not been provided for in the accounts are as follows:		
Arising from accelerated depreciation allowances	**789**	1,046
Arising from unutilised tax losses	**(6,766)**	(5,073)
Arising from deductible temporary differences	**306**	267

The utilisation of unused tax losses depends on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences.

The unrecognised tax losses carried forwards amounted to HK$29,685 million in 2003 (2002 – HK$27,026 million). Of these, HK$27,745 million (2002 – HK$25,523 million) can be carried forward indefinitely. The remaining HK$1,940 million (2002 – HK$1,503 million) expires in the following years:

	2003 **HK$ millions**	2002 HK$ millions
In the first year	**118**	91
In the second year	**121**	232
In the third year	**133**	171
In the fourth year	**158**	238
In the fifth to tenth years inclusive	**1,410**	771
	1,940	1,503

20 Pension obligations

	2003 **HK$ millions**	2002 HK$ millions
Defined benefit plans		
Plan assets	**–**	(35)
Plan obligations	**960**	730
	960	695

Movements in the net defined benefit plan obligations are as follows:

	2003 **HK$ millions**	2002 HK$ millions
At 1 January	**695**	131
Exchange translation differences	**30**	49
Liabilities acquired in business acquisition	**–**	396
Total expense	**669**	440
Contributions paid	**(434)**	(321)
At 31 December	**960**	695

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held independently of the Group's assets in trustee administered funds.

(a) Defined benefit plans

The Group's major defined benefit plans are in Hong Kong, the United Kingdom and the Netherlands. The plans are either contributory final salary pension plans or non contributory guaranteed return defined contribution plans.

The Group's major plans were valued by Watson Wyatt, qualified actuaries as at 31 December 2002 and 31 December 2003 using the projected unit credit method to account for the Group's pension accounting costs in accordance with SSAP 34 "Employee Benefits".

The principal actuarial assumptions used for accounting purposes are as follows:

	2003	2002
Discount rate applied to defined benefit plan obligations	**4.50% – 9.00%**	4.75% – 6.00%
Expected return on plan assets	**4.29% – 9.00%**	4.00% – 8.00%
Future salary increases	**3.00% – 4.00%**	3.00% – 5.00%
Interest credited on plan accounts	**5.00% – 6.00%**	5.00% – 6.00%

20 Pension obligations (continued)

(a) Defined benefit plans (continued)

The amount recognised in the consolidated balance sheet is determined as follows:

	2003	2002
	HK$ millions	HK$ millions
Present value of defined benefit obligations	**8,282**	6,878
Fair value of plan assets	**6,339**	4,814
Deficit	**1,943**	2,064
Unrecognised actuarial loss	**(637)**	(806)
Unrecognised liabilities on initial adoption of SSAP 34	**(346)**	(563)
Net defined benefit plan obligations	**960**	695

Fair value of plan assets of HK$6,339 million (2002 – HK$4,814 million) includes investments in the Company's shares with a fair value of HK$34 million (2002 – HK$37 million).

The amount recognised in the consolidated profit and loss account is as follows:

	2003	2002
	HK$ millions	HK$ millions
Current service cost	**523**	360
Past service cost	**13**	–
Amortisation of unrecognised liabilities on initial adoption of SSAP 34	**65**	92
Interest cost	**398**	311
Expected return on plan assets	**(378)**	(333)
Net actuarial loss recognised	**48**	10
Total expense	**669**	440
Less: expense capitalised	**(17)**	(11)
Total, included in staff costs	**652**	429

The actual gain on plan assets in 2003 was HK$698 million (2002 – loss of HK$477 million).

There is no immediate requirement for the Group to fund the deficit between the fair value of defined benefit plan assets and the present value of the defined benefit plan obligations disclosed as at 31 December 2003. Contributions to fund the obligations are based upon the recommendations of independent qualified actuaries for each of the Group's pension plans to fully fund the relevant schemes on an ongoing basis. The realisation of the deficit is contingent upon the realisation of the actuarial assumptions made which is dependent upon a number of factors including the market performance of plan assets. Funding requirements of the Group's major defined benefit plans are detailed below.

20 Pension obligations (continued)

(a) Defined benefit plans (continued)

The Group operates two principal plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides benefits based on the greater of the aggregate of the employee and employer vested contributions plus a minimum interest thereon of 6% per annum, and a benefit derived by a formula based on the final salary and years of service. A formal independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), at 30 June 2001 reported a funding level of 99% of the accrued actuarial liabilities on an ongoing basis. The employers' annual contributions were adjusted to fully fund the plan as advised by the independent actuaries. The valuation used the aggregate cost method and the main assumptions in the valuation are an investment return of 8.5% per annum and salary increases of 6.5%. The valuation was performed by Tian Keat Aun, a Fellow of The Institute of Actuaries, of Watson Wyatt Hong Kong Limited. The funding of the plan will be reassessed based upon the results of next formal actuarial valuation to be completed by 30 June 2004 in accordance with the requirements of ORSO. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum. As at 31 December 2003 this plan is fully funded for the funding of vested benefits in accordance with the ORSO funding requirements. During the year, forfeited contributions totalling HK$35 million (2002 – HK$30 million) were used to reduce the current year's level of contributions and HK$5 million was available at 31 December 2003 (2002 – HK$7 million) to reduce future years' contributions.

The Group operates three contributory defined benefit plans in the United Kingdom for its ports division, of which the Port of Felixstowe Pension Plan is the principal plan. The plans are all final salary in nature. On the assumptions adopted at the last formal actuarial valuation using the projected unit method at 1 January 2001, the ratio of assets to liabilities for the Felixstowe Scheme was 92%. The sponsoring employer's contributions have been increased from 2001 to fund the deficit over the employees' remaining expected future working lives. The main assumptions in the valuation are an investment return of 6.0% per annum in respect of past service liabilities, pensionable salary increases of 4.0% per annum and pension increases of 2.5% per annum. The valuation was performed by Graham Mitchell, a Fellow of the Institute of Actuaries, of Watson Wyatt LLP. A valuation of the Felixstowe plan is currently being undertaken with an effective date of 1 January 2004, the results of which will be available during 2004. These will have an impact on the employer's contributions from that point.

The Group's defined benefit pension plan for its retail operations in the United Kingdom was assumed on acquisition of a subsidiary company in 2002 and is not open to new entrants. The first formal valuation for funding purposes was carried out at 31 March 2003. On the assumptions adopted at the valuation using the projected unit method, the ratio of actual asset value to the target asset value being funded for past service benefits was 61%. The sponsoring employer's contributions have been increased from April 2003 to fund the deficit over a period of 12 years. The main assumptions in the valuation are an investment return of 5.5% to 6.5% per annum and pensionable salary increases of 4% per annum. The valuation was performed by Chris Norden, a Fellow of the Institute of Actuaries, of Hewitt Bacon & Woodrow Limited. The funding of the plan will be reviewed within three years of the last formal valuation.

The Group's defined benefit pension plans for its ports and retail operations in the Netherlands are guaranteed contracts undertaken by insurance companies to provide defined benefit pensions in return for actuarially agreed contributions. The risk of providing past pension benefits is underwritten by the insurance companies. The Group does not carry funding risk relating to past service. The funding rate to provide current year benefits varies in accordance with annual actuarial calculations.

20 Pension obligations (continued)

(b) Defined contribution plans

The Group's costs in respect of defined contribution plans for the year amounted to HK$400 million (2002 – HK$156 million). Forfeited contributions totalling HK$1 million (2002 – HK$4 million) were used to reduce the current year's level of contributions and HK$1 million was available at 31 December 2003 (2002 – HK$1 million) to reduce future years' contributions.

21 Minority interests

	2003 **HK$ millions**	2002 HK$ millions
Equity interests	**34,127**	33,837
Loans – interest free	**5,736**	6,660
Loans – interest bearing	**5,885**	1,099
	45,748	41,596

The loans are unsecured and have no fixed terms of repayment.

22 Share capital

	2003 **Number of shares**	2002 Number of shares	**2003** **HK$ millions**	2002 HK$ millions
Authorised:				
Ordinary shares of HK$0.25 each	**5,500,000,000**	5,500,000,000	**1,375**	1,375
7-1/2% cumulative redeemable participating preference shares of HK$1 each	**402,717,856**	402,717,856	**403**	403
			1,778	1,778
Issued and fully paid:				
Ordinary shares	**4,263,370,780**	4,263,370,780	**1,066**	1,066

The Company does not have an option scheme for the purchase of ordinary shares in the Company.

23 Notes to consolidated cash flow statement

(a) Reconciliation of profit before taxation to Earnings before interest, taxation, depreciation and amortisation ("EBITDA")

	2003 **HK$ millions**	2002 HK$ millions
Profit before taxation	**10,550**	18,702
Interest and other finance costs, Company and subsidiary companies	**7,715**	5,262
Interest and other finance costs, share of associated companies and jointly controlled entities	**1,853**	1,831
Depreciation and amortisation, Company and subsidiary companies	**12,619**	5,636
Depreciation and amortisation, share of associated companies and jointly controlled entities	**5,106**	4,097
Other non-cash items included in profit on disposal of investments and provisions	**3,111**	(384)
Release of provisions and others	**(7,081)**	(1,871)
EBITDA	**33,873**	33,273

(b) Changes in working capital

	2003 **HK$ millions**	2002 HK$ millions
Increase in stocks	**(3,165)**	(678)
Increase in debtors and prepayments	**(1,522)**	(6,419)
Increase in creditors	**5,167**	11,186
Other non-cash items	**(1,567)**	(122)
	(1,087)	3,967

23 Notes to consolidated cash flow statement (continued)

(c) Purchase of subsidiary companies

	2003 HK$ millions	2002 HK$ millions
Net assets acquired (excluding cash and cash equivalents):		
Fixed assets	**1,665**	9,872
Interests in joint ventures	**–**	142
Stocks	**–**	3,832
Debtors	**(17)**	2,246
Bank and other loans	**(233)**	(3,395)
Creditors and taxation	**(1,023)**	(5,386)
Deferred taxation	**(370)**	43
Goodwill	**497**	6,262
Minority interests	**(63)**	241
Loans from minority interests	**(188)**	(22)
	268	13,835
Less: Investments amount just held prior to purchase	**(3)**	(3,419)
	265	10,416
Discharged by:		
Cash payment	**295**	7,624
Less: Cash and cash equivalents purchased	**(30)**	1,264
Total net cash consideration	**265**	8,888
Deferred consideration	**–**	1,528
Total consideration	**265**	10,416

The effect of the acquisition of subsidiaries on the Group's results is immaterial for the reporting year.

23 Notes to consolidated cash flow statement (continued)

(d) Disposal of subsidiary companies

	2003 **HK$ millions**	2002 HK$ millions
Net assets disposed of (excluding cash and cash equivalents):		
Fixed assets	**724**	1,049
Associated companies	**–**	13
Interests in joint ventures	**–**	1,596
Stocks	**54**	13
Debtors	**463**	(378)
Bank and other loans	**(19)**	(47)
Creditors and taxation	**(421)**	(1,348)
Goodwill	**1,390**	127
Minority interests	**57**	(457)
	2,248	568
Provision for warranties and guarantees on disposal	**802**	–
Profit on disposal	**1,691**	726
	4,741	1,294
Less: Investments amount retained subsequent to disposal	**(7)**	(280)
	4,734	1,014
Satisfied by:		
Cash consideration	**4,783**	1,130
Less: Cash and cash equivalents sold	**(49)**	(116)
Total net cash consideration	**4,734**	1,014

The effect of the disposal of subsidiaries on the Group's results is immaterial for the reporting year and preceding year.

23 Notes to consolidated cash flow statement (continued)

(e) Analysis of changes in financing during the year

	Bank and other loans HK$ millions	Minority interests HK$ millions	Total HK$ millions
At 1 January 2003, as previously reported	**179,397**	**41,536**	**220,933**
Prior year adjustment	**–**	**60**	**60**
At 1 January 2003, as restated	**179,397**	**41,596**	**220,993**
New loans	**124,913**	**6,384**	**131,297**
Repayment of loans	**(46,871)**	**(2,136)**	**(49,007)**
Issue of shares by subsidiary companies to minorities	**–**	**430**	**430**
Net cash flows from financing activities	**78,042**	**4,678**	**82,720**
Minority interests in profit	**–**	**(1,336)**	**(1,336)**
Dividends payable to minority shareholders	**–**	**(3,056)**	**(3,056)**
Minority interests in exchange reserve	**–**	**2,615**	**2,615**
Minority interests in revaluation reserve	**–**	**(51)**	**(51)**
Exchange translation differences	**9,606**	**994**	**10,600**
Purchase of minority interests	**–**	**(145)**	**(145)**
Relating to subsidiary companies acquired	**233**	**396**	**629**
Relating to subsidiary companies disposed of	**(19)**	**57**	**38**
At 31 December 2003	**267,259**	**45,748**	**313,007**
At 1 January 2002, as previously reported	146,417	36,900	183,317
Prior year adjustment	–	(88)	(88)
At 1 January 2002, as restated	146,417	36,812	183,229
New loans	51,641	1,489	53,130
Repayment of loans	(25,220)	(307)	(25,527)
Issue of shares by subsidiary companies to minorities	–	1,413	1,413
Net cash flows from financing activities	26,421	2,595	29,016
Minority interests in profit	–	2,007	2,007
Dividends payable to minority shareholders	–	(1,398)	(1,398)
Minority interests in exchange reserve	–	1,477	1,477
Minority interests in revaluation reserve	–	2	2
Exchange translation differences	3,211	777	3,988
Relating to subsidiary companies acquired	3,395	(219)	3,176
Relating to subsidiary companies disposed of	(47)	(457)	(504)
At 31 December 2002	179,397	41,596	220,993

24 Contingent liabilities

The holding company, Hutchison Whampoa Limited, and its subsidiaries provide guarantees in respect of bank and other borrowing facilities utilised by its associated companies and jointly controlled entities as follows:

	2003 Total HK$ millions	2002 Total HK$ millions
To associated companies		
Other businesses	**1,204**	335
To jointly controlled entities		
Property businesses	**5,041**	4,982
Telecommunication businesses	**5,648**	5,079
Other businesses	**1,300**	1,300
	11,989	11,361

At 31 December 2003 the Group had contingent liabilities in respect of guarantees related to contracts for the procurement of 3G handsets of HK$11,592 million (2002 – HK$14,116 million), procurement of 3G infrastructure of HK$2,425 million (2002 – HK$2,036 million), and other guarantees of HK$5,005 million (2002 – HK$2,103 million) mainly for property businesses and performance guarantees.

25 Commitments

Outstanding Group commitments not provided for in the accounts at 31 December 2003 are as follows:

Capital commitments

1. Contracted for:
   - i. Container terminals, Hong Kong – HK$339 million (2002 – HK$474 million)
   - ii. Container terminals, Mainland China – HK$530 million (2002 – HK$4,030 million)
   - iii. Container terminals, others – HK$901 million (2002 – HK$953 million)
   - iv. Telecommunications, 3G – HK$11,327 million (2002 – HK$20,676 million)
   - v. Telecommunications, 2G and others – HK$2,454 million (2002 – HK$1,834 million)
   - vi. Investment properties in Hong Kong – HK$267 million (2002 – HK$212 million)
   - vii. Investment in China Joint Venture – HK$501 million (2002 – nil)
   - viii. Other fixed assets – HK$552 million (2002 – HK$1,960 million)
   - ix. Other investments – HK$4,949 million (2002 – HK$2,905 million)

2. Authorised but not contracted for:
   The Group, as part of its annual budget process, estimates future capital expenditures and these budgeted amounts are shown below. These estimates are subject to a rigorous authorisation process before the expenditure is committed.
   - i. Container terminals, Hong Kong – HK$1,061 million (2002 – HK$1,181 million)
   - ii. Container terminals, Mainland China – HK$3,046 million (2002 – HK$3,099 million)
   - iii. Container terminals, others – HK$2,920 million (2002 – HK$2,971 million)
   - iv. Telecommunications, 3G – HK$21,478 million (2002 – HK$23,701 million)
   - v. Telecommunications, 2G and others – HK$6,861 million (2002 – HK$3,116 million)
   - vi. Investment properties in Hong Kong – HK$478 million (2002 – HK$723 million)
   - vii. Investment properties outside Hong Kong – HK$685 million (2002 – nil)
   - viii. Other fixed assets – HK$4,668 million (2002 – HK$4,666 million)
   - ix. Other investments – HK$3,449 million (2002 – HK$1,225 million)

Operating lease commitments – future aggregate minimum lease payments for land and buildings leases

Established businesses

1. In the first year – HK$3,537 million (2002 – HK$2,917 million)
2. In the second to fifth years inclusive – HK$8,469 million (2002 – HK$7,481 million)
3. After the fifth year – HK$10,874 million (2002 – HK$8,527 million)

3G businesses

1. In the first year – HK$1,060 million (2002 – HK$672 million)
2. In the second to fifth years inclusive – HK$3,674 million (2002 – HK$2,362 million)
3. After the fifth year – HK$9,502 million (2002 – HK$6,950 million)

Operating lease commitments – future aggregate minimum lease payments for other assets

Established businesses

1. In the first year – HK$331 million (2002 – HK$318 million)
2. In the second to fifth years inclusive – HK$729 million (2002 – HK$841 million)
3. After the fifth year – HK$1,278 million (2002 – HK$1,433 million)

3G businesses

1. In the first year – HK$66 million (2002 – HK$56 million)
2. In the second to fifth years inclusive – HK$31 million (2002 – HK$79 million)
3. After the fifth year – nil (2002 – nil)

26 Related parties transactions

The Group has entered into joint ventures with Cheung Kong (Holdings) Limited, a substantial shareholder of the Company, to undertake various, mainly property, projects. At 31 December 2003, included in associated companies and interests in joint ventures on the balance sheet is a total amount of HK$19,943 million (2002 – HK$21,094 million) representing equity contributions to and the net amount due from these related entities. The Group had guaranteed bank and other borrowing facilities of HK$5,041 million (2002 – HK$3,298 million) for the benefit of these same entities.

27 Legal Proceedings

Other than the disputes with CIRtel described below, the Group is not engaged in any material litigation or arbitration proceeding, and no material litigation or claim is known by the Group to be pending or threatened against it.

CIRtel Arbitration

Hutchison 3G Italia SpA ("H3G Italia") and Hutchison International Limited ("HIL") are currently involved in arbitration proceedings pending before the International Chamber of Commerce for the resolution of a dispute with its joint venture partner CIRtel as to whether CIRtel is in breach of its funding obligations under the H3G Italia shareholders' agreement in demanding the repayment of a €373.2 million shareholder loan from CIRtel to H3G Italia, being CIRtel's pro rata contribution to finance the acquisition of a 3G national network license in Italy and H3G Italia's initial working capital. HIL and H3G Italia initiated the arbitration proceedings, pursuant to the terms of the shareholders' agreement to seek a ruling that CIRtel is required to irrevocably commit to provide the disputed amount of funding to the joint venture. Final submission by the parties were concluded in October 2003. The arbitration tribunal has not yet issued its judgement.

28 Subsequent events

In March 2004, Vanda Systems & Communications Holdings Limited ("Vanda"), an information technology solution company listed on The Stock Exchange of Hong Kong, agreed to purchase 100% of Hutchison Global Communications Investments Limited ("HGC") and 100% of PowerCom Network Hong Kong Limited, an innovative provider of broadband services that can be accessed through power sockets. The merged entity changed its name to Hutchison Global Communications Holdings Limited ("HGC Holdings"). The total consideration received by the Group on disposal of HGC was HK$7,100 million, satisfied by the issuance of new HGC Holdings shares valued at HK$3,900 million and convertible notes valued at HK$3,200 million. Subsequently, the Group sold a portion of its new HGC Holdings shares by way of a share placement and realised a profit of approximately HK$1,300 million. As a result, the Group's stake in HGC Holdings has been increased from 37% to approximately 53%.

29 US dollar equivalents

The US dollar equivalents of the figures shown in the accounts have been translated at the rate of HK$7.80 to US$1.

30 Approval of accounts

The accounts set out on pages 74 to 124 were approved by the Board of Directors on 18 March 2004.

31 Earnings before interest expense and taxation ("EBIT")

In accordance with the disclosure requirements of the Companies Ordinance of Hong Kong, EBIT is shown after crediting and charging the following items:

	2003 **HK$ millions**	2002 HK$ millions
Credits:		
Share of profits less losses of associated companies		
Listed	**7,382**	5,594
Unlisted	**1,532**	743
	8,914	6,337
Share of gross rental income from associated companies and jointly controlled entities	**491**	378
Gross rental income from investment properties of subsidiary companies	**1,870**	2,060
Less: intra group rental income	**(271)**	(286)
	1,599	1,774
Less: related outgoings	**(40)**	(31)
Net rental income of subsidiary companies	**1,559**	1,743
Dividend and interest income from managed funds and other investments		
Listed	**2,498**	3,496
Unlisted	**149**	372
Interest rate swap income	**–**	1,910
Charges:		
Depreciation and amortisation		
Fixed assets	**9,454**	5,489
Goodwill	**425**	147
Licences	**2,185**	–
Telecommunications customer acquisition costs	**555**	–
Operating leases		
Properties	**6,450**	3,650
Hire of plant and machinery	**535**	489
Auditors' remuneration	**64**	60

32 Balance Sheet of the Company, Unconsolidated

In accordance with the disclosure requirements of the Companies Ordinance of Hong Kong, the balance sheet of the Company as at 31 December 2003 is set out as follows:

	2003	2002
	HK$ millions	HK$ millions
ASSETS		
Non-current assets		
Subsidiary companies		
Unlisted shares (note a)	**728**	728
Amounts due from subsidiary companies	**51,415**	50,956
	52,143	51,684
Current assets		
Other receivables	**–**	1
Dividends and other receivables from subsidiary companies	**5,500**	5,500
	5,500	5,501
Current liabilities		
Bank loans	**–**	2
Other payables and accruals	**97**	69
	97	71
Net current assets	**5,403**	5,430
Net assets	**57,546**	57,114
CAPITAL AND RESERVES		
Share capital (note 22)	**1,066**	1,066
Reserves (note b)	**56,480**	56,048
Shareholders' funds	**57,546**	57,114

FOK Kin-ning, Canning
Director

Frank John SIXT
Director

32 Balance Sheet of the Company, Unconsolidated (continued)

Notes:

(a) Particulars regarding the principal subsidiary companies are set forth on pages 118 to 124.

(b) Reserves

	Share premium HK$ millions	Retained profit HK$ millions	Total HK$ millions
At 1 January 2003	**28,359**	**27,689**	**56,048**
2002 final dividend paid	**–**	**(5,201)**	**(5,201)**
2003 interim dividend paid	**–**	**(2,174)**	**(2,174)**
Profit for the year retained	**–**	**7,807**	**7,807**
At 31 December 2003	**28,359**	**28,121**	**56,480**
At 1 January 2002	28,359	27,271	55,630
2001 final dividend paid	–	(5,201)	(5,201)
2002 interim dividend paid	–	(2,174)	(2,174)
Profit for the year retained	–	7,793	7,793
At 31 December 2002	28,359	27,689	56,048

(c) The Company does not have an option scheme for the purchase of ordinary shares in the Company.

(d) Pursuant to the disclosure requirement of the Companies Ordinance of Hong Kong, the Company is required to disclose that it has guaranteed the borrowings of its finance and subsidiary companies which have been consolidated and included in the consolidated balance sheet of the Group. Of the consolidated debt included in Notes 16 and 17 totalling HK$267,259 million (2002 – HK$179,397 million), the Company has guaranteed a total of HK$164,299 million (2002 – HK$131,843 million) which has been borrowed in the name of subsidiary companies.

(e) The Company provided guarantees in respect of the bank and other borrowing facilities utilised by the jointly controlled entities totalling to HK$6,660 million (2002 – HK$6,304 million). This amount has been included in the Group's contingent liabilities in Note 24.

Principal Subsidiary and Associated Companies and Jointly Controlled Entities

at 31 December 2003

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Ports and related services					
	Buenos Aires Container Terminal Services S.A.	Argentina	ARS	10,000,000	100	Container terminal operating
☼	COSCO-HIT Terminals (Hong Kong) Limited	Hong Kong	HK$	40	43	Container terminal operating
	Ensenada International Terminal, S.A. de C.V.	Mexico	MXP	160,195,000	100	Container terminal operating
	Europe Container Terminals B. V.	Netherlands	Euro	45,378,021	98	Container terminal operating
	Freeport Container Port Limited	Bahamas	B$	2,000	70	Container terminal operating
	Harwich International Port Limited	United Kingdom	GBP	16,812,002	100	Container terminal operating
	Hongkong International Terminals Limited	Hong Kong	HK$	20	87	Holding company & container terminal operating
☼	The Hongkong Salvage and Towage Company Limited	Hong Kong	HK$	20,000,000	50	Tug fleet operating
☼	Hong Kong United Dockyards Limited	Hong Kong	HK$	76,000,000	50	Ship repairing & general engineering
	Hutchison Delta Ports Limited	Cayman Islands/ Hong Kong	US$	2	100	Holding company
	Hutchison Port Holdings Limited	British Virgin Islands/ Hong Kong	US$	1	100	Holding company
	Hutchison Korea Terminals Limited	South Korea	Won	4,107,500,000	100	Container terminal operating
	Hutchison Ports (UK) Finance Plc	United Kingdom	GBP	50,000	100	Finance
	Hutchison Westports Limited	United Kingdom	GBP	50,000,000	100	Holding company
	Internacional de Contenedores Asociados de Veracruz, S.A. de C.V.	Mexico	MXP	138,623,200	100	Container terminal operating
	International Ports Services Co. Ltd.	Saudi Arabia	SR	2,000,000	51	Container terminal operating
☼ ✻	Jiangmen International Container Terminals Limited	China	US$	14,461,665	50	Container terminal operating
	Karachi International Container Terminal Limited	Pakistan	Rs	1,109,384,220	100	Container terminal operating
	Korea International Terminals Limited	South Korea	Won	25,000,000,000	80	Container terminal operating
	Logistics Information Network Enterprise Limited	Cayman Islands	US$	2	100	e-logistic services
	Mid-Stream Holdings Limited	British Virgin Islands/ Hong Kong	US$	25,400	100	Holding company & mid-stream container operating
☼ ✻	Nanhai International Container Terminals Limited	China	US$	31,200,000	50	Container terminal operating
☼ ✻	Ningbo Beilun International Container Terminals Limited	China	RMB	1,880,000,000	49	Container terminal operating
☼	River Trade Terminal Co. Ltd.	British Virgin Islands/ Hong Kong	US$	1	43	River trade terminal operation

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Ports and related services (cont'd)					
	Panama Ports Company, S. A.	Panama	US$	10,000,000	90	Container terminal operating
	Port of Felixstowe Limited	United Kingdom	GBP	100,002	100	Container terminal operating
	PT Ocean Terminal Petikemas	Indonesia	IDR	130,000,000,000	100	Container terminal operating
	PT Jakarta International Container Terminal	Indonesia	IDR	221,450,406,500	51	Container terminal operating
✡ ❋	Shanghai Container Terminals Limited	China	RMB	2,000,000,000	37	Container terminal operating
❋	Shantou International Container Terminals Limited	China	US$	88,000,000	70	Container terminal operating
†	Shenzhen Hutchison Inland Container Depots Co., Ltd.	China	HK$	92,000,000	71	Inland container depots services
	Thai Laemchabang Terminal Co., Limited	Thailand	THB	800,000,000	88	Container terminal operating
	Tanzania International Container Terminal Services Limited	Tanzania	TZS	1,801,666,000	70	Container terminal operating
	Thamesport (London) Limited	United Kingdom	GBP	2	100	Container terminal operating
#	Westport Holdings Sdn. Bhd.	Malaysia	M$	117,000,000	31	Container terminal operating
✡ ❋	Xiamen International Container Terminals Limited	China	RMB	1,148,700,000	49	Container terminal operating
❋	Yantian International Container Terminals Limited	China	HK$	2,400,000,000	48	Container terminal operating
❋	Yantian International Container Terminals (Phase III) Limited	China	HK$	2,400,000,000	43	Container terminal operating
✡ ❋	Zhuhai International Container Terminals (Gaolan) Limited	China	US$	23,500,000	50	Container terminal operating
✡ ❋	Zhuhai International Container Terminals (Jiuzhou) Limited	China	US$	52,000,000	50	Container terminal operating
	Telecommunications					
	H3G S.p.A.	Italy	Euro	474,303,795	88	3G mobile multimedia services
✡	Fascel Limited	India	INR	5,000,000,000	49	Mobile telephone services
	Hi3G Access Aktiebolag	Sweden	SEK	10,000,000	60	3G mobile multimedia services
	Hutchison 3G Austria GmbH	Austria	Euro	35,000	100	3G mobile multimedia services
	Hutchison 3G HK Limited	Hong Kong	HK$	2	71	3G mobile network services
	Hutchison 3G Services (HK) Limited	Hong Kong	HK$	2	71	3G mobile multimedia services
	Hutchison 3G UK Limited	United Kingdom	GBP	1	65	3G mobile multimedia services
✡	Hutchison Essar South Limited	India	INR	5,396,075,000	49	Mobile telephone services
✡	Hutchison Essar Telecom Limited	India	INR	1,997,164,690	49	Mobile telephone services
	Hutchison Global Communications Limited	Hong Kong	HK$	20	100	Fixed line communications

Principal Subsidiary and Associated Companies and Jointly Controlled Entities

at 31 December 2003

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Telecommunications (cont'd)					
☼	Hutchison Max Telecom Private Limited	India	INR	1,084,388,190	49	Mobile telephone services
☼	Hutchison Telecom East Limited	India	INR	1,934,416,370	33	Mobile telephone services
	Hutchison Telecommunications (Hong Kong) Limited	Hong Kong	HK$	20	100	Telecommunications
	Hutchison Telecommunications Limited	Hong Kong	HK$	10,000	100	Holding company
*	Hutchison Telecommunications (Australia) Limited	Australia	A$	1,031,244,248	58	Holding company & telecommunications
	Hutchison Telephone Company Limited	Hong Kong	HK$	1,258,120	71	Mobile telephone services
#	Metro Broadcast Corporation Limited	Hong Kong	HK$	1,000,000	50	Radio broadcasting
* #	Partner Communications Company Ltd.	Israel	NIS	1,826,956	43	Mobile telephone services
#	Hutchison CAT Wireless MultiMedia Limited	Thailand	THB	950,000,000	36	Mobile telephone services
* #	TOM Group Limited	Cayman Islands / Hong Kong	HK$	387,826,182	25	Cross media
	Property and hotels					
	Aberdeen Commercial Investments Limited	Hong Kong	HK$	2	100	Property owning
☼	Afford Limited	Hong Kong	HK$	20	50	Property investment
☼	Bayswater Developments Limited	British Virgin Islands	US$	2	50	Property investment
☼ +	Becogate Limited	Hong Kong	HK$	4	50	Property investment
☼	Chesgold Limited	Hong Kong	HK$	4	50	Property investment
☼	Cheung Wo Hing Fung Enterprises Limited	British Virgin Islands	US$	100	50	Property investment
☼	Conestoga Limited	Hong Kong	HK$	10,000	39	Property owning
+	Consolidated Hotels Limited	Hong Kong	HK$	78,000,000	39	Investment in hotel
	Elbe Office Investments Limited	Hong Kong	HK$	2	100	Property owning
☼	Forton Investment Limited	Hong Kong	HK$	4	50	Property investment
	Foxton Investments Limited	Hong Kong	HK$	10,000	100	Property owning
	Glenfuir Investments Limited	Hong Kong	HK$	1,000,000	100	Property owning
	Grafton Properties Limited	Hong Kong	HK$	100,000	100	Property owning
#	Harbour Plaza Hotel Management (International) Limited	British Virgin Islands/ Hong Kong	US$	2	50	Hotel management
	Harley Development Inc.	Panama/Hong Kong	US$	2	100	Property owning
	Hongville Limited	Hong Kong	HK$	2	100	Property owning
	Hutchison Estate Agents Limited	Hong Kong	HK$	50,000	100	Property management
	Hutchison Hotel Hong Kong Limited	Hong Kong	HK$	2	100	Investment in hotel

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Property and hotels (cont'd)					
	Hutchison International Hotels Limited	British Virgin Islands	US$	1	100	Holding company
✡	Hutchison LR Development Limited	British Virgin Islands	US$	100	45	Property investment
+	Hutchison Lucaya Limited	Bahamas	US$	5,000	100	Investment in hotel
	Hutchison Properties Limited	Hong Kong	HK$	166,758,910	100	Holding company
	Hutchison Whampoa Properties Limited	Hong Kong	HK$	2	100	Holding company
	Hutchison Whampoa Properties (Management & Agency) Limited	Hong Kong	HK$	20	100	Property management & related services
	Hybonia Limited	Hong Kong	HK$	20	100	Property owning
✡	Konorus Investment Limited	Hong Kong	HK$	2	43	Property developing
✡	Marketon Investment Limited	Hong Kong	HK$	4	50	Property owning
✡	Marunochi N. V.	Netherlands Antilles	US$	20,420	45	Property owning
	Matrica Limited	Hong Kong	HK$	20	70	Property owning
✡	Montoya (HK) Limited	Hong Kong	HK$	140	50	Property investment
	Mossburn Investments Limited	Hong Kong	HK$	1,000	100	Property owning
✡	New China Sheen Limited	Hong Kong	HK$	4	50	Property investment
✡	New China Target Limited	Hong Kong	HK$	4	50	Property investment
	Omaha Investments Limited	Hong Kong	HK$	10,000	88	Property owning
	Palliser Investments Limited	Hong Kong	HK$	100,000	100	Property owning
	Provident Commercial Investments Limited	Hong Kong	HK$	2	100	Property owning
#+	Randash Investment Limited	Hong Kong	HK$	110	39	Investment in hotel
	Rhine Office Investments Limited	Hong Kong	HK$	2	100	Property owning
	Trillium Investment Limited	Bahamas/Hong Kong	US$	1,060,000	100	Property owning
	Turbo Top Limited	Hong Kong	HK$	2	100	Property owning
	Vember Lord Limited	Hong Kong	HK$	2	100	Property owning

Principal Subsidiary and Associated Companies and Jointly Controlled Entities

at 31 December 2003

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Retail and manufacturing					
	A.S. Watson & Company, Limited	Hong Kong	HK$	109,550,965	100	Holding company
	A.S. Watson European Investments S.à r. l.	Luxembourg/Europe	Euro	12,500	100	Investments in water manufacturing & distributing
	A.S. Watson Group (Europe) Holdings Limited	British Virgin Islands/ Europe	US$	1	100	Investments in water manufacturing & distributing
	A.S. Watson Group (HK) Limited	British Virgin Islands/ Hong Kong	US$	1	100	Retailing, supermarket operating, and water, beverage & fruit juice manufacturing & distributing
	A.S. Watson (Health & Beauty Continental Europe) B.V.	Netherlands	Euro	450,100	100	Retailing
	Fortress Limited	Hong Kong	HK$	20	100	Retailing
✡❋	Guangzhou Aircraft Maintenance Engineering Company Limited	China	US$	27,500,000	50	Aircraft maintenance
❋	Guangzhou Watson's Food and Beverages Co. Ltd.	China	US$	12,000,000	95	Beverage manufacturing & trading
*	Hutchison Harbour Ring Limited	Bermuda/Hong Kong	HK$	670,500,026	62	Trading & manufacturing of toys
	Hutchison Whampoa (China) Limited	Hong Kong	HK$	15,000,000	100	Investment holding & China services
✡	Nuance-Watson (HK) Limited	Hong Kong	HK$	20	50	Operating of duty free shops
	Park'N Shop Limited	Hong Kong	HK$	1,000,000	100	Supermarket operating
# +	Procter & Gamble – Hutchison Limited	Hong Kong	US$	52,750,000	20	Investments in manufacturing consumer products
	Savers Health and Beauty Limited	United Kingdom	GBP	1,400,000	100	Retailing
	Superdrug Stores Plc	United Kingdom	GBP	21,510,854	100	Retailing
	Watson Park'N Shop Limited	Taiwan	NT$	711,000,000	100	Retailing
	Watson's Personal Care Stores Pte Ltd	Singapore	S$	5,000,000	100	Retailing
	Watsons Personal Care Stores (Philippines), Inc.	Philippines	PHP	135,000,000	60	Retailing
	Watson's The Chemist Limited	Hong Kong	HK$	1,000,000	100	Retailing

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Energy and infrastructure					
+	Anderson Asia (Holdings) Limited	Hong Kong	HK$	1	85	Quarry operation and production; distribution of concrete & aggregates
+	Cheung Kong China Infrastructure Limited	Hong Kong/China	HK$	2	85	Investment in infrastructure projects
* +	Cheung Kong Infrastructure Holdings Limited	Bermuda/Hong Kong	HK$	2,254,209,945	85	Holding Company
@ # +	ETSA Utilities Partnership	Australia		N/A	42	Electricity distribution
+	Green Island Cement (Holdings) Limited	Hong Kong	HK$	203,098,914	85	Cement manufacturing & distributing
* # +	Hongkong Electric Holdings Limited	Hong Kong	HK$	2,134,261,654	33	Electricity generating
* # +	Husky Energy Inc.	Canada	C$	3,456,632,593	35	Investment in oil and gas
# +	Powercor Australia Limited	Australia	A$	12	42	Electricity distribution
	Finance and investments					
	Binion Investment Holdings Limited	Cayman Islands	US$	3	100	Overseas portfolio investment
	Cavendish International Holdings Limited	Hong Kong	HK$	2,898,985,782	100	Holding company
	Hongkong and Whampoa Dock Company, Limited	Hong Kong	HK$	139,254,060	100	Holding company
	Hutchison International Finance (01/08) Limited	British Virgin Islands	US$	1	100	Finance
	Hutchison International Finance (03/08) Limited	British Virgin Islands	US$	1	100	Finance
	Hutchison International Finance (BVI) Limited	British Virgin Islands	US$	1	100	Finance
	Hutchison International Limited	Hong Kong	HK$	446,349,093	100	Holding company & corporate head office
	Hutchison OMF Limited	British Virgin Islands	US$	1	100	Overseas portfolio investment & treasury
	Hutchison Whampoa Europe Investments S.à r. l.	Luxembourg	Euro	1,764,026,850	100	Holding company
	Hutchison Whampoa (Europe) Limited	United Kingdom	GBP	1,000	100	Consultancy services
	Hutchison Whampoa Finance (03/13) Limited	Cayman Islands	US$	1	100	Finance
	Hutchison Whampoa Finance (CI) Limited	Cayman Islands	US$	1	100	Finance
	Hutchison Whampoa Hongville Finance Limited	Cayman Islands	US$	1	100	Finance
	Hutchison Whampoa International (01/11) Limited	British Virgin Islands	US$	1	100	Finance
	Hutchison Whampoa International (03/13) Limited	Cayman Islands	US$	1	100	Finance
	Hutchison Whampoa International (03/33) Limited	Cayman Islands	US$	1	100	Finance

Principal Subsidiary and Associated Companies and Jointly Controlled Entities

at 31 December 2003

Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital/ registered capital		Percentage of equity attributable to the Group	Principal activities
Finance and investments (cont'd)					
Strategic Investments International Limited	British Virgin Islands	US$	1	87	Overseas portfolio investment & treasury
Thamesway Investments Limited	British Virgin Islands	US$	1	100	Finance
Willesden Limited	British Virgin Islands	US$	75,000,000	100	Overseas portfolio investment
Zeedane Investments Limited	British Virgin Islands	US$	1	100	Overseas portfolio investment

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

Unless otherwise stated, the principal place of operation of each company is the same as its place of incorporation. The activity of portfolio investment and e-commerce business is international, and not attributable to a principal place of operation.

Except Hutchison International Limited which is 100% directly held by the Company, the interests in the remaining subsidiary and associated companies and jointly controlled entities are held indirectly.

* *Company listed on the Stock Exchange of Hong Kong except Partner Communications Company Ltd which is listed on both the London Stock Exchange and the Tel Aviv Stock Exchange and quoted on the Nasdaq Stock Market , Hutchison Telecommunications (Australia) Limited which is listed on the Australian Stock Exchange Limited, Husky Energy Inc which is listed on the Toronto Stock Exchange and TOM Group Limited which is listed on the Growth Enterprise Market in Hong Kong.*

Associated companies

✡ *Jointly controlled entities*

❋ *Equity joint venture registered under PRC law*

† *Cooperative joint venture registered under PRC law*

@ *ETSA Utilities Partnership, an incorporated body, consists of 5 associates of the Group as follows:*

CKI Utilities Development Limited
CKI Utilities Holdings Limited
CKI/HEI Utilities Distribution Limited
HEI Utilities Development Limited
HEI Utilities Holdings Limited

The partnership operates the electricity distribution network in the State of South Australia of Australia.

\+ *The accounts of these subsidiary and associated companies and jointly controlled entities have been audited by firms other than PricewaterhouseCoopers. The aggregate net assets, turnover (excluding share of associated companies and jointly controlled entities) and profit before taxation (including share of associated companies and jointly controlled entities) of these companies not audited by PricewaterhouseCoopers amounted to approximately 9.6%, 2.5% and 71.3% of the Group's respective items.*

Schedule of Principal Properties

at 31 December 2003

Description	Lot number	Lease term	Group's interest	Approx gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Aberdeen Centre, Aberdeen, Hong Kong	AIL 302 & 304	Long	100%	345,026	C	Existing
Provident Centre, Wharf Road, Hong Kong	IL 8465	Long	100%	209,768	C	Existing
Hunghom Bay Centre, Hung Hom, Kowloon	RP of HHML 1	Long	100%	80,402	C	Existing
Whampoa Garden, Hung Hom, Kowloon	KIL 10750 Sec A-H & Sec J-L	Long	100%	1,713,990	C	Existing
Hutchison House, 10 Harcourt Road, Hong Kong	IL 8286	Long	100%	503,715	C	Existing
Aon China Building, 29 Queen's Road Central, Hong Kong	IL 2317	Long	100%	258,751	C	Existing
Cheung Kong Center, 2 Queen's Road Central, Hong Kong	IL 8887	Medium	100%	1,263,363	C	Existing
Harbour Plaza North Point and	IL 8885	Medium	39%	343,081	H	Existing
MLC Millennia Plaza, 661-665 King's Road, North Point, Hong Kong			39%	217,955	C	Existing
Trust Tower, 1/F -20/F, 68-74 Johnston Road, Wanchai, Hong Kong	IL 4280 & RP of Sec A of ML 64A	Long	43%	56,260	C	Existing
Victoria Mall Canton Road, Kowloon	RP of KIL 11086	Medium	43%	169,307	C	Existing
9 Chong Yip Street, Kwun Tong, Kowloon	KTIL 444	Medium	64%	124,721	C	2004 (90%)
Shopping Centre of Belvedere Garden,						
Phase 1	TWTL 308	Medium	100%	21,340	C	Existing
Phase 2	TWTL 316 (Plot A)	Medium	65%	120,039	C	Existing
Phase 3	TWTL 316 (Plot B)	Medium	100%	131,945	C	Existing
Castle Peak Road, Tsuen Wan, New Territories						
Tsing Yi office development at Container Terminal No 9, Tsing Yi, New Territories (site area approx. 32,292 sq ft)	TYTL 139	Medium	87%	361,700	C	2005 (1%)
Watson House, Wo Liu Hang Road, Shatin, New Territories	STTL 61	Medium	100%	280,900	C/W	Existing
Hongkong International Distribution Centre,	M/F to 6/F on KCL No 4	Medium	88%	4,705,141	C/W	Existing
Kwai Chung, New Territories	G/F on KCL No 4	Medium	85%	737,394	C/W	Existing
Sheraton Hong Kong Hotel & Towers, Salisbury Road, Tsimshatsui, Kowloon	KIL 9172	Long	39%	729,945	H	Existing

Schedule of Principal Properties

at 31 December 2003

Description	Lot number	Lease term	Group's interest	Approx gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
One and Two Harbourfront and The Harbour Plaza Hong Kong, Hung Hom, Kowloon	Sec A, B & RP of HHML 6 and extension thereto	Long	100% 100%	862,988 473,424	C H	Existing Existing
The Metropolis Tower, and Harbour Plaza Metropolis, Metropolis, Hung Hom Bay, Kowloon	KIL 11077	Medium	50%	713,895	C/H	Existing
Rambler Crest and Hotel Development, Tsing Yi, New Territories	TYTL 140	Medium	70%	697,731 137,770	H/C SA	Existing Existing
Horizon Suite Hotel at Tolo Harbour, Ma On Shan, New Territories	STTL 461	Medium	49%	602,784	H	Existing
Watson Centre, 16-24 Kung Yip Street, Kwai Chung, New Territories	KCTL 258	Medium	100%	687,200	I	Existing
Watson's Water Centre, 6 Dai Li Street, Tai Po Industrial Estate, New Territories	Tai Po Town Lot 1 Sec B SS2	Medium	100%	255,138	I	Existing
Cavendish Centre, 23 Yip Hing Street, Wong Chuk Hang, Hong Kong	AIL 399	Long	100%	342,868	I	Existing
One half of M/F, whole of 6/F – 10/F & the roof, 1-11 Ka Ting Road, Kwai Chung, New Territories	RP of KCTL 129	Medium	100%	100,800	I	Existing
Food distribution depot, Sheung Shui, New Territories	FSSTL 97	Medium	100%	142,394	I	Existing
Cement manufacturing plant, Tap Shek Kok, Tuen Mun, New Territories	TMTL 201	Medium	85%	1,645,331	I	Existing
Trendy Centre, 682 – 684 Castle Peak Road, Kowloon	NKIL 6224	Medium	25%	179,931	I/O	Existing
Caribbean Coast, Tung Chung, New Territories (site area approx 730,876 sq ft)	TCTL 5	Medium	50% 40% 50% 50% 40%	379,799 662,103 1,315,925 298,685 474,575	R/C R R R R	2004 (85%) 2004 (85%) 2005 (37%) 2006 (15%) 2006 (15%)
Harbourfront Landmark, Wan Hoi Street, Hung Hom, Kowloon	KIL 11055	Medium	50%	336,745	R/C	Existing

Description	Lot number	Lease term	Group's interest	Approx gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Oriental Plaza,	Dong Chang An Jie, Beijing	Medium	18%	4,219,409	C	Existing
Dong Chang An Jie, Beijing, China			18%	1,334,711	H/SA	Existing
(site area approx 1,018,557 sq ft)			18%	505,899	SA	2004 (95%)
Great Wall Hotel, 10 North Dong Sang Hun Road, Chao Yang District, Beijing, China	Chao Yang District Beijing	Medium	49.8%	898,800	H	Existing
Metropolitan Plaza, Chongqing, China	Ba Yi Lu, Chongqing	Medium	50%	1,511,515	C	Existing
Harbour Plaza Chongqing, China	Ba Yi Lu, Chongqing	Medium	50%	482,765	H	Existing
Beverly Hills	Yubei, Chongqing	Medium				
Jiangbei, Chongqing, China	Phase 1		50%	250,075	R	Existing
(site area approx 1,739,352 sq ft)	Phase 2		50%	447,742	R	2004 (45%)
Huangsha underground railway development,	Huangsha MTR Station Podium	Long				
Guangzhou, China	Phases 1 – 2		50%	2,791,280	R	2005 (3%)
(site area approx 767,265 sq ft)	Commercial		50%	777,630	C	2005 (3%)
Laguna Verona,	Hwang Gang Lake, Dongguan	Medium				
Dongguan, Guangdong, China	Phase A		50%	26,878	R	Existing
(site area approx 35,954,838 sq ft)	Phase A & Phase B Stages 1-5		47%	330,931	R	Existing
	Phase B Stage 6 and Commercial		47%	255,317	R/C	2004 (75%)
	Phase C		47%	327,650	R	2004 (10%)
	Phases D – G		47%	9,942,371	R	2015 (1%)
Harbour Plaza Golf Club	Hwang Gang Lake, Dongguan Golf course	Medium	42%	14,257,654	G	Existing
Le Parc (Huangpu Yayuan),	Central District,	Long				
Futian , Central District,	Shenzhen					
Shenzhen, China	Phases 1 – 4		50%	263,260	R	Existing
	Commercial		50%	78,849	C	Existing
Horizon Cove,	Tang Jia Bay, Zhuhai	Medium				
Tang Jia Bay, Zhuhai, China	Phase 1		50%	95,855	R	Existing
(site area approx 4,797,169 sq ft)	Phase 2		50%	305,176	R	Existing
	Phase 3A		50%	902,039	R	2004 (6%)
	Phase 3B		50%	1,053,980	R	2005 (1%)
	Phase 4		50%	945,320	R	2007 (1%)
Cape Coral, Panyu,	Dai Shi, Panyu	Long				
Guangzhou, China (site area approx	Phase 1		50%	1,298,383	R	2004 (51%)
4,621,147 sq ft)	Phase 2		50%	1,220,077	R	2005 (1%)
	Phase 3		50%	975,631	R	2006 (1%)
	Phase 4		50%	1,420,682	R	2007 (1%)
	Commercial		50%	18,675	C	2004 (1%)
Dynasty Garden (Yu Long Ju)	Baoan, Shenzhen					
Baoan, Shenzhen, China	Phases 1 – 2	Long	50%	1,232,444	R	2004 (63%)
(site area approx 858,616 sq ft)						

Schedule of Principal Properties

at 31 December 2003

Description	Lot number	Lease term	Group's interest	Approx gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
The Center Xuhui, Shanghai, China (site area approx 319,788 sq ft)	Changshu Lu/ Changle Lu Xuhui District, Shanghai	Medium	50%	938,689	C	2004 (80%)
Westgate Mall & Tower, Mei Long Zhen, Shanghai, China	Nanjing Xi Lu / Jiang Ning Lu, Shanghai	Medium	30%	1,099,361	C	Existing
Seasons Villas, Pudong Huamu, Shanghai, China (site area approx 2,907,679 sq ft)	Huamu Road, Pudong Shanghai Phases 1 – 4, 5 & 6A Phases 4A & 6B	Medium	 50% 50%	 1,252,717 24,843	 R R	 Existing 2004 (3%)
Regency Park, Pudong Huamu, Shanghai, China (site area approx 4,936,832 sq ft)	Huamu Road, Pudong Shanghai	Medium	50%	1,531,983	R	2004 (4%)
A commercial & residential development at Gubei, Shanghai, China (site area approx 546,037 sq ft)	Gubei Road Shanghai	Long	50%	1,684,965	R/C	2005 (2%)
Albion Riverside, United Kingdom (site area approx 139,000 sq ft)	Wandsworth, London	Freehold	45%	72,681* 79,242*	R C	Existing 2004 (99%)
A commercial & residential development at Lots Road, Chelsea, London, United Kingdom (site area approx 279,572 sq ft)	Chelsea / Fulham, London	Freehold	23%	619,959* 83,797*	R C	2010 (1%) 2010 (1%)
Chelsea Harbour, Phase II, Chelsea, London, United Kingdom (site area approx 95,832 sq ft)	Chelsea / Fulham, London	Freehold	23%	117,953*	R	2006 (1%)
Costa Del Sol, Bayshore Road, Singapore (site area approx 427,349 sq ft)	7455 PTMK 27, Singapore	Long	24%	510,764 490,452	R R	Exisiting 2004 (95%)
Cairnhill Crest at Cairnhill Circle, Singapore (site area approx 157,137 sq ft)	Lots 874P & 601W Singapore	Freehold	50%	439,984	R	2004 (60%)
Pacific Century Place Marunouchi, Tokyo, Japan	Marunouchi, Tokyo	Freehold	38%	786,000	C	Existing
The Westin and Sheraton at Our Lucaya Beach & Golf Resort in Freeport, Grand Bahama, Bahamas	Lucaya, Freeport, Grand Bahama Island	Freehold	100% 100%	1,028,891 320 acres	H G	Existing Existing
Container Terminal No 4, Kwai Chung, New Territories	KCL No 4	Medium	87%	70 acres	CT	Existing
Container Terminal No 6, Kwai Chung, New Territories	KCL No 6	Medium	87%	71 acres	CT	Existing
Container Terminal No 7, Kwai Chung, New Territories	KCL No 7	Medium	87%	78 acres	CT	Existing
Container Terminal No 8, East, Kwai Chung, New Territories	KCL No 8	Medium	43%	74 acres	CT	Existing

Description	Lot number	Lease term	Group's interest	Approx gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Container Terminal No 9, Tsing Yi, New Territories	TYTTL 139 TYL 9 (co-grantee)	Medium	87%	47 acres	CT	2005 (75%)
Mid-Stream Terminal, Stonecutters Island, Hong Kong	KCTL No 479	Medium	100%	360,000	CT	Existing
River Trade Terminal, Tuen Mun, New Territories	TMTL No 393	Medium	43%	7,000,000	CT	Existing
Container Terminal at Yantian Port, Shenzhen, China (Phases I & II)	Yantian, Shenzhen, Guangdong Province	Medium	48%	14,032,771	CT	Existing
Container Terminal at Yantian Port, Shenzhen, China (Phases III)	Yantian, Shenzhen, Guangdong Province	Medium	43%	9,640,000	CT	2004 (63%)
Inland Container Depot and Warehousing, Guanlan, Shenzhen, China	Guanlan, Shenzhen, Guangdong Province	Medium	71%	3,591,699	D/W	Existing
Container Terminal at Jiuzhou, Zhuhai, Guangdong, China	Lovers Avenue South Zhuhai Guangdong Province	Medium	50%	1,659,592	CT	Existing
Multi purpose Terminal at Zhuhai Port, Gaolan, Zhuhai, Guangdong, China	Zhuhai Port, Zhuhai Guangdong Province	Medium	50%	2,238,891	CT	Existing
Container Terminal at Zhuchi Port, Shantou, Guangdong, China	Zhuchi Port, Shantou Guangdong Province	Medium	70%	4,582,505	CT	Existing
Container Terminals at Zhang Hua Bang, Jun Gong Lu & Bao Shan, Shanghai, China	Zhang Hua Bang, Jun Gong Lu & Bao Shan, Shanghai	Medium	37%	8,983,662	CT	Existing
Container Terminals at Beilun, Ningbo, Zhejiang, China	Beilun, Ningbo, Zhejiang Province	Medium	49%	8,140,591	CT	Existing
Container Terminal at San Shan Port, Nanhai, Guangdong, China	San Shan Island, Nanhai Guangdong Province	Medium	50%	4,256,425	CT	Existing
Container Terminal at Gaosha Port, Jiangmen, Guangdong, China	Gaoshawei, Baishi Administration Area, Jiangmen Guangdong Province	Medium	50%	1,337,675	CT	Existing
Container Terminal at Haicang Port, Xiamen, Fujian, China	Haicang Port Zone, Xiamen, Fujian Province	Medium	49%	5,016,444	CT	Existing
Container Terminal at Laem Chabang, Thailand	A2, Laem Chabang	Medium	88%	43 acres	CT	Existing
Container Terminal at Tanjung Priok, Jakarta, Indonesia	CT 1 & CT2 Tanjung Priok, Jakarta	Medium	51%	100 acres	CT	2004 (85%)
Container Terminal at Tanjung Priok, Jakarta, Indonesia	CT 3 Tanjung Priok, Jakarta	Medium	48%	30.6 acres	CT	Existing
Container Terminal at Port Klang, Selangor, Malaysia	Port Klang, Palau Indah	Medium	31%	1,225 acres	CT	Existing

Schedule of Principal Properties

at 31 December 2003

Description	Lot number	Lease term	Group's interest	Approx gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Container Terminal at Karachi, Pakistan	Berth Nos 27 to 30 West Wharf	Medium	100%	1,559,769	CT	Existing
Container Terminal at 780-2 Doi-dong Kwangyang-si, South Korea	Kwangyang-si, South Korea	Medium	80%			
	Phase II-1			5,737,351	CT	Existing
	Phase II-2			3,476,856	CT	2004 (95%)
Container Terminal at 1116, Jwachon-dong, Dong-ku, Busan, South Korea	Busan, Busan-si	Medium	100%	160.6 acres	CT	Existing
Container Terminal at 624 Gamman-Dong Nam-ku, Busan, South Korea	Gamman, Busan-si	Medium	100%	37.1 acres	CT	Existing
Container Terminal at 775, Doi-dong, Kwangyang, Cheonnam. South Korea	Kwangyang, Kwangyang-si	Medium	100%	51.9 acres	CT	Existing
Container Terminal at Felixstowe, United Kingdom	Felixstowe, County of Suffolk	Long	100%	540 acres	CT	Existing
		Freehold	100%	250 acres	CT	Existing
Container Terminal at Thamesport, United Kingdom	Isle of Grain County of Kent	Long	100%	210 acres	CT	Existing
Multi purpose freight & passenger port & Bathside Bay Land, Harwich, United Kingdom	Harwich, County of Essex	Freehold	100%	185 acres	P	Existing
		Freehold	100%	250 acres	CT	2004 (25%)
Container Terminal at Rotterdam, The Netherlands	Home Terminal, Rotterdam	Long	98%	167 acres	CT	Existing
	Delta Terminal, Rotterdam	Long	98%	583 acres	CT	Existing
Container Terminal at Internacional de Contenedores Asociados de Veracruz, S A de C V Veracruz, Mexico	Recinio portuario, Zona II Puerto de Veracruz, Veracruz	Medium	100%	4,492,133	CT	Existing
Container Terminal at Ensenada International Terminal S A de C V Ensenada, Baja California, Mexico	Ensenada, Baja California	Medium	100%	1,552,508	CT	Existing
Cruise Port & Marina at Ensenada Cruiseport Village S A de C V Ensenada, Baja California, Mexico	Ensenada, Baja California	Medium	100%	2,043,011	P	Existing
Container Terminal at Terminal International de Manzanillo, S A de C. V.	Manzanillo, Mexico	Medium	100%	24.6 acres	CT/D	Existing
Container Terminal at L.C. Terminal Portuaria de Contenedores S A de C. V.	Recinto Portuario, Lazaro Cardenas, Michoacan	Medium	51%	1,658,944	CT	Existing

Description	Lot number	Lease term	Group's interest	Approx gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Container Terminal at Buenos Aires, Argentina	Puerto Nuevo, Buenos Aires	Medium	100%	53 acres	CT	Existing
Freeport International Airport, Bahamas	Freeport, Grand Bahama Island	Freehold	50%	3,495 acres	A	Existing
Port Operation at Freeport, Bahamas	Freeport, Grand Bahama Island	Freehold	50%	1,630 acres	P	Existing
Container Terminal at Freeport, Bahamas	Freeport, Grand Bahama Island	Long	70%	168 acres	CT	Existing

Note:

Lease term: Long = lease not less than 50 years; Medium = lease less than 50 years but not less than 10 years.

*   *Total net floor area for UK projects*

A = Airport   C = Commercial   CT = Container Terminal   D = Depot   G = Golf Course   H = Hotel   I = Industrial
I/O = Industrial/Office   P = Cruise Port   SA = Serviced Apartment   R = Residential   W = Warehouse

Ten Year Summary

	1994	1995	1996	1997	1998	1999	2000	2001	2002	**2003**
Consolidated Profit and Loss Account										
HK$ millions										
Turnover	30,168	35,026	36,662	44,590	51,383	55,442	57,022	61,460	75,235	**104,921**
Profit attributable to shareholders (Note 1)	7,805	9,441	11,850	12,074	8,350	117,799	34,200	11,972	14,362	**14,378**
Dividends	3,362	4,267	5,703	6,123	4,962	6,318	7,375	7,375	7,375	**7,375**
Consolidated Balance Sheet										
HK$ millions										
ASSETS										
Non-current assets										
Fixed assets	52,704	55,020	63,691	77,578	78,564	86,507	88,383	107,099	148,713	**181,099**
Other non-current assets	1,641	1,088	730	1,547	3,335	3,261	87,684	86,003	95,069	**105,753**
Goodwill	–	–	–	–	–	–	–	333	7,838	**8,583**
Deferred tax assets	24	28	51	53	80	425	720	1,177	2,032	**9,338**
Associated companies	12,555	14,166	16,286	18,992	19,786	25,395	37,987	36,972	45,277	**51,132**
Interests in joint ventures	8,105	7,585	8,967	34,221	39,905	34,719	39,419	38,253	35,016	**39,051**
Liquid funds and other listed investments	11,582	14,877	21,821	25,334	21,956	172,906	127,446	71,204	75,597	**63,929**
Total non-current assets	86,611	92,764	111,546	157,725	163,626	323,213	381,639	341,041	409,542	**458,885**
Net current assets	3,935	280	3,365	17,161	6,878	19,656	17,049	47,329	5,178	**74,552**
Total assets less current liabilities	90,546	93,044	114,911	174,886	170,504	342,869	398,688	388,370	414,720	**533,437**
Non-current liabilities										
Long term liabilities	26,189	26,174	34,459	72,720	71,880	80,662	107,004	129,018	141,569	**230,182**
Deferred tax liabilities	928	1,059	1,161	4,225	4,951	5,900	6,372	8,255	8,680	**9,032**
Pension obligations	–	–	–	–	–	–	–	131	730	**960**
Total non-current liabilities	27,117	27,233	35,620	76,945	76,831	86,562	113,376	137,404	150,979	**240,174**
Minority interests	5,104	5,278	7,759	11,898	10,177	9,934	35,927	36,812	41,596	**45,748**
Net assets (note 1)	58,325	60,533	71,532	86,043	83,496	246,373	249,385	214,154	222,145	**247,515**
CAPITAL AND RESERVES										
Share capital	905	904	905	969	969	969	1,066	1,066	1,066	**1,066**
Reserves	57,420	59,629	70,627	85,074	82,527	245,404	248,319	213,088	221,079	**246,449**
Shareholders' funds (Note 1)	58,325	60,533	71,532	86,043	83,496	246,373	249,385	214,154	222,145	**247,515**
Performance Data										
Earnings per share – (HK$) (Note 1)	1.96	2.37	2.98	2.84	1.95	27.63	8.02	2.81	3.37	**3.37**
Dividends per share – (HK$)	0.85	1.07	1.36	1.44	1.16	1.48	1.73	1.73	1.73	**1.73**
Dividend cover (Note 1)	2.3	2.2	2.2	2.0	1.7	18.7	4.6	1.6	1.9	**1.9**
Return on average shareholders' funds (%)	14.4	15.9	17.9	15.3	9.9	71.1	13.8	5.2	6.6	**6.1**
Current ratio	1.3	1.0	1.2	1.7	1.3	1.6	1.4	2.0	1.1	**1.8**
Net debt/Net total capital (%) (Note 2)	16.2	15.9	11.9	23.8	31.5	0.3	N/A	0.7	16.1	**23.4**
Net assets per ordinary share – book value (HK$) (Note1)	14.7	15.2	18.0	20.2	19.6	57.8	58.5	50.2	52.1	**58.1**

Note 1: Figures are restated to reflect the Group's adoption of the revised SSAP12 "Income taxes" to account for deferred taxation. (See Principal Accounting Policies Note 1A)

Note 2: Net debt is defined on the Consolidated Cash Flow Statement. Net total capital is defined as total borrowings plus share capital, reserves and minority interests net of total cash, liquid funds and other listed investments as shown on the Consolidated Cash Flow Statement.