

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 Watrus Limited ("Watrus"), an indirect non wholly owned subsidiary of the Company, in consideration of Watrus acknowledging a wholly owned subsidiary of ADS and DAF as having made a deemed contribution to Watrus 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.

I Report of the Directors

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 重慶奧普泰通信技術有限公司 (“COTT”, name translated to English known as “Chongqing Optel Telecom Technology

I Report of the Directors

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.

I Report of the Directors

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;

I Report of the Directors

- (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	Basic Salaries, Allowances and Benefits- in-kind		Bonuses	Provident Fund Contributions	Inducement or Compensation Fees	Total Emoluments
	Fees					
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
Li Ka-shing ⁽¹⁾	0.05	–	–	–	–	0.05
Li Tzar Kuoi, Victor						
<i>Paid by the Company</i>	0.05	4.44	25.00	–	–	29.49
<i>Paid by Cheung Kong Infrastructure Holdings Limited ("Cheung Kong Infrastructure")</i>	0.05	–	5.52	–	–	5.57
<i>Paid to the Company</i>	(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						
<i>Paid by the Company</i>	0.05	2.25	6.30	–	–	8.60
<i>Paid by Cheung Kong Infrastructure</i>	0.05	4.20	2.64	–	–	6.89
<i>Paid to the Company</i>	(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

I Report of the Directors

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⁾)	50.3951%
	(ii) Interest of a controlled corporation	(ii) Corporate interest	6,833,000 ⁽²⁾)	
Li Tzar Kuoi, Victor	(i) Beneficiary of trusts	(i) Other interest	2,141,698,773 ⁽¹⁾)	50.2604%
	(ii) Interest of controlled corporations	(ii) Corporate interest	1,086,770 ⁽³⁾)	
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

I Report of the Directors

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.

I Report of the Directors

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	Cheung Kong (Holdings) Limited and its	– Property development and investment
Li Tzar Kuoi, Victor	associated companies	– 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.

I Report of the Directors

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