

# Report of the Directors

The Directors are pleased to present shareholders with the annual report together with the audited financial statements of the Company and of the Group for the year ended 31st December, 2003.

## Principal Activities

The Company's principal activities during the year are development, investment and operation of infrastructure businesses in Hong Kong, the Mainland and Australia.

## Results and Dividends

Results of the Group for the year ended 31st December, 2003 are set out in the consolidated income statement on page 42.

The Directors recommend the payment of a final dividend of HK\$0.50 per share which, together with the interim dividend of HK\$0.215 per share paid on 3rd October, 2003, makes a total dividend of HK\$0.715 per share for the year.

## Fixed Assets

Movements in the Group's fixed assets during the year are set out in note 12 to the financial statements on pages 58 and 59.

## Reserves

Details of changes in the reserves of the Company and the Group are set out in note 25 to the financial statements on pages 68 and 69.

## Group Financial Summary

Results, assets and liabilities of the Group for the last eight years are summarised on pages 2 and 3.

## Properties

Particulars of major properties held by the Group are set out in Appendix 5 on page 84.

## Directors

The Directors of the Company in office at the date of this report are listed on page 96 and their biographical information is set out on pages 26 and 27.

Mr. Barrie Cook re-designated as a Non-executive Director of the Company on 1st October, 2003.

In accordance with the Company's bye-laws, the Directors of the Company (other than the Chairman and the Managing Director) retire in each year by rotation. Mr. Fok Kin Ning, Canning, Mrs. Chow Woo Mo Fong, Susan and Mr. Cheong Ying Chew, Henry retire from office and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

## Directors' Emoluments

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

HK\$ million	Fees	Basic Salaries, Allowances and Other Benefits	Bonuses	Provident Fund Contributions	Inducement or Compensation Fees	Total Emoluments 2003
Li Tzar Kuoi, Victor	0.05	–	5.52	–	–	5.57
Kam Hing Lam	0.05	4.20	2.64	–	–	6.89
George Colin Magnus	0.05	–	–	–	–	0.05
Fok Kin Ning, Canning	0.05	–	–	–	–	0.05
Ip Tak Chuen, Edmond	0.05	1.80	2.47	–	–	4.32
Kwan Bing Sing, Eric	0.05	4.84	2.00	0.48	–	7.37
Chow Woo Mo Fong, Susan	0.05	–	–	–	–	0.05
Frank John Sixt	0.05	–	–	–	–	0.05
Tso Kai Sum	0.05	–	–	–	–	0.05
Cheong Ying Chew, Henry	0.10	–	–	–	–	0.10
Lee Pui Ling, Angelina	0.10	–	–	–	–	0.10
Barrie Cook	0.05	4.37	3.00	0.34	–	7.76
	0.70	15.21	15.63	0.82	–	32.36

During the year, Mr. Li Tzar Kuoi, Victor, Mr. Kam Hing Lam, Mr. Fok Kin Ning, Canning, Mrs. Chow Woo Mo Fong, Susan, Mr. Frank John Sixt and Mr. Tso Kai Sum each received directors' fees of HK\$50,000, and Mr. George Colin Magnus received director's fees of HK\$100,000 from Hongkong Electric Holdings Limited, a listed associate of the Group. The directors' fees totalling HK\$400,000 were then paid back to the Company.

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

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

### 1. Long Positions in Shares

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests		
Company	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	1,912,109,945 (Note 1)	1,912,109,945	84.82%
	Kam Hing Lam	Beneficial owner	100,000	–	–	–	100,000	≈ 0%
Hutchison Whampoa Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation & beneficiary of trusts	–	–	1,086,770 (Note 3)	2,141,698,773 (Note 2)	2,142,785,543	50.26%
	Kam Hing Lam	Beneficial owner	60,000	–	–	–	60,000	≈ 0%
	George Colin Magnus	Beneficial owner & interest of child or spouse	990,100	9,900	–	–	1,000,000	0.02%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	2,110,875 (Note 5)	–	2,110,875	0.05%
	Chow Woo Mo Fong, Susan	Beneficial owner	150,000	–	–	–	150,000	≈ 0%
	Frank John Sixt	Beneficial owner	50,000	–	–	–	50,000	≈ 0%
	Lee Pui Ling, Angelina	Beneficial owner	38,500	–	–	–	38,500	≈ 0%
Hutchison Telecommunications (Australia) Limited	Fok Kin Ning, Canning	Beneficial owner & interest of controlled corporation	100,000	–	1,000,000 (Note 5)	–	1,100,000	0.16%
Hongkong Electric Holdings Limited	Li Tzar Kuoi, Victor	Interest of child or spouse & beneficiary of trusts	–	151,000	–	829,599,612 (Note 4)	829,750,612	38.88%
	Lee Pui Ling, Angelina	Beneficial owner	8,800	–	–	–	8,800	≈ 0%
Hutchison Harbour Ring Limited	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	5,000,000 (Note 5)	–	5,000,000	0.07%

## 2. Long Positions in Underlying Shares

Name of Company	Name of Director	Capacity	Number of Underlying Shares				Total
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
Hutchison Telecommunications (Australia) Limited	Fok Kin Ning, Canning	Beneficial owner & interest of controlled corporation	134,000 underlying shares under 134,000 5.5% Unsecured Convertible Notes due 2007	–	1,340,001 underlying shares under 1,340,001 5.5% Unsecured Convertible Notes due 2007 (Note 5)	–	1,474,001 underlying shares under 1,474,001 5.5% Unsecured Convertible Notes due 2007

## 3. Long Positions in Debentures

Name of Company	Name of Director	Capacity	Amount of Debentures				Total
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
Hutchison Whampoa International (01/11) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US\$2,000,000 7% Notes due 2011 (Note 3)	–	US\$2,000,000 7% Notes due 2011
Hutchison Whampoa International (03/13) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US\$11,000,000 6.5% Notes due 2013 (Note 3)	–	US\$11,000,000 6.5% Notes due 2013
Hutchison Whampoa Finance (03/13) Limited	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	Euro31,900,000 5.875% Notes due 2013 (Note 5)	–	Euro31,900,000 5.875% Notes due 2013

Notes:

- (1) The 1,912,109,945 shares in the Company comprise 1,906,681,945 shares held by a subsidiary of Hutchison Whampoa Limited (“HWL”) and 5,428,000 shares held by Li Ka-Shing Unity Trustee Company Limited (“TUT1”) as trustee of The Li Ka-Shing Unity Trust (“UT1”).

The discretionary beneficiaries of each of The Li Ka-Shing Unity Discretionary Trust (“DT1”) and another discretionary trust (“DT2”) are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard. 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 UT1 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. 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 (Holdings) Limited (“CKH”). Certain subsidiaries of CKH in turn together hold more than one-third of the issued share capital of HWL.

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 CKH 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 CKH 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.

Notes (Cont'd):

By virtue of the above and as a discretionary beneficiary of each of DT1 and DT2 and as a Director of CKH, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the shares of CKH held by TUT1 as trustee of UT1 and TUT1 related companies, the shares of HWL held by the subsidiaries of CKH and the shares of the Company held by each of the subsidiary of HWL and TUT1 as trustee of UT1 under the SFO as a Director of the Company. Although Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco and is a discretionary beneficiary of each of DT1 and DT2, he is not a director of CKH and has no duty of disclosure in relation to the shares of CKH held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO.

(2) The 2,141,698,773 shares in HWL comprise:

- (a) 2,130,202,773 shares held by certain subsidiaries of CKH. By virtue of the interests in shares of CKH in relation to which Mr. Li Tzar Kuoi, Victor has a duty of disclosure under the SFO in the issued share capital of CKH as described in Note (1) above and as a Director of the Company, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of HWL 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"). The discretionary beneficiaries of each of the two discretionary trusts ("DT3" and "DT4") are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard. Each of the trustees of DT3 and 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 entire issued share capital of TUT3 and the trustees of DT3 and DT4 are owned by Li Ka-Shing Castle Holdings Limited ("Castle Holdco"). Each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Castle Holdco. TUT3 is only interested in the shares of HWL by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of HWL independently without any reference to Castle Holdco or any of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard as a holder of the shares of Castle Holdco as aforesaid.

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

- (3) Such interests are held by certain companies of which Mr. Li Tzar Kuoi, Victor is interested in the entire issued share capital.
- (4) By virtue of being a Director of the Company and his deemed interest in those shares of the Company as described in Note (1) above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to those shares of Hongkong Electric Holdings Limited held through the Company under the SFO.
- (5) These interests are held by a company which is equally owned by Mr. Fok Kin Ning, Canning and his wife.

Mr. Li Tzar Kuoi, Victor, by virtue of being a Director of the Company and his interests in the share capital of the Company as a discretionary beneficiary of certain discretionary trusts as described in Note (1) above, is deemed to be interested in those securities of subsidiaries and associated companies of the Company held through the Company and in those securities of the subsidiaries of HWL held through HWL under the SFO.

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

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

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

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

## Interests and Short Positions of Shareholders Discloseable under the SFO

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

### Long Positions of Substantial Shareholders in the Shares of the Company

Name	Capacity	Number of Ordinary Shares	Approximate % of Shareholding
Hutchison Infrastructure Holdings Limited	Beneficial owner	1,906,681,945 (Note i)	84.58%
Hutchison International Limited	Interest of controlled corporation	1,906,681,945 (Note ii)	84.58%
Hutchison Whampoa Limited	Interest of controlled corporations	1,906,681,945 (Note ii)	84.58%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	1,906,681,945 (Note iii)	84.58%
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	1,912,109,945 (Note iv)	84.82%
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of trust	1,912,109,945 (Note v)	84.82%
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of trust	1,912,109,945 (Note v)	84.82%
Li Ka-shing	Founder of discretionary trusts	1,912,109,945 (Note v)	84.82%

#### Notes:

- (i) 1,906,681,945 shares of the Company are held by Hutchison Infrastructure Holdings Limited, a subsidiary of HWL. Its interests are duplicated in the interests of HWL in the Company described in (ii) below.
- (ii) HWL is deemed to be interested in the 1,906,681,945 shares of the Company referred to in (i) above as it holds more than one-third of the issued share capital of Hutchison International Limited, which holds more than one-third of the issued share capital of Hutchison Infrastructure Holdings Limited.
- (iii) CKH is deemed to be interested in the 1,906,681,945 shares of the Company referred to in (ii) above as certain subsidiaries of CKH hold more than one-third of the issued share capital of HWL.
- (iv) TUT1 as trustee of UT1 is deemed to be interested in those shares of the Company described in (iii) above as TUT1 as trustee of UT1 and TUT1 related companies hold more than one-third of the issued share capital of CKH and in the 5,428,000 shares of the Company held by TUT1 as trustee of UT1.
- (v) Each of Mr. Li Ka-shing, TDT1 as trustee of DT1 and TDT2 as trustee of another discretionary trust is deemed to be interested in the same block of shares TUT1 as trustee of UT1 is deemed to be interested in as referred to in (iv) above as all issued and outstanding units in UT1 are held by TDT1 as trustee of DT1 and by TDT2 as trustee of another discretionary trust. More than one-third of the issued share capital of TUT1 and of the trustees of the said discretionary trusts are owned by Unity Holdco. Mr. Li Ka-shing owns one-third of the issued share capital of Unity Holdco.

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

## Connected Transaction

The following transaction of the Group constituted a continuing connected transaction which is normally subject to the disclosure and/or shareholders' approval requirements under Chapter 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the financial year ended 31st December, 2003:

A sponsors/shareholders' undertaking has been provided by each of CKH and HWL in relation to the loan facilities in relation to the Zhuhai Power Plant. Pursuant to the sponsors/shareholders' undertaking, each of CKH and HWL shall be severally liable for 50 per cent. of certain obligations of the foreign party (the "Zhuhai Foreign Party") to the PRC project company undertaking the Zhuhai Power Plant. The Zhuhai Foreign Party, which is an indirect wholly-owned subsidiary of the Company, has a 45 per cent. interest in the PRC project company. Pursuant to a deed of counter-indemnity given by the Company in favour of CKH and HWL, the Company has agreed with each of CKH and HWL to meet all future funding obligations of each of them which may be required under such sponsors/shareholders' undertaking and to counter-indemnify each of CKH and HWL in respect of any sum provided by each of them and generally in respect of each of their liabilities and obligations under such sponsors/shareholders' undertaking.

In the opinion of the Directors of the Company, the transaction referred to above ("Continuing Connected Transaction") is in the ordinary and usual course of business of the Company, on normal commercial terms or on terms no less favourable than terms available to (or from) independent third parties, and is fair and reasonable so far as the shareholders of the Company are concerned, having regard to the circumstances in which it was entered into.

On 12th August, 1996, the Stock Exchange granted conditional waivers (the "Waivers") to the Company from strict compliance with the disclosure and shareholders' approval requirements under Chapter 14 of the Listing Rules in respect of, inter alia, the Continuing Connected Transaction (the "Transactions") subject to the following conditions:

- (1) the Transactions have been entered into or the terms of the respective agreements governing such Transactions are (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms or on terms no less favourable than terms available to (or from) independent third parties; and (iii) fair and reasonable so far as the shareholders of the Company are concerned;
- (2) brief details of such Transactions as set out in Rule 14.25(1)(A) to (D) of the Listing Rules shall be disclosed in the 1996 annual report and each successive annual report; and
- (3) the independent non-executive directors of the Company shall review annually the Transactions and confirm in the 1996 annual report and each successive annual report that the Transactions are conducted in the manner as stated in condition (1) above or in accordance with the terms of the respective agreements governing such Transactions.

As a further condition of granting the Waivers, the Company is required to engage its auditors to provide the board of directors with a letter (the "Auditors' Letter") in respect of the Transactions occurring during the financial year ended 31st December, 1996. Where the Transactions will extend beyond one financial year, those requirements will apply for each successive financial year. The Auditors' Letter is to be provided by the Company to the Stock Exchange.

The Auditors' Letter must state that:

- the Transactions received the approval of the Company's Board of Directors; and
- the Transactions have been entered into on normal commercial terms or in accordance with the terms of the agreements governing the Transactions, or where there is no such agreement, on terms no less favourable than terms available to (or from) independent third parties.

The Stock Exchange reserves the right to revoke or modify any waiver granted by the Waivers in the event of any change in the terms of the Transactions for which such waivers were granted (including any extension or renewal of the agreements evidencing such Transactions) or in the circumstances under which such waivers were granted. In any such case, the Company has to comply with provisions of Chapter 14 of the Listing Rules dealing with connected transactions unless it applies for and obtains a separate waiver from the Stock Exchange.

## Connected Transaction (Cont'd)

The Continuing Connected Transaction has been reviewed and approved by the Directors of the Company (including the independent non-executive directors). The independent non-executive directors of the Company have confirmed that for the year 2003 the Continuing Connected Transaction was conducted in the manner as stated in condition (1) above or in accordance with the terms of the agreement governing the Continuing Connected Transaction.

The auditors of the Company have also confirmed that for the year 2003 the Continuing Connected Transaction received the approval of the Company's Board of Directors; and the Continuing Connected Transaction has been entered into on normal commercial terms or in accordance with the terms of the agreement governing the Continuing Connected Transaction.

In view of the fact that the Waivers were only granted on the basis of the facts and circumstances described in the Prospectus and the original submission made by the Company prior to its listing, an application was made to the Stock Exchange to confirm that such Waivers shall continue to be effective despite the change of circumstances which were resulted from the implementation of the Cheung Kong Group Restructuring. The Stock Exchange indicated that such waiver shall continue to be effective on the same conditions as referred to above.

## Major Customers and Suppliers

During the year, 33.5 per cent. of the Group's purchases were attributable to the Group's five largest suppliers with the largest supplier accounting for 17.7 per cent. of the Group's purchases. The Group's turnover attributable to the Group's five largest customers was less than 30 per cent.

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

## Competing Business Interests of Directors

During the year, the interests of Directors in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group (the "Competing Business") as required to be disclosed pursuant to the Listing Rules were as follows:

### (a) Core business activities of the Group

- (1) Development, investment and operation of power plants and distribution facilities.
- (2) Development, investment and operation of toll roads, toll bridges, tunnel and ancillary businesses and services.
- (3) Development, investment and operation and commercialisation of infrastructure materials including cement, concrete and asphalt products.
- (4) Investment holding and project management.
- (5) Securities investment.
- (6) Information technology, e-commerce and new technology.

### (b) Interests in Competing Business

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Li Tzar Kuoi, Victor	Cheung Kong (Holdings) Limited	Managing Director and Deputy Chairman	(4), (5) & (6)
	Hutchison Whampoa Limited	Deputy Chairman	(4), (5) & (6)
	Hongkong Electric Holdings Limited	Executive Director	(1), (4), (5) & (6)
	CK Life Sciences Int'l., (Holdings) Inc.	Chairman	(5) & (6)
Kam Hing Lam	Cheung Kong (Holdings) Limited	Deputy Managing Director	(4), (5) & (6)
	Hutchison Whampoa Limited	Executive Director	(4), (5) & (6)
	Hongkong Electric Holdings Limited	Executive Director	(1), (4), (5) & (6)
	CK Life Sciences Int'l., (Holdings) Inc.	President and Chief Executive Officer	(5) & (6)



**(b) Interests in Competing Business (Cont'd)**

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
George Colin Magnus	Cheung Kong (Holdings) Limited	Deputy Chairman	(4), (5) & (6)
	Hutchison Whampoa Limited	Executive Director	(4), (5) & (6)
	Hongkong Electric Holdings Limited	Chairman	(1), (4), (5) & (6)
Fok Kin Ning, Canning	Cheung Kong (Holdings) Limited	Non-executive Director	(4), (5) & (6)
	Hutchison Whampoa Limited	Group Managing Director	(4), (5) & (6)
	Hongkong Electric Holdings Limited	Deputy Chairman	(1), (4), (5) & (6)
	Hutchison Harbour Ring Limited	Chairman	(6)
	Vanda Systems & Communications Holdings Limited <i>(to be renamed Hutchison Global Communications Holdings Limited)</i>	Chairman	(6)
	Hanny Holdings Limited	Non-executive Director	(4), (5) & (6)
Ip Tak Chuen, Edmond	Cheung Kong (Holdings) Limited	Executive Director	(4), (5) & (6)
	CK Life Sciences Int'l., (Holdings) Inc.	Senior Vice President and Chief Investment Officer	(5) & (6)
	TOM Group Limited	Non-executive Director	(4), (5) & (6)
	CATIC International Holdings Limited	Non-executive Director	(4) & (5)
	Excel Technology International Holdings Limited	Non-executive Director	(4), (5) & (6)
	Hanny Holdings Limited	Non-executive Director	(4), (5) & (6)
	Shougang Concord International Enterprises Company Limited	Non-executive Director	(1), (4) & (5)
	Trasy Gold Ex Limited	Non-executive Director <i>(resigned on 28th May, 2003)</i>	(4), (5) & (6)
Chow Woo Mo Fong, Susan	Hutchison Whampoa Limited	Deputy Group Managing Director	(4), (5) & (6)
	Hongkong Electric Holdings Limited	Non-executive Director	(1), (4), (5) & (6)
	TOM Group Limited	Non-executive Director	(4), (5) & (6)
	Hutchison Harbour Ring Limited	Executive Director	(6)
	Vanda Systems & Communications Holdings Limited <i>(to be renamed Hutchison Global Communications Holdings Limited)</i>	Executive Director	(6)
Frank John Sixt	Cheung Kong (Holdings) Limited	Non-executive Director	(4), (5) & (6)
	Hutchison Whampoa Limited	Group Finance Director	(4), (5) & (6)
	Hongkong Electric Holdings Limited	Executive Director	(1), (4), (5) & (6)
	TOM Group Limited	Chairman	(4), (5) & (6)
Tso Kai Sum	Hongkong Electric Holdings Limited	Group Managing Director	(1), (4), (5) & (6)

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

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

### **Pre-emptive Rights**

There are no provisions for pre-emptive rights under the Company's bye-laws although there are no restrictions against such rights under the laws of Bermuda.

### **Purchase, Sale or Redemption of Shares**

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

### **Rule 8.08 of the Listing Rules**

As announced by the Company on 8th January, 1997 and 17th February, 1997, the Stock Exchange has granted a waiver from strict compliance with Rule 8.08 of the Listing Rules to the Company on 9th January, 1997 subject to approximately not less than 15.2 per cent. of the issued share capital of the Company being held in public hands. Based on information available and within the knowledge of the Directors, the obligation has been complied with.

### **Donations**

Donations made by the Group during the year amounted to HK\$1,756,000.

### **Code of Best Practice**

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

### **Audit Committee**

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

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

## Chapter 13 to the Stock Exchange Listing Rules

The following information is disclosed in accordance with the Chapter 13 of the Listing Rules:

- (a) The Group has entered into a syndicated loan facility agreement of HK\$3.8 billion, of which the whole amount was drawn as at 31st December, 2003. The facility will mature in 2007. Under the provision of the loan agreement, it is an event of default if HWL (the Company's controlling shareholder) ceases to own (directly or indirectly) at least 35 per cent. of the issued share capital of the Company. The obligation has been complied with.
- (b) A sponsors/shareholders' undertaking referred to under the section headed "Connected Transaction" has been provided by HWL, the Zhuhai Foreign Party and the other parties in relation to two loan facilities of the PRC project company undertaking the Zhuhai Power Plant. The two loans, in the amounts of US\$125.5 million and US\$670 million are repayable by installments with the final repayment due in 2008 and 2012 respectively. It is an event of default for both facilities if CKH and HWL collectively own directly or indirectly less than 51 per cent. of the shareholding in the Zhuhai Foreign Party. The obligation has been complied with.
- (c) The Group has entered into a long term syndicated facility agreement of A\$500 million, of which the amount has been fully drawn with outstanding loan balance of A\$165 million as at 31st December, 2003. The facility will mature in 2004. Under the provision of the loan agreement, it is an event of default if HWL ceases to own (directly or indirectly) at least 35 per cent. of the issued share capital of the Company. The obligation has been complied with.
- (d) The Group has entered into two long term loan facility agreements of A\$45 million and A\$90 million, respectively, of which the whole amounts were drawn as at 31st December, 2003. The facilities will mature in 2004 and 2005, respectively. Under the provision of the loan agreements, it is an event of default if HWL ceases to own (directly or indirectly) at least 35 per cent. of the issued share capital of the Company. The obligation has been complied with.
- (e) The Group has entered into a long term syndicated facility agreement of A\$405 million, of which the whole amount was drawn as at 31st December, 2003. The facility will mature in 2006. Under the provision of the loan agreement, it is an event of default if HWL ceases to own (directly or indirectly) at least 35 per cent. of the issued share capital of the Company. The obligation has been complied with.
- (f) The Group has entered into a long term syndicated facility agreement of A\$400 million, of which the whole amount was drawn as at 31st December, 2003. The facility will mature in 2008. Under the provision of the loan agreement, it is an event of default if HWL ceases to own (directly or indirectly) at least 30 per cent. of the issued share capital of the Company. The obligation has been complied with.

## Chapter 13 to the Stock Exchange Listing Rules (Cont'd)

- (g) As at 31st December, 2003, the Group has granted relevant advances to certain affiliated companies totalling HK\$11,145 million, equivalent to approximately 26 per cent. of the Group's total assets. Proforma combined balance sheet of the affiliated companies as at 31st December, 2003 is set out below:

HK\$ million	
Non-current assets	55,397
Current assets	3,013
Current liabilities	(2,328)
Non-current liabilities	(54,798)
Net assets	1,284
Share capital	1,922
Reserves	(638)
Capital and reserves	1,284

As at 31st December, 2003, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$10,301 million.

### Auditors

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

On behalf of the Board

**LI TZAR KUOI, VICTOR**

Chairman

Hong Kong, 9th March, 2004