

# REPORT OF THE DIRECTORS

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

## PRINCIPAL ACTIVITIES

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

## RESULTS AND DIVIDENDS

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

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

## FIXED ASSETS

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

## RESERVES

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

## GROUP FINANCIAL SUMMARY

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

## PROPERTIES

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

## DIRECTORS

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

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

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

## DIRECTORS' EMOLUMENTS

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

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



## REPORT OF THE DIRECTORS *(continued)*

### Notes:

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

## DISCLOSURE OF INTERESTS

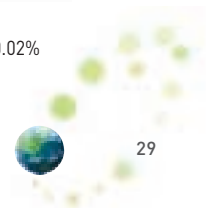
### Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

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

#### 1. Long positions in Shares

##### (a) The Company

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



REPORT OF THE DIRECTORS (continued)

(b) Associated Corporations

Hutchison Whampoa Limited

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

**Cheung Kong Infrastructure Holdings Limited**

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

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

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



## REPORT OF THE DIRECTORS (continued)

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

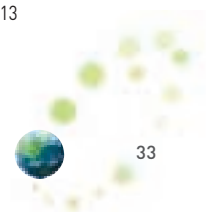
Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interest	Family Interest	Corporate Interest	Other Interest		
Tosbo Limited	Li Ka-shing	Interest of controlled corporations & founder of discretionary trusts	-	-	4 (Note 1)	6 (Note 12)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

## 2. Long Positions in Underlying Shares

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

## 3. Long Positions in Debentures

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





## REPORT OF THE DIRECTORS *(continued)*

### Notes:

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

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

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

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

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

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

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

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

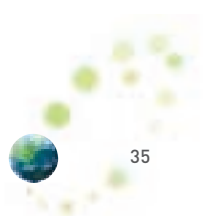
Certain Directors held qualifying shares in certain subsidiaries in trust for the Company and other subsidiaries.

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

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

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

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



**INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO**

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

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

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

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

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

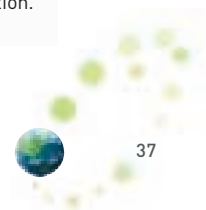
Note: The three references to 825,661,744 shares relate to the same block of shares in the Company. Each of TUT1 as trustee of UT1, TDT1 as trustee of DT1 and TDT2 as trustee of another discretionary trust is taken to have a duty of disclosure in relation to the said shares of the Company as described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

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

## CONNECTED TRANSACTIONS

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

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



## REPORT OF THE DIRECTORS (continued)

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

### MAJOR CUSTOMERS AND SUPPLIERS

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

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

## DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

### 1. Core business activities of the Group

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

### 2. Interests in Competing Business

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



## REPORT OF THE DIRECTORS (continued)

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

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

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

### **PURCHASE, SALE OR REDEMPTION OF SHARES**

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

### **COMMUNITY RELATIONS**

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

### **CODE OF BEST PRACTICE**

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

### **AUDIT COMMITTEE**

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

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

### **AUDITORS**

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

On behalf of the Board

**Li Ka-shing**

Chairman

Hong Kong, 18th March, 2004

