

Consolidated Profit and Loss Account

For the year ended 31st December, 2004

	Note	2004 \$ Million	2003 (Restated) \$ Million
Group turnover		12,149	8,467
Share of property sales of jointly controlled entities		6,282	5,869
Turnover	(2)	18,431	14,336
Group turnover		12,149	8,467
Investment and other income		2,259	2,164
Operating costs			
Property and related costs		(10,176)	(6,382)
Salaries and related expenses		(615)	(620)
Interest expenses		(350)	(517)
Other expenses		(290)	(284)
		(11,431)	(7,803)
Share of results of jointly controlled entities		1,236	1,300
Increase/(decrease) in fair value of investment properties		678	(784)
Operating profit		4,891	3,344
Share of results of associates		7,474	5,123
Profit before taxation	(3)	12,365	8,467
Taxation	(4)	107	243
Profit after taxation		12,472	8,710
Minority interests		(92)	(2)
Profit attributable to shareholders	(5)	12,380	8,708
Dividends			
Interim dividend paid at \$0.38 (2003 – \$0.38) per share		880	880
Final dividend proposed at \$1.42 (2003 – \$1.30) per share		3,289	3,011
		4,169	3,891
Earnings per share	(6)	\$5.35	\$3.76

Consolidated Balance Sheet

As at 31st December, 2004

	Note	2004 \$ Million	2003 (Restated) \$ Million
Non-current assets			
Fixed assets	(7)	18,385	17,217
Associates	(9)	128,386	123,983
Jointly controlled entities	(10)	21,346	22,568
Investments in securities	(11)	7,619	7,231
Long term loans		1,245	929
		176,981	171,928
Current assets			
Investments in securities	(11)	1,040	3,659
Stock of properties	(12)	25,812	13,891
Debtors, deposits and prepayments	(13)	2,254	2,060
Bank balances and deposits		4,033	5,182
		33,139	24,792
Current liabilities			
Bank and other loans	(14)	3,139	1,585
Creditors and accruals	(15)	2,663	2,210
Provision for taxation		553	562
		26,784	20,435
Net current assets			
Total assets less current liabilities		203,765	192,363
Non-current liabilities			
Bank and other loans	(14)	17,907	16,357
Deferred tax liabilities	(16)	461	378
		18,368	16,735
Minority interests			
Net assets		180,165	171,522
Representing:			
Share capital	(17)	1,158	1,158
Share premium		9,331	9,331
Reserves	(18)	641	487
Retained profits	(19)	165,746	157,535
Proposed final dividend		3,289	3,011
Shareholders' funds		180,165	171,522

Li Ka-shing
Director

Ip Tak Chuen, Edmond
Director

Balance Sheet

As at 31st December, 2004

	Note	2004 \$ Million	2003 (Restated) \$ Million
Non-current assets			
Fixed assets	(7)	16	27
Subsidiaries	(8)	27,552	27,280
Associates	(9)	397	397
Jointly controlled entities	(10)	104	(279)
Investments in securities	(11)	14	14
Long term loans		17	20
		28,100	27,459
Current assets			
Stock of properties	(12)	3	3
Debtors, deposits and prepayments	(13)	44	30
Dividend receivable		–	500
Bank balances and deposits		896	653
		943	1,186
Current liabilities			
Creditors and accruals	(15)	112	115
Provision for taxation		17	–
		814	1,071
Net current assets		814	1,071
Net assets		28,914	28,530
Representing:			
Share capital	(17)	1,158	1,158
Share premium		9,331	9,331
Reserves	(18)	200	200
Retained profits	(19)	14,936	14,830
Proposed final dividend		3,289	3,011
Shareholders' funds		28,914	28,530

Li Ka-shing
Director

Ip Tak Chuen, Edmond
Director

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2004

	2004 \$ Million	2003 (Restated) \$ Million
Shareholders' funds at 1st January, as previously reported	174,843	168,548
Prior year adjustments (note 1 (a))		
Retained profits	(1,517)	(410)
Reserves	(1,804)	(1,665)
Shareholders' funds at 1st January, as restated	171,522	166,473
Net profit for the year	12,380	8,708
Exchange gains on translation of financial statements of subsidiaries and jointly controlled entities	154	47
Dividends paid	(3,891)	(3,706)
Shareholders' funds at 31st December	180,165	171,522

Consolidated Cash Flow Statement

For the year ended 31st December, 2004

	Note	2004 \$ Million	2003 (Restated) \$ Million
Operating activities			
Cash generated from/(used in) operations	(a)	(6,967)	5,357
Advance to jointly controlled entities		(2,474)	(1,509)
Dividend/repayment from jointly controlled entities		5,547	4,803
Dividend from associates		3,686	3,687
Dividend from investments in securities		129	64
Interest received		306	299
Advance of long term loans		(437)	(395)
Dividend paid to shareholders		(3,891)	(3,706)
Dividend paid to minorities		(7)	(98)
Profits tax paid		(165)	(32)
Net cash from/(used in) operating activities		(4,273)	8,470
Investing activities			
Investment in associates		(112)	–
Investment in jointly controlled entities		(248)	–
Advance to jointly controlled entities		(384)	(57)
Repayment from associates		4	133
Purchase of long term investments		(1,700)	(3,110)
Disposal/redemption of long term investments		2,472	1,563
Addition of fixed assets		(656)	(630)
Disposal of fixed assets		24	1,514
Net cash used in investing activities		(600)	(587)
Financing activities			
Borrowing of bank and other loans		7,673	2,881
Repayment of bank and other loans		(4,536)	(6,812)
Increase/(decrease) in funding from minorities		1,025	(218)
Interest paid		(438)	(708)
Net cash from/(used in) financing activities		3,724	(4,857)
Net increase/(decrease) in cash and cash equivalents		(1,149)	3,026
Cash and cash equivalents at 1st January		5,182	2,156
Cash and cash equivalents at 31st December	(b)	4,033	5,182

Notes:

(a) Cash generated from/(used in) operations

	2004 \$ Million	2003 (Restated) \$ Million
Profit before taxation	12,365	8,467
Interest income	(273)	(331)
Interest expenses	350	517
Dividend income from investments in securities	(172)	(62)
Share of results of jointly controlled entities	(1,236)	(1,300)
Share of results of associates	(7,474)	(5,123)
(Increase)/decrease in fair value of investment properties	(678)	784
Profit on disposal of investment properties	(15)	(182)
Gain on long term investments	(439)	(589)
Depreciation	101	116
(Increase)/decrease in investments in securities	2,051	(2,565)
(Increase)/decrease in stock of properties	(5,540)	3,898
Increase/(decrease) in customers' deposits received	(6,282)	3,198
Increase in debtors, deposits and prepayments	(217)	(664)
Increase/(decrease) in creditors and accruals	483	(796)
Exchange difference and other items	9	(11)
	(6,967)	5,357

(b) Cash and cash equivalents

	2004 \$ Million	2003 \$ Million
Bank balances and deposits	4,033	5,182

Notes to Financial Statements

1. Principal Accounting Policies

(a) Basis of preparation

The financial statements are prepared under the historical cost convention, as modified for the revaluation of certain properties and investments in securities, and comply with the Hong Kong Financial Reporting Standards ("HKFRS").

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised HKFRSs which are effective for accounting periods beginning on or after 1st January, 2005. The Group has early adopted the following new HKFRSs in the preparation of the financial statements for the year ended 31st December, 2004:

Hong Kong Accounting Standard 36 ("HKAS 36")	Impairment of Assets
Hong Kong Accounting Standard 38 ("HKAS 38")	Intangible Assets
Hong Kong Accounting Standard 40 ("HKAS 40")	Investment Property
Hong Kong Financial Reporting Standard 3 ("HKFRS 3")	Business Combinations
Hong Kong Accounting Standard Interpretation 21 ("HKAS-Int 21")	Income Taxes – Recovery of Revalued Non-Depreciable Assets

The adoption of the above new HKFRSs has resulted in the following changes in the Group's accounting policies for (i) goodwill on acquisition of subsidiaries and associates; and (ii) valuation of investment properties and deferred tax thereon:

- (i) In prior years, goodwill on acquisition of subsidiaries and associates was carried at cost and amortised over its estimated useful life. Following the adoption of HKAS 36, HKAS 38 and HKFRS 3, goodwill on acquisition of subsidiaries and associates is carried at cost and reviewed for impairment annually. Impairment, if any, is charged to the profit and loss account. This change in accounting policy has been applied prospectively from 1st January, 2004 and has no material effect on the Group.
- (ii) In prior years, increases in valuations of investment properties were credited to investment property revaluation reserve whereas decreases in valuations were firstly set off against revaluation reserve and thereafter charged to the profit and loss account. Deferred tax was provided on the basis that the carrying amounts of investment properties would be recovered through sale.

1. Principal Accounting Policies (continued)

(a) Basis of preparation (continued)

Following the adoption of HKAS 40 and HKAS-Int 21, changes in fair value of investment properties are included in the profit and loss account and deferred tax is provided on the basis that the carrying amounts of investment properties will be recovered through use. These changes in accounting policies have been applied retrospectively and the effects on the Group and jointly controlled entities are as follows:–

	2004 \$ Million	2003 \$ Million
Decrease in jointly controlled entities	(117)	(8)
Increase in deferred tax liabilities	(85)	(59)
Decrease in minority interests	4	4
Decrease in net assets	(198)	(63)
Increase in retained profits at 1st January,	1,741	1,498
Decrease in share of investment property revaluation reserve of jointly controlled entities	(1,883)	(1,804)
(Decrease)/increase in profit attributable to shareholders	(56)	243
Decrease in shareholders' funds	(198)	(63)

Hutchison Whampoa Limited has (i) adopted Statement of Standard Accounting Practice Interpretation 22 "The Appropriate Accounting Policies for Infrastructure Facilities"; and (ii) early adopted HKAS 36, HKAS 38, HKAS 40, HKFRS 3 and relevant interpretations. The adoption of these standards has material effects on its profit attributable to shareholders, various balance sheet items and opening shareholders' funds. The Group's share of such effects has impact on the Group as follows:–

	2004 \$ Million	2003 \$ Million
Decrease in associates	(2,408)	(3,258)
Decrease in net assets	(2,408)	(3,258)
Decrease in retained profits at 1st January,	(3,258)	(1,908)
Increase/(decrease) in profit attributable to shareholders	850	(1,350)
Decrease in shareholders' funds	(2,408)	(3,258)

1. Principal Accounting Policies *(continued)*

(a) Basis of preparation *(continued)*

In summary, the Group's profit attributable to shareholders was increased by \$794 million for the year ended 31st December, 2004 and was decreased by \$1,107 million for the year ended 31st December, 2003 (restated from \$9,815 million to \$8,708 million); retained profits and reserves at 1st January, 2004 were decreased by \$1,517 million and \$1,804 million respectively; and retained profits and reserves at 1st January, 2003 were decreased by \$410 million and \$1,665 million respectively.

The Group has already commenced an assessment of the impact of the other new HKFRSs which have not been early adopted by the Group but is not yet in a position to state whether these new HKFRSs would have a significant impact on the Group's results and financial position.

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

(b) Consolidation

The consolidated financial statements of the Group include the financial statements of the Company and of all its direct and indirect subsidiaries made up to 31st December, and also incorporate the Group's interests in jointly controlled entities and associates on the basis set out in note (1)(d) and note (1)(e) respectively.

Results of subsidiaries, jointly controlled entities and associates acquired or disposed of during the year are included as from their effective dates of acquisition to the end of the year or up to the dates of disposal as the case may be. Goodwill on acquisition of subsidiaries and associates is carried at cost and reviewed for impairment annually. Impairment, if any, is charged to the profit and loss account.

(c) Subsidiaries

A subsidiary is a company in which more than 50% of its issued voting capital is held long term by the Group. Investments in subsidiaries are carried at cost less provision for impairment where appropriate.

1. Principal Accounting Policies *(continued)*

(d) Jointly controlled entities

A jointly controlled entity is an entity in which the Group has a long term equity interest and of which its financial and operating policies are under contractual arrangements jointly controlled by the Group and other parties.

Investments in jointly controlled entities are carried in the balance sheet at cost plus the Group's share of their aggregate post-acquisition results and reserves less dividends received and provision for impairment. When the investment cost in a jointly controlled entity, less any provision for impairment where appropriate, is not expected to be fully recoverable in accordance with the contract terms upon dissolution of the jointly controlled entity at the expiry of the contractual arrangement, the expected shortfall is amortised on a straight line basis over the remaining contractual period.

Results of jointly controlled entities are incorporated in the financial statements to the extent of the Group's share of the post-acquisition profits less losses calculated from their financial statements made up to 31st December.

(e) Associates

An associate is a company, not being a subsidiary or jointly controlled entity, in which the Group has a long term equity interest of not less than 20% and the Group exercises significant influence over its management.

Investments in associates are carried in the balance sheet at cost plus the Group's share of their aggregate post-acquisition results and reserves less dividends received and provision for impairment.

Results of associates are incorporated in the financial statements to the extent of the Group's share of the post-acquisition profits less losses calculated from their financial statements made up to 31st December, after adjusting, where practicable, for inconsistency with the Group's accounting policies.

(f) Investments in securities

Investments in securities intended to be held on a continuing basis, which are not investments in subsidiaries, jointly controlled entities or associates, are classified as investment securities and are carried at cost less provision for impairment where appropriate. Results of these investments are included in the profit and loss account only to the extent of dividends and interests received and receivable.

Other investments are stated at fair value in the balance sheet. Changes in fair value are dealt with in the profit and loss account.

1. Principal Accounting Policies *(continued)*

(g) Fixed assets

Fixed assets, other than investment properties and hotel and serviced suite properties, are stated at cost less depreciation and provision for impairment where appropriate.

Investment properties, which are held for rental, are stated at their fair values at the balance sheet date. Changes in fair value are included in the profit and loss account.

Hotel and serviced suite properties, which are held for operation, are stated at cost less provision for impairment where appropriate. Hotel and serviced suite properties are maintained in good condition and no depreciation is provided based on their high residual values if the unexpired lease terms are over 20 years. Costs incurred to maintain their continual good condition are charged to the profit and loss account in the year in which they are incurred.

Leasehold land is amortised over the remaining term of the lease on a straight-line basis. Buildings on the leasehold land are depreciated at annual rates of 2% to 4% on the cost of the respective building. Other fixed assets are depreciated on a straight-line basis at annual rates of 5% to 33 $\frac{1}{3}$ % based on their respective estimated useful lives.

(h) Stock of properties

Stock of properties are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to sale proceeds received after the balance sheet date less selling expenses, or by management estimates based on prevailing market condition.

Costs of properties include acquisition costs, development expenditure, interest and other direct costs attributable to such properties. The carrying values of properties held by subsidiaries are adjusted in the consolidated financial statements to reflect the Group's actual acquisition costs where appropriate.

(i) Revenue recognition

When properties under development are sold, income is recognised when the property is completed and the relevant occupation permit is issued by the Authorities. Payments received from the purchasers prior to this stage are recorded as customers' deposits received and are deducted from the value of stock of properties.

Rental income is recognised on a straight-line basis over the terms of the respective leases. Income from property and project management is recognised when the services are rendered. Revenue from hotel and serviced suite operation is recognised upon provision of the services. Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset; and dividend income is recognised when the right to receive payment is certain.

1. Principal Accounting Policies *(continued)*

(j) Foreign exchange

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at that date. Transactions during the year are converted at the rates of exchange ruling at the dates of transactions. Exchange differences are included in the profit and loss account.

For financial statements of subsidiaries, jointly controlled entities and associates denominated in foreign currencies, balance sheet items are translated at the year end rates of exchange and results for the year are translated at the average rates of exchange during the year. Exchange differences are dealt with in the reserves.

(k) Taxation

Hong Kong profits tax is provided for at the prevailing rate on the estimated assessable profits less available tax relief for losses brought forward of each individual company comprising the Group. Overseas taxation is provided for at the applicable local rates on the estimated assessable profits of the individual company concerned.

Deferred tax liabilities are provided in full, using the current applicable rates, on all temporary differences between the carrying amounts of assets and liabilities in the balance sheet and their tax bases, and deferred tax assets are recognised, using the current applicable rates, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

(l) Borrowing costs

Borrowing costs are charged to the profit and loss account in the year in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition and development of properties which necessarily take a substantial period of time to complete.

2. Turnover and Contribution

The principal activities of the Group are property development and investment, hotel and serviced suite operation, property and project management and investment in securities.

Turnover of Group activities comprises proceeds from property sales, gross rental income, revenue from hotel and serviced suite operation and income from property and project management. In addition, the Group also accounts for its proportionate share of proceeds from property sales of jointly controlled entities as turnover. Turnover of jointly controlled entities (save for proceeds from property sales shared by the Group) and turnover of listed and unlisted associates are not included.

Turnover of the Group by operating activities for the year are as follows:

	2004 \$ Million	2003 \$ Million
Property sales	10,733	7,102
Property rental	568	695
Hotels and serviced suites	605	452
Property and project management	243	218
Group turnover	12,149	8,467
Share of property sales of jointly controlled entities	6,282	5,869
Turnover	18,431	14,336

During the year, the Group's overseas operations (including property sales of jointly controlled entities) were mainly in the Mainland which accounted for approximately 7% of the turnover.

2. Turnover and Contribution (continued)

Profit contribution by operating activities for the year are as follows:

	Company and subsidiaries		Jointly controlled entities		Total	
	2004 \$ Million	2003 \$ Million	2004 \$ Million	2003 \$ Million	2004 \$ Million	2003 \$ Million
Property sales	845	895	732	765	1,577	1,660
Property rental	451	549	401	290	852	839
Hotels and serviced suites	157	62	99	21	256	83
Property and project management	88	72	–	2	88	74
	1,541	1,578	1,232	1,078	2,773	2,656
Investment and finance					1,610	1,704
Interest expenses					(350)	(517)
Increase/(decrease) in fair value of investment properties						
Company and subsidiaries					678	(784)
Jointly controlled entities					12	185
Others					199	204
Taxation (excluding share of taxation of listed associates)					(508)	(572)
Minority interests					(92)	(2)
					4,322	2,874
Share of net profit of listed associates						
Hutchison Whampoa Limited					8,057	5,834
CK Life Sciences Int'l., (Holdings) Inc.					1	–
Profit attributable to shareholders					12,380	8,708

3. Profit before Taxation

	2004 \$ Million	2003 \$ Million
Profit before taxation is arrived at after charging:		
Interest expenses		
Bank loans and other loans repayable within 5 years	424	653
Other loans not repayable within 5 years	25	40
	449	693
Less: Interest capitalised (see note (a))	(99)	(176)
	350	517
Directors' emoluments (see note (b))		
Salaries, allowances and benefits in kind	89	88
Pension scheme contribution	9	9
Discretionary bonus	32	26
	130	123
Less: Amount paid back	(17)	(17)
	113	106
Auditors' remuneration	5	5
Costs of properties sold	9,123	5,831
Depreciation	101	116
Impairment losses		
Investment securities	26	70
Jointly controlled entities	–	273
Operating lease charges – properties	27	27
and after crediting:		
Net rental income	506	614
Interest income from banks	25	32
Income from listed investments		
Dividend from investments in securities	143	51
Interest from investments in securities	97	105
Income from unlisted investments		
Dividend from investments in securities	29	11
Interest from jointly controlled entities	78	119
Interest from investments in securities	49	47
Net realised and unrealised holding gains on other investments	1,038	1,584
Profit on disposal of investment properties	15	182

3. Profit before Taxation (continued)

Notes:

- (a) Interest was capitalised to property development projects at the average annual rate of approximately 1% (2003 – 1.5%) during the year.
- (b) Directors' emoluments comprised payments to the Company's directors (including the five highest paid individuals in the Group) in connection with the management of the affairs of the Group. The independent non-executive directors receive an annual director's fee of \$100,000 (2003 – \$30,000) each and an additional annual fee of \$100,000 (2003 – \$30,000) each for those who acted as members of the Audit Committee. The emoluments of the Company's directors, excluding emoluments received by them from the Group's associates, are as follows:

	Director	Salaries, Allowances and Benefits	Pension Scheme Contribution	Discretionary Bonus	Inducement or Compensation Fee	2004 Total	2003 Total
	\$ Million	\$ Million	\$ Million	\$ Million	\$ Million	\$ Million	\$ Million
Li Ka-shing ⁽¹⁾	0.01	–	–	–	–	0.01	0.01
Li Tzar Kuoi, Victor ⁽²⁾	0.10	27.62	2.76	5.72	–	36.20	34.77
George Colin Magnus ⁽³⁾	0.10	7.34	0.73	0.76	–	8.93	8.86
Kam Hing Lam ⁽⁴⁾	0.10	14.69	1.46	0.43	–	16.68	16.33
Chung Sun Keung, Davy	0.10	6.39	0.64	3.84	–	10.97	10.26
Ip Tak Chuen, Edmond ⁽⁵⁾	0.10	10.22	1.02	2.97	–	14.31	13.75
Pau Yee Wan, Ezra	0.10	7.34	0.73	4.82	–	12.99	12.12
Woo Chia Ching, Grace	0.10	7.34	0.73	7.31	–	15.48	13.95
Chiu Kwok Hung, Justin	0.10	6.52	0.65	6.00	–	13.27	12.19
Leung Siu Hon ⁽⁶⁾	0.17	–	–	–	–	0.17	0.06
Fok Kin-ning, Canning	0.10	–	–	–	–	0.10	0.03
Frank John Sixt	0.10	–	–	–	–	0.10	0.03
Chow Kun Chee, Roland ⁽⁶⁾	0.17	–	–	–	–	0.17	0.06
Kwok Tun-li, Stanley ⁽⁷⁾	0.13	–	–	–	–	0.13	0.03
Yeh Yuan Chang, Anthony	0.10	–	–	–	–	0.10	0.03
Simon Murray	0.10	–	–	–	–	0.10	0.03
Chow Nin Mow, Albert	0.10	–	–	–	–	0.10	0.03
Hung Siu-lin, Katherine	0.10	–	–	–	–	0.10	0.03
Wong Yick-ming, Rosanna	0.10	–	–	–	–	0.10	0.03
Kwan Chiu Yin, Robert ⁽⁸⁾	0.05	–	–	–	–	0.05	–
Cheong Ying Chew, Henry ⁽⁸⁾	0.05	–	–	–	–	0.05	–
Total	2.08	87.46	8.72	31.85	–	130.11	122.60

3. Profit before Taxation *(continued)*

Notes: *(continued)*

- (1) Other than a director's fee of \$5,000, no other remuneration was paid to the Chairman, Mr. Li Ka-shing. The amount of director's fee shown above is a result of rounding. The director's fee of \$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 \$3,700,000 received by Mr. Li Tzar Kuoi, Victor from the Hutchison Whampoa Group and the director's fee of \$70,000 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 \$3,274,000 received by Mr. George Colin Magnus from the Hutchison Whampoa Group was paid back to the Company.
- (4) Part of the directors' emoluments in the sum of \$1,552,000 received by Mr. Kam Hing Lam from the Hutchison Whampoa Group and the directors' emoluments of \$4,270,000 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 \$1,870,000 received by Mr. Ip Tak Chuen, Edmond from Cheung Kong Infrastructure Holdings Limited and the directors' emoluments of \$1,870,000 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, who were members of the Audit Committee of the Company for the period up to 22nd September, 2004, received an additional fee of \$72,678 each.
- (7) Mr. Kwok Tun-li, Stanley, independent non-executive director who was appointed as a member of the Audit Committee of the Company on 23rd September, 2004, received an additional fee of \$27,322 for the period from 23rd September, 2004 to 31st December, 2004.
- (8) Mr. Kwan Chiu Yin, Robert and Mr. Cheong Ying Chew, Henry, who were both appointed as independent non-executive directors and members of the Audit Committee of the Company on 23rd September, 2004, received a director's fee of \$27,322 each and an additional fee of \$27,322 each for the period from 23rd September, 2004 to 31st December, 2004.

4. Taxation

	2004 \$ Million	2003 \$ Million
Company and subsidiaries		
Hong Kong profits tax	154	98
Overseas tax	2	2
Deferred tax	83	116
	239	216
Share of taxation charge/(credit)		
Jointly controlled entities	266	358
Associates	(612)	(817)
	(107)	(243)

Hong Kong profits tax has been provided for at the rate of 17.5% (2003 – 17.5%) and operating profit is reconciled with taxation as follows:

	2004 \$ Million	2003 \$ Million
Operating profit at Hong Kong tax rate of 17.5% (2003 – 17.5%)	856	585
Effect of increase in Hong Kong tax rate on deferred tax liabilities	–	37
Effect of different tax rates at overseas locations	46	109
Effect of (increase)/decrease in fair value of investment properties	(96)	143
Effect of profit on disposal of investment properties	(3)	(32)
Effect of profit on disposal of subsidiaries	(60)	–
Net effect of tax losses and deductible temporary differences utilised/not recognised	29	10
Net effect of non-assessable/deductible items	(268)	(263)
Others	1	(15)
	505	574
Share of taxation credit of associates	(612)	(817)
	(107)	(243)

5. Profit Attributable to Shareholders

Profit attributable to shareholders dealt with in the profit and loss account of the Company is \$4,275 million (2003 – \$4,067 million).

6. Earnings Per Share

The calculation of earnings per share is based on profit attributable to shareholders and on 2,316,164,338 shares (2003 – 2,316,164,338 shares) in issue during the year.

7. Fixed Assets

Group	Land and buildings in Hong Kong \$ Million	Investment properties in Hong Kong \$ Million	Hotels and serviced suites in Hong Kong \$ Million	Hotels and serviced suites outside Hong Kong \$ Million	Other assets \$ Million	Total \$ Million
Cost or valuation						
At 1st January, 2004	355	9,876	6,333	1,275	702	18,541
Additions/transfers	25	–	577	(21)	44	625
Disposals	–	(9)	–	–	(32)	(41)
Increase in fair value	–	678	–	–	–	678
At 31st December, 2004	380	10,545	6,910	1,254	714	19,803
Accumulated depreciation/provisions						
At 1st January, 2004	–	–	891	–	433	1,324
Depreciation	–	–	–	–	101	101
Written back on disposals	–	–	–	–	(7)	(7)
At 31st December, 2004	–	–	891	–	527	1,418
Net book value						
At 31st December, 2004	380	10,545	6,019	1,254	187	18,385
Net book value						
At 31st December, 2003	355	9,876	5,442	1,275	269	17,217

At the balance sheet date:

- certain properties in Hong Kong with aggregate carrying value of \$16,326 million (2003 – \$15,296 million) and certain properties outside Hong Kong with aggregate carrying value of \$1,254 million (2003 – \$1,275 million) were held under medium term leases, all other properties were held under long leases; and
- certain hotel properties with aggregate carrying value of \$1,227 million (2003 – \$1,248 million) were pledged to secure bank loan facilities of subsidiaries.

7. Fixed Assets (continued)

Company	Other assets \$ Million
Cost	
At 1st January, 2004	179
Additions	3
Disposals	(1)
At 31st December, 2004	181
Accumulated depreciation	
At 1st January, 2004	152
Depreciation	13
At 31st December, 2004	165
Net book value at 31st December, 2004	16
Net book value at 31st December, 2003	27

Analysis of cost and valuation of the Group's fixed assets are as follows:

	Land and buildings in Hong Kong \$ Million	Investment properties in Hong Kong \$ Million	Hotels and serviced suites in Hong Kong \$ Million	Hotels and serviced suites outside Hong Kong \$ Million	Other assets \$ Million	Total \$ Million
At 31st December, 2004						
– at valuation	–	10,545	–	–	–	10,545
– at cost	380	–	6,910	1,254	714	9,258
	380	10,545	6,910	1,254	714	19,803
At 31st December, 2003						
– at valuation	–	9,876	–	–	–	9,876
– at cost	355	–	6,333	1,275	702	8,665
	355	9,876	6,333	1,275	702	18,541

Investment properties have been revalued at 31st December, 2004 by DTZ Debenham Tie Leung, professional valuers, on an open market value basis. Gross rental income and direct operating expenses of investment properties during the year amounted to \$414 million (2003 – \$522 million) and \$27 million (2003 – \$57 million) respectively.

8. Subsidiaries

	Company 2004 \$ Million	2003 \$ Million
Unlisted investments in subsidiaries	2,078	2,078
Amounts due from subsidiaries	30,547	28,398
Amounts due to subsidiaries	(5,073)	(3,196)
	27,552	27,280

Particulars regarding the principal subsidiaries are set out in Appendix I.

9. Associates

	Group 2004 \$ Million	2003 \$ Million	Company 2004 \$ Million	2003 \$ Million
Listed investments in associates	127,423	123,133	–	–
Unlisted investments in associates	737	589	518	518
	128,160	123,722	518	518
Amounts due from associates	374	407	–	–
Amounts due to associates	(148)	(146)	(121)	(121)
	128,386	123,983	397	397
Market value of investments in associates – listed in Hong Kong	158,469	126,861	–	–

Particulars regarding the principal associates are set out in Appendix II.

10. Jointly Controlled Entities

	Group 2004 \$ Million	2003 \$ Million	Company 2004 \$ Million	2003 \$ Million
Unlisted investments in jointly controlled entities	4,738	3,967	4	4
Amounts due from jointly controlled entities	18,143	19,148	100	135
Amounts due to jointly controlled entities	(1,535)	(547)	–	(418)
	21,346	22,568	104	(279)

Particulars regarding the principal jointly controlled entities are set out in Appendix III.

11. Investments in Securities

	Group		Company	
	2004 \$ Million	2003 \$ Million	2004 \$ Million	2003 \$ Million
Investment securities				
Equity securities – unlisted	48	96	14	14
Equity securities – listed in Hong Kong	882	597	–	–
Equity securities – listed overseas	910	910	–	–
	1,840	1,603	14	14
Other investments				
Equity securities – unlisted	627	2,995	–	–
Debt securities – unlisted	967	601	–	–
Equity securities – listed in Hong Kong	3,040	2,271	–	–
Equity securities – listed overseas	1,270	1,417	–	–
Debt securities – listed overseas	915	2,003	–	–
	6,819	9,287	–	–
Less: Amounts classified under current assets	1,040	3,659	–	–
	5,779	5,628	–	–
Amounts classified under non-current assets	7,619	7,231	14	14
Market value of investment securities				
– listed in Hong Kong	1,224	1,459	–	–
– listed overseas	1,167	884	–	–
Market value of other investments				
– listed in Hong Kong	3,040	2,271	–	–
– listed overseas	2,185	3,420	–	–
	7,616	8,034	–	–

12. Stock of Properties

	Group		Company	
	2004 \$ Million	2003 \$ Million	2004 \$ Million	2003 \$ Million
Properties for/under development	17,359	12,109	–	–
Joint development projects	3,991	4,745	–	–
Properties for sale	4,463	3,320	3	3
	25,813	20,174	3	3
Less: Customers' deposits received	1	6,283	–	–
	25,812	13,891	3	3

At the balance sheet date, stock of properties amounting to \$1,994 million (2003 – \$2,187 million) were carried at net realisable value.

13. Debtors, Deposits and Prepayments

	Group		Company	
	2004 \$ Million	2003 \$ Million	2004 \$ Million	2003 \$ Million
Trade debtors	752	1,254	–	–
Deposits, prepayments and other debtors	1,502	806	44	30
	2,254	2,060	44	30

The Group's trade debtors mainly comprise receivables for sale of properties and rental. Sales terms vary for each property project and are determined with reference to the prevailing market conditions. Sale of properties are normally completed when the sale prices are fully paid and deferred payment terms are sometimes offered to purchasers at a premium. Rentals are payable in advance by tenants.

Ageing analysis of the Group's trade debtors at the balance sheet date is as follows:

	2004 \$ Million	2003 \$ Million
Current to one month	714	1,209
Two to three months	8	14
Over three months	30	31
	752	1,254

14. Bank and Other Loans

	Group		Company	
	2004 \$ Million	2003 \$ Million	2004 \$ Million	2003 \$ Million
Bank loans repayable				
within 1 year	92	185	–	–
after 1 year but not exceeding 2 years	2,835	41	–	–
after 2 years but not exceeding 5 years	11,296	9,590	–	–
Other loans repayable				
within 1 year	3,047	1,400	–	–
after 1 year but not exceeding 2 years	909	3,047	–	–
after 2 years but not exceeding 5 years	2,567	3,176	–	–
after 5 years	300	503	–	–
	21,046	17,942	–	–
Less: Amounts classified under current liabilities	3,139	1,585	–	–
Amounts classified under non-current liabilities	17,907	16,357	–	–

At the balance sheet date:

- (a) bank loans amounting to \$173 million (2003 – \$234 million) were secured by certain assets of the Group; and
- (b) other loans included fixed rate and floating rate notes and bonds issued by wholly owned subsidiaries and guaranteed by the Company as follows:
- (i) issued by Cheung Kong Finance Cayman Limited and listed on the Luxembourg Stock Exchange:
- | | | |
|--------------------|--------------|------------------------------------|
| HK\$ 1,000,000,000 | 7.68% | due January 2005 (issued in 2000) |
| HK\$ 550,000,000 | 5.25% | due April 2005 (issued in 2002) |
| HK\$ 1,000,000,000 | HIBOR + 0.5% | due July 2005 (issued in 2000) |
| HK\$ 500,000,000 | 7.68% | due July 2005 (issued in 2000) |
| HK\$ 300,000,000 | 2.83% | due January 2006 (issued in 2003) |
| HK\$ 500,000,000 | 7.88% | due December 2006 (issued in 1999) |
| SGD 100,000,000 | 4.55% | due March 2007 (issued in 2000) |
| HK\$ 300,000,000 | 8.38% | due January 2010 (issued in 2000) |
- (ii) issued by Cheung Kong Bond Finance Limited in Hong Kong:
- | | | |
|------------------|--|---|
| AUD 20,000,000 | 4.75% | due October 2006 (issued in 2003) |
| HK\$ 900,000,000 | 3% (first 2 years)/4% (thereafter) | due October 2008 subject to early redemption (issued in 2003) |
| HK\$ 300,000,000 | 6.68% (1st year)/0.60% (2nd to 4th year)/subject to terms (5th year) | due February 2009 (issued in 2004) |
- (iii) issued by Joynote Ltd and listed on the Singapore Stock Exchange:
- | | | |
|------------------|-------------|-------------------------------------|
| HK\$ 910,000,000 | HIBOR+0.38% | due September 2007 (issued in 2002) |
|------------------|-------------|-------------------------------------|

15. Creditors and Accruals

	Group		Company	
	2004 \$ Million	2003 \$ Million	2004 \$ Million	2003 \$ Million
Trade creditors	518	593	–	–
Accruals and other creditors	2,145	1,617	112	115
	2,663	2,210	112	115

Ageing analysis of the Group's trade creditors at the balance sheet date is as follows:

	2004 \$ Million	2003 \$ Million
Current to one month	494	572
Two to three months	15	12
Over three months	9	9
	518	593

16. Deferred Tax Liabilities

At the balance sheet date:

- (a) deferred tax liabilities amounting to \$376 million (2003 – \$319 million) and \$85 million (2003 – \$59 million) were provided on temporary differences arising from accelerated tax depreciation and changes in fair value of investment properties respectively; and
- (b) tax losses and deductible temporary differences amounting to \$2,342 million (2003 – \$2,175 million), of which \$98 million (2003 – \$112 million) expire within 5 years, were not recognised.

17. Share Capital

	2004 No. of shares	2003 No. of shares	2004 \$ Million	2003 \$ Million
Authorised:				
Shares of \$0.5 each	3,800,000,000	3,800,000,000	1,900	1,900
Issued and fully paid:				
Shares of \$0.5 each	2,316,164,338	2,316,164,338	1,158	1,158

18. Reserves

	Group		Company	
	2004 \$ Million	2003 \$ Million	2004 \$ Million	2003 \$ Million
Capital reserve				
Balance at 1st January and 31st December	345	345	199	199
Exchange translation reserve				
Balance at 1st January	142	95	1	1
Company and subsidiaries	1	(6)	–	–
Share of translation reserve				
Jointly controlled entities	153	53	–	–
Balance at 31st December	296	142	1	1
Investment property revaluation reserve				
Balance at 1st January, as previously reported	1,804	1,665	416	416
Prior year adjustments (note 1(a))	(1,804)	(1,665)	(416)	(416)
Balance at 1st January, as restated	–	–	–	–
	641	487	200	200

19. Retained Profits

	Group		Company	
	2004 \$ Million	2003 \$ Million	2004 \$ Million	2003 \$ Million
Balance at 1st January, as previously reported	159,052	153,128	14,830	14,654
Prior year adjustments (note 1(a))	(1,517)	(410)	–	–
Balance at 1st January, as restated	157,535	152,718	14,830	14,654
Profit for the year	12,380	8,708	4,275	4,067
Interim dividend paid	(880)	(880)	(880)	(880)
Proposed final dividend	(3,289)	(3,011)	(3,289)	(3,011)
Balance at 31st December	165,746	157,535	14,936	14,830

At the balance sheet date, retained profits of the Group included \$99,999 million (2003 – \$95,591 million) retained by associates and \$3,264 million (2003 – \$2,837 million) retained by jointly controlled entities. The Company's reserves available for distribution to shareholders including the proposed final dividend amounted to \$17,759 million (2003 – \$17,375 million). Proposed final dividend for 2003 was approved by shareholders on 20th May, 2004 and paid on 25th May, 2004.

20. Employees Pension Schemes

The principal employees pension schemes operated by the Group are defined contribution schemes. Contributions are made by either the employer only or both the employer and the employees at rates ranging from approximately 5% to 10% on the employees' salary.

During the year, the Group's costs incurred on employees pension schemes were \$56 million (2003 – \$55 million) and forfeited contributions in the amount of \$6 million (2003 – \$10 million) were used to reduce current year's contributions.

21. Commitments and Contingent Liabilities

At the balance sheet date:

- (a) the Group had capital commitments as follows:
- (i) contracted but not provided for
 - fixed assets – \$1,158 million (2003 – \$1,083 million)
 - jointly controlled entities – \$869 million (2003 – Nil)
 - (ii) authorised but not contracted for
 - fixed assets – Nil (2003 – \$36 million)
- (b) the Group's share of capital commitments of the jointly controlled entities were as follows:
- (i) contracted but not provided for – \$474 million (2003 – \$578 million)
 - (ii) authorised but not contracted for – \$947 million (2003 – \$255 million)
- (c) the Group's share of contingent liabilities of jointly controlled entities in respect of guaranteed return payments payable to the other party of a co-operative joint venture in the next 45 years amounted to \$4,526 million; and
- (d) the Company provided guarantees for loan financing as follows:
- (i) bank and other loans utilised by subsidiaries – \$20,873 million (2003 – \$17,676 million)
 - (ii) bank loans utilised by jointly controlled entities – \$919 million (2003 – \$1,640 million)
- and certain subsidiaries provided guarantees for bank loans utilised by jointly controlled entities and investee company amounted to \$2,678 million (2003 – \$1,081 million) and \$21 million (2003 – \$23 million) respectively.

22. Operating Lease

Analysis of future minimum lease income receivable by the Group under non-cancellable operating leases for property rental at the balance sheet date is as follows:

	Group	
	2004 \$ Million	2003 \$ Million
Future minimum lease income receivable		
not later than 1 year	428	433
later than 1 year and not later than 5 years	402	385
later than 5 years	14	12
	844	830

22. Operating Lease (continued)

Analysis of future minimum lease charges payable by the Group and the Company under non-cancellable operating leases at the balance sheet date are as follows:

	Group		Company	
	2004 \$ Million	2003 \$ Million	2004 \$ Million	2003 \$ Million
Future minimum lease charges payable				
not later than 1 year	44	43	23	35
later than 1 year and not later than 5 years	13	28	–	23
	57	71	23	58

23. Related Party Transactions

During the year and in the ordinary course of business, the Group undertook various joint venture projects with related parties, including the Chairman, Mr. Li Ka-shing, and Hutchison Whampoa Limited, on normal commercial terms. Advances were made to/received from and guarantees were provided for these joint venture projects on a pro rata basis. Advances made/received by the Group at the balance sheet date were disclosed as amount due from/to associates and jointly controlled entities in notes (9) and (10). Guarantees provided by the Group for bank loans utilised by jointly controlled entities at the balance sheet date were disclosed in note (21).

During the year, the Group disposed of its 81% interest in PowerCom Network Hong Kong Limited to Hutchison Global Communications Holdings Limited (“HGCH”), a subsidiary of Hutchison Whampoa Limited, for a consideration of approximately \$317 million which was satisfied by the issue and allotment to the Group of 395,743,835 new shares of HGCH credited as fully paid at an issue price of \$0.80 per share.

Other than the aforementioned, there were no other significant related party transactions requiring disclosure in the financial statements.

24. Segment Information

Assets and liabilities of the Group analysed by operating activities are as follows:

	Company and subsidiaries \$ Million	Jointly controlled entities \$ Million	Assets \$ Million	Liabilities \$ Million
At 31st December, 2004				
Property development	28,078	9,524	37,602	(1,823)
Property investment	11,109	8,561	19,670	(187)
Hotels and serviced suites	7,636	3,153	10,789	(217)
Property and project management	128	–	128	(55)
Total segment assets/(liabilities)			68,189	(2,282)
Investments in listed associates			127,423	–
Cash and investments in securities			11,888	–
Bank and other loans			–	(21,046)
Other assets/(liabilities)			2,620	(1,395)
Total assets/(liabilities)			210,120	(24,723)
At 31st December, 2003				
Property development	17,407	11,987	29,394	(1,150)
Property investment	10,337	7,481	17,818	(191)
Hotels and serviced suites	7,027	3,065	10,092	(241)
Property and project management	186	26	212	(53)
Total segment assets/(liabilities)			57,516	(1,635)
Investments in listed associates			123,133	–
Cash and investments in securities			14,122	–
Bank and other loans			–	(17,942)
Other assets/(liabilities)			1,949	(1,515)
Total assets/(liabilities)			196,720	(21,092)

24. Segment Information (continued)

Total segment assets at the balance sheet date and capital expenditure for segment assets incurred during the year, analysed by geographical locations, are as follows:

	Total Segment Assets		Capital Expenditure	
	2004 \$ Million	2003 \$ Million	2004 \$ Million	2003 \$ Million
Hong Kong	49,820	40,372	612	507
The Mainland	12,845	12,166	6	50
Asia	4,511	4,219	–	–
Europe	898	703	–	–
North America	115	56	–	–
	68,189	57,516	618	557

Depreciation and capital expenditure incurred during the year, analysed by operating activities, are as follows:

	Depreciation		Capital Expenditure	
	2004 \$ Million	2003 \$ Million	2004 \$ Million	2003 \$ Million
Property investment	–	–	26	380
Hotels and serviced suites	68	68	586	170
Property and project management	16	27	6	7
	84	95	618	557

25. Approval of Financial Statements

The financial statements reported in Hong Kong dollars and set out on pages 64 to 98 were approved by the board of directors on 31st March, 2005.

Principal Subsidiaries

Appendix I

The Directors are of the opinion that a complete list of the particulars of all the subsidiaries will be of excessive length and therefore the following list contains only the particulars of the subsidiaries which materially affect the results or assets of the Group. All the companies listed below were incorporated in Hong Kong except otherwise stated.

Name	Issued Ordinary Share Capital Nominal Value	Effective percentage held by the Company		Principal Activities
		Directly	Indirectly	
Bandick Limited	HK\$ 2		100	Property investment
Bermington Investment Limited	HK\$ 2		100	Property development
Biro Investment Limited	HK\$ 10,000		100	Property development
Bonder Way Investment Limited	HK\$ 2		100	Property development
Charming Sky Enterprises Limited	HK\$ 2		100	Property development
Cheung Kong Bond Finance Limited (Cayman Islands)	US\$ 1		100	Finance
Cheung Kong Finance Cayman Limited (Cayman Islands)	US\$ 1,000		100	Finance
Cheung Kong Finance Company Limited	HK\$ 2,500,000	100		Finance
Cheung Kong Holdings (China) Limited	HK\$ 2		100	Investment holding in the Mainland projects
Cheung Kong Investment Company Limited	HK\$ 20	100		Investment holding
Cheung Kong Property Development Limited	HK\$ 2	100		Project management
Citybase Property Management Limited	HK\$ 100,000		100	Property management
Clever Venture Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Conestoga Limited	HK\$ 10,000		60.9	Property investment
Diamond Jubilee Investment Limited	HK\$ 1		100	Property development
East Leader Investments Limited	HK\$ 2		100	Property development
Fantastic State Limited	HK\$ 2		100	Property development
Flying Snow Limited	HK\$ 2		100	Property development
Focus Eagle Investments Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Gainbo Limited (British Virgin Islands)	US\$ 1		100	Securities & fund investment
Gingerbread Investments Limited (British Virgin Islands)	US\$ 1		100	Property development
Glass Bead Limited (British Virgin Islands)	US\$ 1		100	Property investment
Global Coin Limited	HK\$ 2		100	Property development
Goodwell Property Management Limited	HK\$ 100,000		100	Property management
Great Expert Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Hero Star Venture Limited (British Virgin Islands)	US\$ 1		100	Securities & fund investment
iMarkets Limited	HK\$ 30,000,000		65	Provider of electronic trading platform
Japura Development Pte Ltd (Singapore)	SGD 1,000,000		76	Property development
Jetmark Limited	HK\$ 2		100	Property development
Jingcofield Limited (British Virgin Islands)	US\$ 1		100	Property investment
Joynote Ltd (Singapore)	SGD 2		100	Finance

Principal Subsidiaries (continued)

Name	Issued Ordinary Share Capital Nominal Value	Effective percentage held by the Company		Principal Activities
		Directly	Indirectly	
Match Power Investment Limited	HK\$ 2		100	Property development
Maxchief Limited	HK\$ 2		100	Property development
Megawin International Limited (British Virgin Islands)	US\$ 1		100	Property development
Metrofond Limited	HK\$ 2		100	Property development
Million Rise Investments Limited	HK\$ 2		100	Property development
Mitcham Resources Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Mutual Luck Investment Limited	HK\$ 30,000		60	Property development
New Profit Resources Limited	HK\$ 2		98.47	Property development
Opal Charm Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Pacific Top Development Limited	HK\$ 2		100	Property development
Pako Wise Limited	HK\$ 2	100		Property investment
Pearl Wisdom Limited	HK\$ 2		100	Property development
Pofield Investments Limited (British Virgin Islands)	US\$ 1		100	Property investment
Potton Resources Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Prime Pro Group Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Randash Investment Limited	HK\$ 110		60.9	Hotels & serviced suites
Romefield Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Sai Ling Realty Limited	HK\$ 10,000	100		Property development
Sino China Enterprises Limited	HK\$ 2		100	Property development
Super Winner Development Limited	HK\$ 2		100	Property development
The Center (Holdings) Limited (British Virgin Islands)	US\$ 1		100	Property investment
Tin Shui Wai Development Limited	HK\$ 1,000		98.47	Property investment
Towerich Limited	HK\$ 2		51	Hotels & serviced suites
Union Ford Investments Limited	HK\$ 2		80	Property development
Volly Best Investment Limited	HK\$ 1		90	Property development
Winchesto Finance Company Limited	HK\$ 15,000,000	100		Finance
Winrise Champion Limited (British Virgin Islands)	US\$ 1		100	Property investment
Wisdom Choice Investment Limited	HK\$ 2		60	Property development
Yick Ho Limited	HK\$ 6,000,000		100	Investment in hotel projects

The principal area of operation of the above companies were in Hong Kong except the following:

Name	Area of Operation
Cheung Kong Finance Cayman Limited	Europe
Cheung Kong Holdings (China) Limited	The Mainland
Japura Development Pte Ltd	Singapore
Joynote Ltd	Singapore
Megawin International Limited	The Mainland
Yick Ho Limited	The Mainland

Principal Associates

Appendix II

The Directors are of the opinion that a complete list of the particulars of all the associates will be of excessive length and therefore the following list contains only the particulars of the associates which materially affect the results or assets of the Group. All the companies listed below were incorporated in Hong Kong except otherwise stated.

Name	Effective percentage of Issued Ordinary Share Capital held by the Company		Principal Activities
	Directly	Indirectly	
AMTD Group Company Limited (British Virgin Islands)		30.4	Financial planning, mortgage servicing & corporate insurance
CEF Holdings Limited	50		Investment holding & loan financing
CK Life Sciences Int'l., (Holdings) Inc. (Cayman Islands)		44	Research & development, commercialisation, marketing & sale of biotechnology products, & investments
Harbour Plaza Hotel Management (International) Limited (British Virgin Islands)		50	Hotel management
Hong Kong Concord Holdings Limited		40	Trading, power plant & securities investment
Hutchison Whampoa Limited		49.9	Telecommunications, ports & related services, retail & manufacturing, property & hotels, energy, infrastructure, finance & investments
iBusiness Corporation Limited		49.6	e-commerce & investment
Metro Broadcast Corporation Limited		50	Radio broadcasting

The principal area of operation of the above companies were in Hong Kong except the following:

Name	Area of Operation
Hong Kong Concord Holdings Limited	The Mainland

Principal Jointly Controlled Entities

Appendix III

The Directors are of the opinion that a complete list of the particulars of all the jointly controlled entities will be of excessive length and therefore the following list contains only the particulars of the jointly controlled entities which materially affect the results or assets of the Group. All the jointly controlled entities below were incorporated in Hong Kong except otherwise stated.

Name	Effective percentage of Ownership Interest held by the Company		Principal Activities
	Directly	Indirectly	
Bayswater Developments Limited (British Virgin Islands)		50	Property development & investment
Central More Limited		50	Property development
Chesgold Limited		50	Property investment
Cheung Wo Hing Fung Enterprises Limited (British Virgin Islands)		50	Property investment
Circadian Limited (The United Kingdom)		22.5	Property development
Clayton Power Enterprises Limited		50	Property development
Cosmos Wide International Limited		50	Property development
Dragon Beauty International Limited		50	Property development
Glenfield Investments Pte Ltd (Singapore)		50	Property development
Golden Famous International Limited		50	Property development
Hong Kong Shanghai Development Co Ltd (Samoa)		25	Property development & investment
Hui Xian Investment Limited		33.4	Investment in property project
Hutchison Whampoa Properties (Chengdu) Limited (The Mainland)		50	Property development
Konorus Investment Limited		42.5	Property development & investment
Marketon Investment Limited		50	Property development
Matrica Limited		30	Property development & investment
Mightypattern Limited	25	25	Property investment
Nanyang Brothers Properties Limited		50	Property development
One Raffles Quay Pte Ltd (Singapore)		33.3	Property development
Vigour Limited		50	Property development & investment

The principal area of operation of the above jointly controlled entities were in Hong Kong except the following:

Name	Area of Operation
Bayswater Developments Limited	The Mainland
Chesgold Limited	The Mainland
Cheung Wo Hing Fung Enterprises Limited	The Mainland
Circadian Limited	The United Kingdom
Glenfield Investments Pte Ltd	Singapore
Hong Kong Shanghai Development Co Ltd	The Mainland
Hui Xian Investment Limited	The Mainland
Hutchison Whampoa Properties (Chengdu) Limited	The Mainland
One Raffles Quay Pte Ltd	Singapore