



## CHEUNG KONG (HOLDINGS) LIMITED

### INTERIM REPORT FOR 2003

#### HIGHLIGHTS

	Six months ended 30th June	
	2003	2002 (Restated)
	HK\$ Million	HK\$ Million
Profit attributable to shareholders	4,001	3,852
Earnings per share	HK\$1.73	HK\$1.66
Dividends per share	HK\$0.38	HK\$0.38

- Released quality projects as planned with sales results being better than expected.
- Strengthened further the Group's presence in property markets in Hong Kong and overseas.
- Rationalised the investment property portfolio to maintain steady rental yields and maximise returns for shareholders.
- The 3G business of Hutchison Whampoa is making good progress, with more than 500,000 subscribers around the world.
- Well-positioned to capitalise on the tremendous investment opportunities ahead and equipped with ample capability for solid growth.

#### PROFIT FOR THE FIRST HALF YEAR

The Group's unaudited consolidated profit attributable to shareholders for the first half of 2003 amounted to HK\$4,001 million. Earnings per share were HK\$1.73.

#### INTERIM DIVIDEND

The Directors have declared an interim dividend for 2003 of HK\$0.38 per share (HK\$0.38 per share in 2002) to shareholders whose names appear on the Register of Members of the Company on 16th October, 2003. The dividend will be paid on 17th October, 2003.

## **PROSPECTS**

The local market sentiment and business environment, already plagued by the global economic slowdown, have been further hit by the fallout from the outbreak of Severe Acute Respiratory Syndrome (“SARS”) which swept across Hong Kong in March this year. However, we expect the local economy will get back on track to a steady recovery in the second half year, as economic and business activities have gradually returned to normal after the virus was checked.

The Group’s solid foundations, strong balance sheet and diversification initiatives have allowed the Group to weather transient upheavals in particular areas or industries, and enabled it to sustain steady growth in the difficult economic environment during the period.

While the short-term psychological impact of the SARS outbreak was felt in the local property market, the Group has continued with its sales schedules during the period with sales results being better than expected. The Hong Kong Government has affirmed its intention to have a stabilised market with steady growth, endorsing the importance of the property sector as a central pillar of the economy. Housing supply has been regulated following the moratorium on land sales – a favourable development paving the way for a healthier market and an equilibrium between supply and demand. Given the long-term housing demand and affordability of flat buyers, the property market is anticipated to improve steadily as confidence is restored.

Despite the sustained market consolidation, the Group will continue to secure reasonable returns through the active and prudent pursuit of quality property investments in Hong Kong. Acquisitions of prime sites will continue to be made by effective means and at reasonable prices to strengthen further its diversified landbank. In the meantime, the Group has actively rationalised its investment property portfolio to create better value and returns for shareholders. The sale in August of its interest in five retail shopping malls to Fortune Real Estate Investment Trust (“Fortune REIT”) listed in Singapore was a recent example.

The Group also strives to extend further its presence in property markets outside Hong Kong, with focused expansion in the Mainland, the United Kingdom and Singapore. Active efforts are made to enrich its property portfolio with prime sites and quality projects with good potential, in line with the ongoing program of enhancing the Group’s established position and market share in these markets.

## Cheung Kong (Holdings) Limited

The Group's rental income remained steady despite a general decline in rental rates in Hong Kong during the period. The Group will continue to rationalise its quality portfolio of rental properties to strengthen its solid base of steady recurrent earnings. Focus will be placed on the quality enhancement of the Group's investment properties, and the selective acquisition of suitable properties for long-term investment.

Rapid progress was reported for the value-added new tech businesses of the Group. This is exemplified by the remarkable strides made by CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences"), which has continued to launch new products and achieved profitability for the third consecutive quarter in only one year after listing. During the period under review, there was significant progress made in R&D for human health treatment products, especially those for AIDS and cancer. In addition, an immuno-enhancing nutraceutical product, VitaGain™, was launched in May 2003 and received an encouraging response. I am fully confident about the prospects for CK Life Sciences, underpinned by its active moves to strengthen further its R&D efforts, initiate product commercialisation and expand distribution networks.

The overall growth of Hutchison Whampoa Limited ("Hutchison Whampoa") has been driven mainly by its operations outside Hong Kong, with its local core businesses continuing to perform well. The 3G business is making good progress in Italy and the United Kingdom with a rising subscriber take-up rate, and is expected to deliver solid growth in 2003. In this initial stage, this start-up business may require a higher level of financial resources and manpower support – a normal pattern of development for all other long-term investments of Hutchison Whampoa over the years. We see promising prospects for the 3G business given its tremendous growth potential and the prudent, effective management of Hutchison Whampoa. With its healthy balance sheet, low debt-capital ratio, and ample cash reserves and cash inflow, Hutchison Whampoa is in a solid financial position to meet the funding requirements for the financing and development of the 3G business as well as all its other operations.

It is the Group's mission to seek every opportunity to maximise returns for shareholders, following traditional disciplines of active expansion combined with financial prudence. The Group is focused on optimising its management structure in finance, organisation and human resources, and establishing a corporate governance culture that gives balanced weight to shareholders' interest and management issues. In an ongoing drive to protect the shareholders' interest, a high level of transparency is demonstrated in the Group's operations.

## Cheung Kong (Holdings) Limited

I am optimistic about Hong Kong's long-term prospects despite the present difficulties and challenges facing the economy. A solid foothold for the steady recovery of the local economy is based on its sound fundamentals, coupled with the favourable conditions following the signing of the Closer Economic Partnership Arrangement between Hong Kong and the Mainland. Hong Kong will also benefit from a number of government policies recently announced in the Mainland that will provide further impetus to its immediate and long-term growth. The cornerstone of Hong Kong's resilience lies in its internal stability and unity. We can weather the present difficulties provided we make a concerted effort to strive for harmony and bring into full play all of our existing advantages.

The Cheung Kong Group's philosophy sustains its steady growth in close to 40 countries around the globe by being visionary, innovative and always at the forefront in creating opportunities. As part of the commitment to enhance its established position as a diversified global conglomerate, the Group will seize every opportunity both locally and globally to accelerate its further growth, strengthen its quality businesses and sharpen its unique competitive edge.

The Group is well-positioned to capitalise on the tremendous investment opportunities ahead and is equipped with ample capability for solid growth. Its diversification initiatives will ensure its stability and sustainability in times of economic boom or downturn, and guide it towards a more promising future. I am fully confident about the prospects for the Group.

Our excellent management team and diligent employees worldwide are a significant asset of the Group and a major force supporting our solid growth. I take this opportunity to extend my thanks to our colleagues on the Board and the staff members of the Group for their hard work, loyal service and continuing support during the period.

**Li Ka-shing**

Chairman

Hong Kong, 21st August, 2003

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Major Business Activities

##### 1. Developments completed in the First Half Year of 2003:

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
Banyan Garden Phase 1	New Kowloon Inland Lot No. 6320	73,490	Joint Venture
Queen's Terrace Towers 1 and 2	The Remaining Portion of Inland Lot No. 8897	43,130	Joint Venture
Laguna Verona Phase B Stages 3 to 5	Dongguan	35,310	47%
Le Parc (Huangpu Yayuan) Phase 3	Futian, Shenzhen	95,500	50%
Regency Park Phase 1A	Pudong Huamu, Shanghai	13,650	50%
The Summit	Xuhui, Shanghai	8,500	50%

Cheung Kong (Holdings) Limited

**2. Developments scheduled for completion during the Second Half Year of 2003:**

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
Hampton Place	Kowloon Inland Lot No. 11107	52,070	100%
One Beacon Hill	New Kowloon Inland Lot No. 6277	72,480	100%
Princeton Tower	The Remaining Portions of Inland Lots Nos. 3999-4005	9,060	100%
Rambler Crest and Commercial/Hotel Development	Tsing Yi Town Lot No. 140	155,200	30%
Seasons Villas	The Remaining Portion and The Extension thereto of Lot No. 815 in D.D. 110 Kam Tin	10,320	100%
Vianni Cove	Tin Shui Wai Town Lot No. 27	74,500	60%
Oriental Plaza Phase IV Serviced Apartments	No. 1 East Chang An Ave. Dong Cheng District Beijing	47,000	33.3775%
Laguna Verona Phase B Stage 6	Dongguan	28,130	47%
Le Parc (Huangpu Yayuan) Phase 4	Futian, Shenzhen	95,900	50%
Seasons Villas Phases 6 and 6A	Pudong Huamu, Shanghai	20,330	50%
The Summit and The Center	Xuhui, Shanghai	140,140	50%
Costa del Sol	Bayshore Road, Singapore	138,950	76%
Albion Riverside	London, the United Kingdom	36,680	45%

## Cheung Kong (Holdings) Limited

### 3. New Acquisitions and Joint Developments and Other Major Events:

- (1) In March 2003, the sale of the Group's entire interest in the property holding company of Royal Garden in Fuzhou was completed.
- (2) In May 2003, the Group, through its affiliate iBusinessCorporation, and the Commonwealth Bank Group announced the formation of a joint venture, namely AMTD Financial Planning Limited ("AMTD"). In co-operation with specialist suppliers and business partners, AMTD focuses exclusively on helping clients to meet their financial goals through professional and objective financial planning services.
- (3) In June 2003, the Group executed the land grant with the Government in respect of the Former Marine Police Headquarters Site at Kowloon Inland Lot No. 11161, Salisbury Road, Tsim Sha Tsui. The site has an area of approximately 12,300 sq. m. and is planned for the development of heritage tourism facilities which comprise a total developable gross floor area of about 11,500 sq. m.
- (4) In July 2003, the Group entered into agreements with respect to the sale of the Group's entire interest in five retail shopping malls in Hong Kong, namely The Metropolis Mall, Ma On Shan Plaza, The Household Center, Smartland and Jubilee Court Shopping Centre, to Fortune REIT, a Singapore unit trust. The completion of the disposal of interest in those shopping malls took place on 12th August, 2003.
- (5) In August 2003, a wholly owned subsidiary of the Group subscribed for 129,685,000 units of Fortune REIT ("Units") at HK\$4.75 per Unit representing approximately 27.4% of the total Units of Fortune REIT in issue immediately following such subscription. If the over-allotment option is exercised in full by the Global Co-ordinator of the initial public offering of Fortune REIT, the Units in which the Group is interested will be reduced to approximately 21.4% of the total Units of Fortune REIT. The Units of Fortune REIT were listed on the Main Board of the Singapore Exchange Securities Trading Limited on 12th August, 2003.
- (6) During the period under review, the Group continued to acquire agricultural land with potential for development. Some of these sites are under varying stages of design and planning applications.
- (7) The Group's property projects in the Mainland are on schedule, both for sale and leasing.

## **Property Sales**

Turnover of property sales for the first half year, including share of property sales of jointly controlled entities, was HK\$4,304 million (2002 - HK\$2,464 million), an increase of HK\$1,840 million when compared to the same period last year, and comprised mainly the sale of residential units at The Metropolis Residence, Queen's Terrace, Banyan Garden in Hong Kong and Le Parc in the Mainland. Queen's Terrace (Towers 1 and 2), Banyan Garden (Phase 1) and Le Parc (Phase 3) were completed during the period and over 85% of the residential units were sold as of the period end date.

Contribution from property sales, including share of results of jointly controlled entities, was HK\$479 million (2002 - HK\$385 million), an increase of HK\$94 million when compared to the same period last year. While property sales at Banyan Garden (Phase 1) and Le Parc (Phase 3) contributed to group profit for the period, the overall results from property sales were affected by lack of contribution from The Metropolis Residence and Queen's Terrace.

Contribution from property sales for the second half year will mainly come from the sale of residential units at One Beacon Hill, Vianni Cove and Rambler Crest in Hong Kong upon the completion of these projects. Over 60% of the residential units of these projects have been presold up to the period end date.

During the period, a few other projects were also offered for presale including The Cairnhill and Banyan Garden (Phases 2 and 3) in Hong Kong which will be completed in 2004. The presale results of these projects were better than expected and will make a contribution to group profit in the coming year.

## **Property Rental**

Turnover of property rental for the first half year was HK\$387 million (2002 - HK\$393 million), a decrease of HK\$6 million when compared to the same period last year. The Group's investment property portfolio comprises mainly retail shopping malls and commercial office properties in Hong Kong which accounted for approximately 37% and 34% respectively of the turnover of property rental for the period.

## Cheung Kong (Holdings) Limited

Contribution from property rental, including share of results of jointly controlled entities and unlisted associates, was HK\$437 million (2002 - HK\$366 million), an increase of HK\$71 million when compared to the same period last year. Increase in contribution was mainly attributable to the increase in share of profits of jointly controlled entities as a result of the Group's increase in interest in various investment properties last year and the Group's investment properties being maintained at high occupancy rates.

During the period, the newly completed Victoria Mall at Tsim Sha Tsui was offered for lease. The Group has a 42.5% interest in this investment property which will make a contribution in the second half year.

### **Hotels and Serviced Suites**

Turnover of hotels and serviced suites for the first half year was HK\$184 million (2002 - HK\$163 million), an increase of HK\$21 million when compared to the same period last year. Increase in turnover was mainly as a result of the Horizon Suite Hotel in Hong Kong and the Sheraton Shenyang Lido Hotel in the Mainland commencing operation in the middle of 2002.

Contribution from hotels and serviced suites, including share of results of jointly controlled entities and unlisted associates, was HK\$2 million (2002 - HK\$15 million), a decrease of HK\$13 million when compared to the same period last year. Decrease in contribution was due to the SARS outbreak in Hong Kong and the Mainland which pushed occupancy down below normal levels. Operating conditions were difficult due to the travel warnings imposed by the World Health Organisation on a number of places including Hong Kong and Beijing.

With the removal of all the travel warnings after the virus was checked, the contribution from the Group's hotels and serviced suites should improve in the second half year.

## **Property and Project Management**

Turnover of property and project management for the first half year was HK\$98 million (2002 - HK\$161 million), a decrease of HK\$63 million when compared to the same period last year. Contribution from property and project management, including share of results of jointly controlled entities and unlisted associates, was HK\$28 million (2002 - HK\$29 million), a decrease of HK\$1 million when compared to the same period last year. Decrease in turnover and contribution was attributable to the decrease in project management services rendered to joint development projects during the period.

While the contribution from property management is not significant, the Group is committed to providing top quality services to properties under our management. At the period end date, total floor area under the Group's property management was approximately 68 million square feet and this is expected to grow steadily following the gradual completion of the Group's property projects in the coming years.

## **Major Associates**

The associated Hutchison Whampoa Group recorded unaudited consolidated profit after tax for the half year ended 30th June, 2003 of HK\$6,067 million. The Hutchison Whampoa Group continued to perform well in a very competitive world economic environment, and all divisions (except the telecommunication division) reported EBIT growth.

The CK Life Sciences Group, another listed associate, achieved a net profit of HK\$478,000 in the first six months of 2003. The CK Life Sciences Group, with its focus on environmental sustainability and human health, continued to make strong strides.

## **FINANCIAL REVIEW**

### **Liquidity and Financing**

During the period, the Group issued notes in the total amount of HK\$503 million with three and ten years terms and redeemed notes in the amount of HK\$2 billion due March this year. At the period end date, outstanding bonds and notes issued by the Group amounted to HK\$7.6 billion.

Together with bank loans of HK\$16.6 billion, the Group's total borrowings at the period end date were HK\$24.2 billion, an increase of HK\$2.3 billion from last year end date, and the maturity profile spread over a period of ten years with HK\$2.4 billion repayable within one year, HK\$19.4 billion within two to five years and HK\$2.4 billion within six to ten years.

The Group continued to maintain a low gearing ratio, calculated on the basis of the Group's net borrowings (after deducting cash and bank balances of HK\$3.1 billion) over shareholders' funds, at 12.5% at the period end date.

With cash and marketable securities in hand as well as available banking facilities, the Group's liquidity position remains strong and the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

### **Treasury Policies**

The Group maintains a conservative approach on foreign exchange exposure management. At the period end date, approximately 95% of the Group's borrowings was in HK\$ with the balance in US\$, SGD and RMB mainly for the purpose of financing projects outside Hong Kong. While the Group derives its revenue and maintains cash balances mainly in HK\$, it ensures that its exposure to fluctuations in foreign exchange rates is minimised.

The Group's borrowings are principally on a floating rate basis. For the fixed rate bonds and notes issued by the Group, interest rate swaps arrangements have been in place to convert the rates to floating rate basis.

When appropriate and at times of interest rate or exchange rate uncertainty or volatility, hedging instruments including swaps and forwards are used in the Group's management of exposure to interest rate and exchange rate fluctuations.

# Cheung Kong (Holdings) Limited

## **Charges on Assets**

At the period end date, certain assets of the Group with aggregate carrying value of HK\$893 million, with no significant change from last year end date, were pledged to secure loan facilities utilised by subsidiaries.

## **Contingent Liabilities**

At the period end date, the Group's contingent liabilities, with no significant change from last year end date, were as follows:

- (a) 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 46 years amounted to HK\$4,562 million; and
- (b) guarantees provided for bank loans utilised by jointly controlled entities and affiliated companies amounted to HK\$2,969 million and HK\$23 million respectively.

## **Employees**

At the period end date, the Group employed approximately 6,100 employees for its principal businesses. The related employees' costs (excluding directors' emoluments) amounted to approximately HK\$484 million for the period. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system. The Group does not have any share option scheme for employees.

## **AUDIT COMMITTEE**

The Group's interim report for the six months ended 30th June, 2003 was reviewed by the Audit Committee ("Committee"). Regular meetings have been held by the Committee since its establishment and it meets at least twice each year.

## **PUBLICATION OF INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

A detailed results announcement of the Group for the six months ended 30th June, 2003 containing all information required by paragraphs 46(1) to 46(6) of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") will be published on the website of the Stock Exchange in due course.



**CHEUNG KONG (HOLDINGS) LIMITED**

**NOTICE OF PAYMENT**

**OF INTERIM DIVIDEND, 2003**

The Board of Directors of Cheung Kong (Holdings) Limited announces that the Group's unaudited consolidated profit attributable to shareholders for the six months ended 30th June, 2003 amounted to HK\$4,001 million which represents earnings of HK\$1.73 per share. The Directors have declared an interim dividend for 2003 of HK\$0.38 per share to shareholders whose names appear on the Register of Members of the Company on 16th October, 2003. The dividend will be paid on 17th October, 2003.

The Register of Members of the Company will be closed from Thursday, 9th October, 2003 to Thursday, 16th October, 2003, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all share certificates with completed transfer forms either overleaf or separately, must be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Wednesday, 8th October, 2003.

By Order of the Board  
**Eirene Yeung**  
Company Secretary

Hong Kong, 21st August, 2003

# Cheung Kong (Holdings) Limited

## Consolidated Profit And Loss Account For the six months ended 30th June, 2003

	<b>(Unaudited)</b> <b>2003</b>	2002 (Restated )
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
<b>Turnover</b>	<u><b>4,973</b></u>	<u>3,181</u>
Group turnover	<b>2,813</b>	1,309
Investment and other income	<b>560</b>	773
Operating costs		
Property and related costs	<b>(1,817)</b>	(493)
Salaries and related expenses	<b>(311)</b>	(350)
Interest expenses	<b>(286)</b>	(318)
Other expenses	<b>(127)</b>	(147)
	<b>(2,541)</b>	(1,308)
Share of results of jointly controlled entities	<u><b>233</b></u>	<u>214</u>
<b>Operating profit</b>	<b>1,065</b>	988
Share of results of associates	<u><b>3,554</b></u>	<u>3,379</u>
<b>Profit before taxation</b>	<b>4,619</b>	4,367
Taxation	<u><b>(624)</b></u>	<u>(528)</u>
<b>Profit after taxation</b>	<b>3,995</b>	3,839
Minority interests	<u><b>6</b></u>	<u>13</u>
<b>Profit attributable to shareholders</b>	<u><b>4,001</b></u>	<u>3,852</u>
<b>Interim dividend</b>	<u><b>880</b></u>	<u>880</u>
<b>Earnings per share</b>	<b>HK\$1.73</b>	HK\$1.66
<b>Dividends per share</b>	<b>HK\$0.38</b>	HK\$0.38

## Cheung Kong (Holdings) Limited

Notes:

(1) Turnover of the Group by operating activities for the period are as follows:

	<b>Six months ended 30th June</b>	
	<b>2003</b>	<b>2002</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Property sales	2,144	592
Property rental	387	393
Hotels and serviced suites	184	163
Property and project management	98	161
Group turnover	<u>2,813</u>	<u>1,309</u>
Share of property sales of jointly controlled entities	<u>2,160</u>	<u>1,872</u>
Turnover	<u><u>4,973</u></u>	<u><u>3,181</u></u>

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.

During the period, the Group's overseas operations (including property sales of jointly controlled entities) were mainly in the Mainland which accounted for approximately 17% of the turnover.

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

	<b>Company and subsidiaries</b>		<b>Jointly controlled entities and unlisted associates</b>		<b>Total</b>	
	<b>Six months ended 30th June</b>		<b>Six months ended 30th June</b>		<b>Six months ended 30th June</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>	<b>HK\$ Million</b>	<b>HK\$ Million</b>	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Property sales	397	171	82	214	479	385
Property rental	302	303	135	63	437	366
Hotels and serviced suites	5	20	(3)	(5)	2	15
Property and project management	28	31	-	(2)	28	29
	<u>732</u>	<u>525</u>	<u>214</u>	<u>270</u>	<u>946</u>	<u>795</u>
Investment and finance					522	594
Interest expenses					(286)	(318)
Others					(6)	(71)
Taxation (excluding share of taxation of Hutchison Whampoa Limited)					(212)	(132)
Minority interests					6	13
Share of net profit of Hutchison Whampoa Limited					<u>3,031</u>	<u>2,971</u>
Profit attributable to shareholders					<u><u>4,001</u></u>	<u><u>3,852</u></u>

## Cheung Kong (Holdings) Limited

(2) *Profit before taxation is arrived at after charging/(crediting):*

	<b>Six months ended 30th June</b>	
	<b>2003</b>	<b>2002</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
<i>Interest expenses</i>	<b>408</b>	464
<i>Less: Interest capitalised</i>	<b>(122)</b>	(146)
	<b>286</b>	318
<i>Costs of properties sold</i>	<b>1,608</b>	392
<i>Depreciation</i>	<b>57</b>	48
<i>Net realised and unrealised holding gains on other investments</i>	<b>(594)</b>	(311)

(3) *Hong Kong profits tax has been provided for at the rate of 17.5% (2002 – 16%) on the estimated assessable profits for the period. Overseas tax has been provided for at the applicable local rates on the estimated assessable profits of the individual company concerned. Deferred tax has been provided on temporary differences using the current applicable rates.*

	<b>Six months ended 30th June</b>	
	<b>2003</b>	<b>2002</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
<i>Company and subsidiaries</i>		
<i>Hong Kong profits tax</i>	<b>23</b>	21
<i>Overseas tax</i>	<b>4</b>	4
<i>Deferred tax</i>	<b>110</b>	37
<i>Share of taxation</i>		
<i>Jointly controlled entities</i>	<b>72</b>	64
<i>Associates</i>	<b>415</b>	402
	<b>624</b>	528

(4) *The calculation of earnings per share is based on profit attributable to shareholders and on 2,316,164,338 shares (2002 – 2,316,164,338 shares) in issue during the period.*

## Cheung Kong (Holdings) Limited

- (5) *In order to comply with Statement of Standard Accounting Practice ("SSAP") 12 (revised) "Income Taxes" which became effective from 1st January, 2003 in Hong Kong, the Group's accounting policy for deferred tax was changed. Deferred tax liabilities are provided in full on all temporary differences between the carrying amounts of assets and liabilities in the balance sheet and their tax bases, while deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.*

*As a result and incorporating the Group's share of Hutchison Whampoa Limited's adjustments due to adoption of SSAP12 (revised), the profit attributable to shareholders was increased by HK\$50 million for the six months ended 30th June, 2003 and was decreased by HK\$64 million for the six months ended 30th June, 2002; retained profits and reserves at 1st January, 2003 were reduced by HK\$2,039 million and HK\$425 million respectively; and retained profits and reserves at 1st January, 2002 were reduced by HK\$1,945 million and HK\$305 million respectively. Certain comparative figures have been restated accordingly.*

- (6) *The interim financial statements are unaudited, but have been reviewed by the Audit Committee.*

Please also refer to the published version of this announcement in The Standard on 22nd August, 2003.