



CHEUNG KONG (HOLDINGS) LIMITED

THE CHAIRMAN'S STATEMENT FOR 2003

HIGHLIGHTS

	2003	2002 (Restated)	Change
	HK\$ Million	HK\$ Million	
Profit before share of results of Hutchison Whampoa Group	2,631	1,607	+64%
Share of profit of Hutchison Whampoa Group	7,184	7,175	-
Profit attributable to shareholders	9,815	8,782	+12%
Earnings per share	HK\$4.24	HK\$3.79	+12%
Dividends per share	HK\$1.68	HK\$1.60	+5%

PROFIT FOR THE YEAR

The Group's audited consolidated profit attributable to shareholders for the year ended 31st December, 2003 amounted to HK\$9,815 million (2002 (restated) - HK\$8,782 million). Earnings per share were HK\$4.24 (2002 (restated) - HK\$3.79).

DIVIDEND

The Directors have decided to recommend the payment of a final dividend of HK\$1.30 per share in respect of 2003, to shareholders whose names appear on the Register of Members of the Company on 20th May, 2004. This together with the interim dividend of HK\$0.38 per share gives a total of HK\$1.68 per share for the year (2002 - HK\$1.60 per share). The proposed dividend will be paid on 25th May, 2004 following approval at the Annual General Meeting.

PROSPECTS

Seizing New Growth Opportunities

Operations

2003 was a watershed year for Hong Kong's economy. Against the backdrop of an already weak economy, business activities were further frustrated by the outbreak of Severe Acute Respiratory Syndrome ("SARS") in the first half of the year. Fortunately, overall market sentiment and confidence improved visibly in the second half year when the SARS epidemic was contained. A series of Central Government-supported policies, including the Closer Economic Partnership Arrangement ("CEPA"), the lifting of restrictions for individual travelers from the Mainland, and the opening up of the Renminbi clearing business in Hong Kong, acted as further stimuli to Hong Kong's economic recovery.

The Group's various businesses continued to grow steadily in 2003 despite the difficult global market. To gear up for the reviving economy, we will continue to follow the four major principles that have guided us to solid growth:

- take proactive steps to further strengthen the core property business;
- expedite diversified new tech ventures by leveraging on our existing advantages;
- pursue business and geographic diversification through strategic investments made by listed affiliated companies;
- enhance solid financials and corporate governance regime to promote shareholders' interests.

Core Property Business

The Group's profit before share of results of the Hutchison Whampoa Group increased by 64%. The stimuli provided by the recovering economy, lower unemployment, and shrinking deflation have resulted in steady improvements in property activities, both in terms of volume and prices. This is evidence of the beginning of a gradual recovery in the local property market. Following our proactive and prudent investment strategies, various developments and marketing campaigns were launched as planned last year. Our sales results surpassed original targets in 2003 as our customer and earnings base continued to strengthen and expand. Overall returns for the Group's existing projects have been satisfactory. We expect to cultivate new streams of revenue for the Group as our sizable landbank, comprising various prime sites acquired at reasonable cost during the last few years, is developed into diversified quality projects that will bring additional value to the Group.

Underlying housing demand and purchasing power will continue to surge following the clearer land supply and housing policies of the SAR Government. The market is set to show a healthy recovery, along with a rebounding economy and rising market confidence. We are well positioned to seize the opportunities arising from the steady market upturn. In an ongoing drive to strengthen our property business, we will continue to replenish our quality landbank, expand our diversified property development portfolio, and further enhance our brand value.

In August 2003, the Group completed the sale of its interest in five retail shopping malls to the Singapore-listed Fortune Real Estate Investment Trust. This reflects our efforts to enhance the underlying value of rental properties and bring better returns to our shareholders. As Hong Kong actively accelerates its economic integration with the Mainland and nurtures cross-border tourism, demand is expected to surge in the retail rental market. We continue to focus on expanding and enhancing our quality rental portfolio, which has been rapidly extended in recent years, in order to tap into the major opportunities that lie ahead.

The Group continued to expand overseas during the year, pursuing suitable investments for prime sites and developments in property markets outside Hong Kong. Our solid ventures in the Mainland, the United Kingdom and Singapore have provided good models for future investments in other potential markets. The formula that led us to our success in Hong Kong, as well as our responsiveness to different markets, will place us on a solid footing to further extend our geographic coverage and market penetration.

Diversified New Tech Platforms

The Group embraces technological advancement and is open to technology opportunities as they emerge. A number of new tech projects have reached the harvesting stage and have started to add value to the Group's assets. CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences") is a promising biotech investment with immense potential for value creation. Displaying rapid progress and growth, CK Life Sciences is making encouraging headway in R&D and business development, while its strong capital base provides sufficient funding for the ongoing R&D work in the pipeline. In 2003, notable progress was made in research for cancer and AIDS, the patent portfolio continued to grow, new products were rolled out, and the eco-fertiliser business continued to extend its geographic reach. During the year, CK Life Sciences also received a number of awards, evidence of international recognition for its R&D achievements. Given the significant underlying commercial value of various projects that will be introduced to the market in the future, we look forward to promising growth for CK Life Sciences.

In March 2004, the Group and the Hutchison Whampoa Group completed the disposal of their entire interest in PowerCom Network Hong Kong Limited (“PowerCom”) and Hutchison Global Communications Investments Limited (“HGC”) respectively to Hutchison Global Communications Holdings Limited (formerly Vanda Systems & Communications Holdings Limited) (“HGC Holdings”). The integration of PowerCom, HGC and HGC Holdings will create an IT and communications technology powerhouse with innovative offerings such as broadband services through power sockets. This transaction is a good example of the synergies, value and benefits that new tech businesses can generate once they mature. The Group and the Hutchison Whampoa Group now hold an approximately 3.6% and 52.5% interest in HGC Holdings respectively.

We have our sights firmly set on new tech investments to create new sources of returns for shareholders. In addition to our existing value-added projects, we are eyeing opportunities in other high tech arenas that show potential for growth and value generation.

Listed Affiliated Companies

Market response has been positive for the 3G telecommunications services, a primary focus of the Hutchison Whampoa Group in the United Kingdom, Italy, Australia and Hong Kong. The handset shortage is resolved as all major handset manufacturers are now in the market. Decreasing operating costs, along with the continuous improvement in technology, will soon establish 3G as a necessity in modern life. The long term prospects for this business are tremendous. We expect that the Hutchison Whampoa Group will enter a new phase of growth when the strong value creating capacity of the 3G business is fully realised over the next few years. In the meantime, all of the traditional core businesses, both locally and overseas, have performed better than last year. These businesses, together with the 3G operations, will continue to grow and generate satisfactory returns.

2003 represented a year of sustained organic growth for Cheung Kong Infrastructure Holdings Limited (“CKI”). A year-on-year profit growth has been maintained for the seventh consecutive year. Hongkong Electric Holdings Limited (“Hongkong Electric”), an associate of CKI, continued to provide a steady profit contribution to CKI, and strong performance in the Australian and Chinese operations provided solid revenue streams. Equipped with strong financials, CKI is very well positioned to make new, secure and profitable investments as it progresses along its growth roadmap. In 2003, the results of Hongkong Electric were adversely affected by an increase in tax charges due to an increase in tax rates and a substantial one-off provision for deferred tax, as well as very low demand growth resulting from the impact of the SARS crisis. However, the fundamentals of Hongkong Electric remain sound, and its overseas investments continue to perform well. Its strong financial position supports its ongoing worldwide search for suitable investment opportunities offering an acceptable return relative to the risks involved.

Financial Position and Corporate Governance

In the highly competitive global market, the Group has demonstrated a strong ability to maintain its established market position, and to seize timely opportunities for global expansion. This ability hinges on our visionary and innovative mindset, as well as our traditional philosophy of financial prudence – low debt ratio and strong liquidity. We are well positioned to seize new growth opportunities on the path of economic recovery, building on our unique advantages of solid financials, flexibility and a strong capacity for global investments.

We place great emphasis on our core values of honesty and integrity. As part of our commitment to good corporate practice, we have in place a corporate governance framework that gives balanced weight to shareholders' interests and management issues. Decisions are made in compliance with corporate governance practices to enhance shareholder value.

Prospects

We look to 2004 with optimism. Hong Kong is uniquely positioned to benefit from China's robust economic growth, fuelled by accelerated market liberalisation and economic reform. Coupled with Central Government-supported policies designed to assist Hong Kong revitalise itself, this provides a sound platform for the continued recovery of Hong Kong's economy, and the gradual upturn of the property market in the coming year.

CEPA is set to be a strong catalyst for economic integration between Hong Kong and the Mainland. This offers plenty of investment opportunities for Hong Kong, and bodes well for its long-term economic prospects. The virtues of the people of Hong Kong – diligent, entrepreneurial and innovative – will again lead us to a new era of exciting growth. We will see Hong Kong play a greater role as a bridge between the Mainland and the international markets, further sharpening its regional and global competitiveness. This vision, shared by all of us, will be realised if we always strive for excellence, and bring into full play our unique qualities.

We look ahead to more promising prospects for the Cheung Kong Group as the global economy continues to improve. We are confident that our quality businesses around the globe, supported by the strategic investments of the Hutchison Whampoa Group in 39 countries, are well poised to seize new opportunities and forge new growth in the years to come. As a multi-national company with real dynamism and vitality, the Group will go from strength to strength by adhering to our philosophy of merging eastern and western styles of management, as well as leveraging on our outstanding management team, dedicated and talented staff, and sound financials.

Acknowledgement

The Group has produced sound results under difficult and challenging market conditions. We take this opportunity to extend our thanks to our colleagues on the Board, the staff members of the Group and our diligent employees worldwide for their hard work, loyal service and contributions during the year.

Li Ka-shing

Chairman

Hong Kong, 18th March, 2004

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Major Business Activities

The following are important events that took place during 2003:

1. Developments completed during 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
Hampton Place	Kowloon Inland Lot No. 11107	52,070	100%
Princeton Tower	The Remaining Portions of Inland Lots Nos. 3999-4005	9,060	100%
Queen's Terrace Towers 1 and 2	The Remaining Portion of Inland Lot No. 8897	43,130	Joint Venture
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 Yuen Long	10,320	100%
Beverly Hills Phase 1	Chongqing	32,650	50%

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
Laguna Verona Phase B Stages 3 to 5	Dongguan	35,470	47%
Le Parc (Huangpu Yayuan) Phases 3 and 4	Futian, Shenzhen	198,700	50%
Regency Park Phase 1A	Pudong Huamu, Shanghai	13,650	50%
Seasons Villas Phases 6 and 6A	Pudong Huamu, Shanghai	20,270	50%
The Summit	Xuhui, Shanghai	63,960	50%
Costa del Sol Phase 1	Bayshore Road, Singapore	93,390	76%
Albion Riverside	London The United Kingdom	29,090	45%

2. Developments in Progress and Scheduled for Completion in 2004:

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
Banyan Garden Phases 2 and 3	New Kowloon Inland Lot No. 6320	90,100	Joint Venture
The Cairnhill	Tsuen Wan Town Lot No. 395	76,890	50%
Caribbean Coast Albany Cove	Tung Chung Town Lot No. 5	96,790	Joint Venture
One Beacon Hill	New Kowloon Inland Lot No. 6277	72,480	100%
The Pacifica Phase 1	New Kowloon Inland Lot No. 6275	79,830	50%
Sky Tower	The Remaining Portion of Kowloon Inland Lot No. 4013	118,760	40%
Vianni Cove	Tin Shui Wai Town Lot No. 27	74,500	60%

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
Beverly Hills Phase 2	Chongqing	41,590	50%
Cape Coral Phases 1 and 2A	Panyu Dashi, Guangzhou	203,220	50%
The Center	Xuhui, Shanghai	87,200	50%
Dynasty Garden Phases 1 and 2	Baoan, Shenzhen	114,490	50%
Horizon Cove Phase 3A	Zhuhai	83,800	50%
Laguna Verona Phase B Stage 6 and Phase C	Dongguan	54,150	47%
Oriental Plaza Phase IV Serviced Apartments	No. 1 East Chang An Ave. Dong Cheng District Beijing	47,000	33.3775%
Regency Park Phases 1C, 2, 3, 4, 5A, 5B and 6	Pudong Huamu Shanghai	141,870	50%
Cairnhill Crest	Singapore	40,870	50%
Costa del Sol Phase 2	Bayshore Road, Singapore	45,560	76%

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

- (1) March 2003:- The sale of the Group's entire interest in the property holding company of Royal Garden in Fuzhou was completed.
- (2) 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) 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 gross floor area of about 11,500 sq. m.
- (4) 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 disposal of interest in those shopping malls was completed on 12th August, 2003.
- (5) August 2003:- A wholly owned subsidiary of the Group subscribed for 129,685,000 units ("Units") of Fortune REIT at HK\$4.75 per Unit ("Offer Price") representing approximately 27.4% of the total Units of Fortune REIT in issue immediately following such subscription. The Units of Fortune REIT were listed on the Main Board of the Singapore Exchange Securities Trading Limited on 12th August, 2003. The closing price of the Units as at 10th March, 2004 was HK\$5.10, which represents an increase of approximately 7.4% as compared to the Offer Price.
- (6) October 2003:- A wholly owned subsidiary of the Group set up a HK\$10 billion Retail Note Issuance Programme (the "Programme") allowing the Group to issue notes ("Retail Notes") in series to retail investors. Three series of Retail Notes amounting to approximately HK\$1.3 billion have been issued under the Programme.

- (7) November 2003:- The Group executed the land grant with the Government for the exchange of Lot No. 2286 in D.D. 106, Yuen Long. Designated for residential purposes, the site has an area of approximately 20,500 sq. m. and a total developable gross floor area of about 8,200 sq. m.
- (8) November 2003:- A wholly owned subsidiary of the Group acquired Aberdeen Inland Lot No. 354, 41 Heung Yip Road, Wong Chuk Hang. The site has an area of approximately 2,000 sq. m. and is under planning.
- (9) November 2003:- CK Communications Limited, a wholly owned subsidiary of the Group, and Hutchison Global Communications Limited brought to Hong Kong a communications breakthrough with the launch of “Vfone” – a broadband-based video phone which offers video, voice and data communications. As the most advanced broadband on-premise communications device, “Vfone” is embedded with the latest open-system technology that allows cross-network communications.
- (10) January 2004:- The Group and CLP Telecommunications Limited (“CLPT”) entered into a conditional agreement with Hutchison Global Communications Holdings Limited (formerly Vanda Systems & Communications Holdings Limited) (“HGC Holdings”) to dispose of the respective entire interest of the Group (as to 81%) and CLPT (as to 19%) in PowerCom Network Hong Kong Limited (“PowerCom”) to HGC Holdings for a total consideration of approximately HK\$391 million, which was satisfied by the issue and allotment to the Group and CLPT of an aggregate of 488,572,636 new shares of HGC Holdings credited as fully paid at an issue price of HK\$0.80 per share. The completion of the disposal of interest in PowerCom took place on 12th March, 2004.
- (11) During the year 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.
- (12) The Group’s property projects in the Mainland are on schedule, both in terms of sale and leasing.

Property Sales

Turnover of property sales for the year, including share of property sales of jointly controlled entities, was HK\$12,971 million (2002 – HK\$7,638 million), an increase of HK\$5,333 million when compared to last year, and comprised mainly the sale of residential units of The Metropolis Residence which was completed last year and the sale of residential units of Queen's Terrace (Towers 1 and 2), Banyan Garden (Phase 1), Hampton Place and Rambler Crest in Hong Kong, Le Parc (Phases 3 and 4) in the Mainland, Costa del Sol (Phase 1) in Singapore and Albion Riverside in the United Kingdom which were all completed during the year. Approximately 90% of the residential units of these completed projects were sold as of the year end date.

Contribution from property sales, including share of results of jointly controlled entities, was HK\$1,660 million (2002 – HK\$635 million), an increase of HK\$1,025 million when compared to last year. Despite the lack of contribution from the property sales of The Metropolis Residence, Queen's Terrace and Hampton Place and the re-scheduling of the completion of One Beacon Hill and Vianni Cove in Hong Kong for 2004, the overall result from property sales for the year improved satisfactorily from last year.

Contribution from property sales for 2004 will mainly come from the sale of residential units of Banyan Garden (Phases 2 and 3), One Beacon Hill, Vianni Cove, The Cairnhill and The Pacifica in Hong Kong upon completion of these projects. During the year, the residential units of these projects were offered for presale and approximately 90% of all the units have been presold up to the year end date.

Property Rental

Turnover of property rental for the year was HK\$695 million (2002 – HK\$806 million), a decrease of HK\$111 million when compared to last year mainly due to the disposal of Ma On Shan Plaza, The Household Center, Smartland and Jubilee Court Shopping Centre to Fortune REIT, a Singapore unit trust, and a decrease in rental from commercial office properties during the year. The Group's existing investment property portfolio comprises mainly retail shopping malls and commercial office properties in Hong Kong which accounted for approximately 34 % and 35 % respectively of the turnover of property rental for the year.

Contribution from property rental, including share of results of jointly controlled entities and unlisted associates, was HK\$839 million (2002 – HK\$816 million), an increase of HK\$23 million when compared to last year. Increase in contribution was due to increase in share of profits of jointly controlled entities which more than offset the decrease in contribution as a result of the Group's disposal of various retail shopping malls and diminished rental from commercial office properties. Increase in share of profits of jointly controlled entities was mainly attributable to the Group's increase in interest in various investment properties in Hong Kong last year and the growth of rental income of investment properties, including the Beijing Oriental Plaza, in the Mainland.

At the year end date, the Group's investment property portfolio recorded an investment property revaluation deficit of HK\$784 million, based on professional valuation, due to a decline in rental rates of commercial office properties in Hong Kong.

Hotels and Serviced Suites

Turnover of hotels and serviced suites for the year was HK\$452 million (2002 – HK\$391 million), an increase of HK\$61 million when compared to last year. Increase in turnover was mainly a result of full year operation of the Horizon Suite Hotel in Hong Kong and the Sheraton Shenyang Lido Hotel in the Mainland which commenced 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\$83 million (2002 – HK\$52 million), an increase of HK\$31 million when compared to last year. Operating conditions for hotels and serviced suites in the first half year were difficult due to the SARS outbreak in Hong Kong and the Mainland. Operations were soon back to normal in the second half year after the virus was checked. The overall contribution from hotels and serviced suites increased from last year as Horizon Suite Hotel and Harbour Plaza Metropolis in Hong Kong and Sheraton Shenyang Lido Hotel in the Mainland made their first full year contribution to group profit.

The outlook for hotels and serviced suites operation in Hong Kong and the Mainland is good. Contribution from hotels and serviced suites is expected to be better in 2004.

Property and Project Management

Turnover of property and project management for the year was HK\$218 million (2002 – HK\$287 million), a decrease of HK\$69 million when compared to last year. Contribution from property and project management, including share of results of jointly controlled entities and unlisted associates, was HK\$74 million (2002 – HK\$80 million), a decrease of HK\$6 million when compared to last year. Decrease in turnover and contribution was attributable to the decrease in project management services rendered to joint development projects during the year.

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 year end date, the total floor area under the Group's property management exceeded 70 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 consolidated profit after tax for the year of HK\$14,378 million (2002 (restated) – HK\$14,362 million). All divisions of the Hutchison Whampoa Group (except the 3G business) reported EBIT growth.

The CK Life Sciences Group, another listed associate, reported profit attributable to shareholders amounted to HK\$928,000 for the year. Listed in July 2002 and achieving profitability in 2003, the CK Life Sciences Group made encouraging progress in business development as well as R&D.

FINANCIAL REVIEW

Liquidity and Financing

During the year, the Group issued notes in the total amount of HK\$1,512 million with three to ten years terms and redeemed notes in the total amount of HK\$2,500 million when due. At the year end date, outstanding bonds and notes issued by the Group amounted to HK\$8.1 billion.

Together with bank loans of HK\$9.8 billion, the Group's total borrowings at the year end date were HK\$17.9 billion, a decrease of HK\$4 billion from last year end date, and the maturity profile spread over a period of ten years with HK\$1.6 billion repayable within one year, HK\$15.8 billion within two to five years and HK\$0.5 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\$5.2 billion) over shareholders' funds, at 7.3% (2002 (restated) – 11.7%) at the year 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 year end date, approximately 94% 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.

Charges on Assets

At the year end date, certain assets of the Group with aggregate carrying value of HK\$1,248 million (2002 – HK\$852 million) were pledged to secure bank loan facilities utilised by subsidiaries.

Contingent Liabilities

At the year end date, the Group's contingent liabilities 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\$4,538 million; and
- (b) guarantees provided for bank loans utilised by jointly controlled entities and affiliated companies amounted to HK\$2,721 million (2002 – HK\$3,007 million) and HK\$23 million (2002 – HK\$25 million) respectively.

Employees

At the year end date, the Group employed approximately 6,600 employees for its principal businesses. The related employees' cost (excluding directors' emoluments) amounted to approximately HK\$968 million for the year. 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.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

A detailed results announcement of the Group for the year ended 31st December, 2003 containing all information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) will be published on the website of the Stock Exchange in due course.

ANNUAL GENERAL MEETING

The 2004 Annual General Meeting of the Company will be held on Thursday, 20th May, 2004 and the Notice of Annual General Meeting will be published and despatched in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Thursday, 13th May, 2004 to Thursday, 20th May, 2004, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final 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, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:00 p.m. on Wednesday, 12th May, 2004.

Consolidated Profit And Loss Account
For the year ended 31st December, 2003

	2003	2002 (Restated)
	HK\$ Million	HK\$ Million
Group turnover	8,467	2,445
Share of property sales of jointly controlled entities	5,869	6,677
Turnover	<u>14,336</u>	<u>9,122</u>
Group turnover	8,467	2,445
Investment and other income	2,164	1,254
Operating costs		
Property and related costs	(6,382)	(993)
Salaries and related expenses	(620)	(698)
Interest expenses	(517)	(650)
Other expenses	(284)	(311)
	(7,803)	(2,652)
Share of results of jointly controlled entities	1,020	606
Revaluation deficit of investment properties	(784)	(825)
Profit on spin-off of subsidiaries	-	1,001
Operating profit	<u>3,064</u>	<u>1,829</u>
Share of results of associates	5,916	8,205
Profit before taxation	<u>8,980</u>	<u>10,034</u>
Taxation	837	(1,309)
Profit after taxation	<u>9,817</u>	<u>8,725</u>
Minority interests	(2)	57
Profit attributable to shareholders	<u>9,815</u>	<u>8,782</u>
Dividends		
Interim dividend paid	880	880
Final dividend proposed	3,011	2,826
	<u>3,891</u>	<u>3,706</u>
Earnings per share	HK\$4.24	HK\$3.79
Dividends per share		
Interim dividend	HK\$0.38	HK\$0.38
Final dividend	HK\$1.30	HK\$1.22

Notes:

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

	2003	2002
	HK\$ Million	HK\$ Million
Property sales	7,102	961
Property rental	695	806
Hotels and serviced suites	452	391
Property and project management	218	287
Group turnover	<u>8,467</u>	<u>2,445</u>
Share of property sales of jointly controlled entities	<u>5,869</u>	<u>6,677</u>
Turnover	<u><u>14,336</u></u>	<u><u>9,122</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 year, the Group's overseas operations (including property sales of jointly controlled entities) were mainly in the Mainland, Singapore and the United Kingdom which accounted for approximately 16%, 11% and 6% of the turnover respectively.

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

	<i>Company and subsidiaries</i>		<i>Jointly controlled entities and unlisted associates</i>		<i>Total</i>	
	2003	2002	2003	2002	2003	2002
	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Property sales	895	209	765	426	1,660	635
Property rental	549	618	290	198	839	816
Hotels and serviced suites	62	49	21	3	83	52
Property and project management	72	81	2	(1)	74	80
	<u>1,578</u>	<u>957</u>	<u>1,078</u>	<u>626</u>	<u>2,656</u>	<u>1,583</u>
Investment and finance					1,704	895
Interest expenses					(517)	(650)
Revaluation deficit of investment properties					(784)	(825)
Profit on spin-off of subsidiaries					-	1,001
Others					109	(151)
Taxation (excluding share of taxation of listed associates)					(535)	(286)
Minority interests					(2)	57
					<u>2,631</u>	<u>1,624</u>
Share of net results of listed associates						
Hutchison Whampoa Limited					7,184	7,175
CK Life Sciences Int'l., (Holdings) Inc.					-	(17)
Profit attributable to shareholders					<u><u>9,815</u></u>	<u><u>8,782</u></u>

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

	2003	2002
	HK\$ Million	HK\$ Million
<i>Interest expenses</i>	693	900
<i>Less: Interest capitalised</i>	(176)	(250)
	517	650
<i>Costs of properties sold</i>	5,831	767
<i>Depreciation</i>	116	104
<i>Net realised and unrealised holding gains on other investments</i>	(1,584)	(78)
<i>Profit on disposal of investment properties</i>	(182)	-

(3) Hong Kong profits tax has been provided for at the rate of 17.5% (2002 – 16%) on the estimated assessable profits for the year. 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.

	2003	2002
	HK\$ Million	HK\$ Million
<i>Company and subsidiaries</i>		
<i>Hong Kong profits tax</i>	98	45
<i>Overseas tax</i>	2	2
<i>Deferred tax</i>	118	57
<i>Share of taxation charge/(credit)</i>		
<i>Jointly controlled entities</i>	319	173
<i>Associates</i>	(1,374)	1,032
	(837)	1,309

(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 year.

- (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, 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.*

The change of accounting policy mentioned above has been applied retrospectively. 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\$2,076 million for the year ended 31st December, 2003 and was decreased by HK\$94 million for the year ended 31st December, 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.

Please also refer to the published version of this announcement in The Standard dated 19/3/2004.