



# CHEUNG KONG (HOLDINGS) LIMITED

*(Incorporated in Hong Kong with limited liability)*

(Stock code: 00001)

## INTERIM RESULTS FOR 2004

### HIGHLIGHTS

	Six months ended 30th June	
	2004	2003
	HK\$ Million	HK\$ Million
Profit attributable to shareholders	7,750	4,001
Earnings per share	HK\$3.35	HK\$1.73
Dividends per share	HK\$0.38	HK\$0.38

### PROFIT FOR THE FIRST HALF YEAR

The Group's unaudited consolidated profit attributable to shareholders for the first half of 2004 amounted to HK\$7,750 million. Earnings per share were HK\$3.35.

### INTERIM DIVIDEND

The Directors have declared an interim dividend for 2004 of HK\$0.38 per share (HK\$0.38 per share in 2003) to shareholders whose names appear on the Register of Members of the Company on Thursday, 14th October, 2004. The dividend will be paid on Friday, 15th October, 2004.

# **PROSPECTS**

## **Extending Our Global Reach**

### **Business Performance**

Hong Kong's overall economy has been improving, primarily driven by the stimuli of Central Government supported policies and the reviving global economy. During the first six months of the year, economic indicators, including falling unemployment, easing deflationary pressure and growing consumer confidence, suggest that Hong Kong's growth momentum has sustained and the economy is forging ahead for a broad-based recovery.

All of the Group's businesses performed well during the period as the macroeconomic environment and investor sentiment improved. Solid progress was made in business development as well as market expansion of existing and new projects. Overall results were good.

### **Core Property Business**

The Group's profit before share of results of the Hutchison Whampoa Group increased by 56%. A strong rebound in flat prices and transactions was witnessed earlier this year as the local economy showed signs of strengthening. While the number of transactions has slowed down slightly during the past few months, this represents a healthy adjustment conducive to the long-term stability of the market. We expect this adjustment to be temporary, and the steady growth momentum will continue as the market is supported by sound fundamentals. The resumption of land sales by the government will restore balance to the market and allow the free play of market forces. Other favourable conditions, such as positive responses to land sales, reduced cases of negative equity and an increased mortgage ceiling, will provide further stimuli to the recovering market.

Our property projects were launched following a responsive and disciplined schedule. Sales results surpassed the original target for the period under review and satisfactory returns are expected for the Group's existing projects. We will continue to develop quality property developments, aggressively develop our sales network, and widen our customer base in Hong Kong, the Mainland, and the overseas markets to further increase our sales revenue.

Our sizable landbank is sufficient for our development plans over the next five years. In order to sustain our long-term growth, we will continue to acquire suitable prime sites by cost-effective means, and to strengthen our landbank to support various project developments.

A steady performance was registered for the Group's rental properties during the period under review. The local rental market for offices, shopping arcades and hotels bounced back strongly with a significant increase in transactions, prices and rentals. This was stimulated by the signing of the Closer Economic Partnership Arrangement ("CEPA") and the introduction of the individual visit scheme for Mainland visitors. The Group is proactively enhancing the value of its rental properties and upgrading management services to improve further occupancy and rental levels. The Group will continue to expand its investment property portfolio with quality rental projects and strengthen its solid base of recurrent earnings as it benefits from the reviving rental market.

Our initiatives to expand overseas are firmly in place. Increased efforts have been made to enhance our brand equity and market position in the Mainland, the United Kingdom, and Singapore. Meanwhile, we are actively pursuing suitable investments to tap other potential overseas markets and to strengthen the Group's position as a global developer.

### **New Tech Ventures**

A number of new tech projects matured rapidly during the period under review. Since listing, CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences") is gradually evolving into an integrated multi-national biotechnology corporation with operations in different parts of the world. Encouraging progress has been recorded on all fronts – financials, sales, acquisitions and R&D. During the period, new markets and new products were rolled out, the pace of R&D accelerated, and acquisitions made to extend its business coverage and distribution network. CK Life Sciences' overall value has been enhanced by initiatives to deepen penetration in targeted markets and to create more business opportunities, fuelling its growth momentum.

During the period under review, 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 ("HGCH"). The integration of PowerCom, HGC and HGCH will create an IT and communications technology powerhouse with innovative offerings such as broadband services through power sockets. Currently, the Group and the Hutchison Whampoa Group has an interest of approximately 3.6% and 52.5% in HGCH respectively.

This transaction illustrates our initiative in capitalising the synergies, value and benefits of new tech businesses to bring better value to shareholders. We anticipate more value-added projects to mature in the coming years generating strong, meaningful contributions to the Group.

### **Listed Affiliated Companies**

The Hutchison Whampoa Group reported solid growth for the period, and has been meeting or exceeding growth targets for all its established core businesses (except Husky Energy, and Finance and Investment division) around the globe. The 3G business, a focal point in the global telecom market, has been progressing on schedule and is recording an average take-up rate of more than 22,500 subscribers a day – an encouraging growth rate that is expected to continue in the coming months. Prospects for this start-up business are optimistic despite increased operating losses for the period as compared with last year. Supported by notable handset improvements and a growing customer base, the 3G operations now have minimal technological risk and are positioned to make a significant contribution to the growth of the Hutchison Whampoa Group over the next two years. As stated before, the prospects for the 3G business are bright. This investment will establish itself as a long-term core business and a major profit contributor to the Hutchison Whampoa Group, bringing good returns to shareholders.

Cheung Kong Infrastructure Holdings Limited (“CKI”) recorded a satisfactory performance for the period under review, with its investment portfolio further strengthened following a number of acquisitions. CKI will continue to pursue aggressively opportunities to enrich its infrastructure portfolio and develop new growth channels. Hongkong Electric Holdings Limited (“Hongkong Electric”) performed steadily in the local market and a good performance was recorded by its overseas energy investments. Leveraging on its solid financials, Hongkong Electric will continue its global pursuit of investment opportunities that offer an acceptable return relative to the risks involved.

### **Going Forward**

While we are facing a rising interest rate environment, we expect that the upcoming rate increases will not be too aggressive and will pose no significant challenges to the local economic growth. Hong Kong will maintain its steady pace of revival in the second half year as the global economy continues to improve and strengthen.

China is embarking on macroeconomic measures to adjust its economy. This healthy process of fine-tuning China's economy is fundamental to sustaining its long-term growth momentum, which in turn will benefit Hong Kong's future development. The significant increase in tourist arrivals following the introduction of the individual visit scheme; the tremendous business opportunities offered by the CEPA; the strengthening of cooperation with other cities in the Pan Pearl River Delta; and the accelerated economic convergence with the Mainland will provide a strong platform for Hong Kong to enhance its integrated economic strengths and to sharpen its global competitiveness. I have strong confidence in Hong Kong's future as the community make concerted efforts to create a more prosperous Hong Kong capitalising on these favourable developments.

Strengthening our core businesses and extending our global reach have always been the Group's key strategy for development, and will be the guiding principle for future growth. The Cheung Kong Group will continue to leverage its multi-national edge to develop our global quality assets and enhance further our global market position to create and add value for shareholders. I have strong confidence in the growth prospects for the Cheung Kong Group. It will continue to grow, building on its strong foundation of visionary foresight, efficient management, and sound financials.

## **Acknowledgement**

The Group has made remarkable strides in global expansion. I 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 period.

**Li Ka-shing**  
Chairman

Hong Kong, 19th August, 2004

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Major Business Activities

#### 1. Developments completed in the First Half Year of 2004:

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
One Beacon Hill	New Kowloon Inland Lot No. 6277	72,480	100%
Sky Tower Towers 1 and 2	The Remaining Portion of Kowloon Inland Lot No. 4013	41,610	40%
Vianni Cove	Tin Shui Wai Town Lot No. 27	74,500	60%
The Center	Xuhui, Shanghai	87,200	50%
Dynasty Garden Phase 1	Baoan, Shenzhen	54,280	50%
Laguna Verona Phase B Stage 6	Dongguan	25,180	47%
Oriental Plaza Phase IV Serviced Apartments	No. 1 East Chang An Ave. Dong Cheng District Beijing	47,000	33.3775%
Albion Riverside	London The United Kingdom	7,360	45%

## 2. Developments scheduled for completion during the Second Half Year of 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
Caribbean Coast Albany Cove	Tung Chung Town Lot No. 5	96,790	Joint Venture
The Cairnhill	Tsuen Wan Town Lot No. 395	76,800	50%
The Pacifica Phase 1	New Kowloon Inland Lot No. 6275	79,830	50%
Sky Tower Towers 3, 5, 6 and 7	The Remaining Portion of Kowloon Inland Lot No. 4013	77,150	40%
Beverly Hills Phase 2	Chongqing	41,590	50%
Cape Coral Phase 1	Panyu Dashi, Guangzhou	122,350	50%
Dynasty Garden Phase 2	Baoan, Shenzhen	60,140	50%
Horizon Cove Phase 3A	Zhuhai	83,800	50%
Laguna Verona Phase B Stage 6 (B1 & B3) and Phase C	Dongguan	33,500	47%
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) January 2004:- The Group and CLP Telecommunications Limited (“CLPT”) entered into a conditional agreement with Hutchison Global Communications Holdings Limited (“HGCH”) 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 HGCH 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 HGCH 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.
- (2) February 2004:- An 80% owned subsidiary of the Group settled the land premium with the Government in respect of Site B of the Tiu Keng Leng Station Development, Tseung Kwan O. Site B is planned for a residential development estimated to have a total developable gross floor area of about 130,300 sq. m.
- (3) March 2004:- The Group acquired Quarry Bay Inland Lot No. 4 sB ss1 sA, sB ss1 RP, sB ss2 and sB RP, 880-886 King’s Road, Quarry Bay for residential development. The site has an area of approximately 1,230 sq. m. and a developable gross floor area of about 9,840 sq. m.
- (4) May 2004:- The Group accepted the basic terms offered by the Government in respect of the land grant of Lot No. 2081 in DD109, Kam Tin Road. The site has an area of approximately 50,500 sq. m. and a developable residential gross floor area of about 19,400 sq. m.
- (5) May 2004:- The Group successfully bid for Sha Tin Town Lot No. 487, Area 77, Ma On Shan, Sha Tin at a Government auction. With an area of approximately 14,000 sq. m., the site is designated for a residential development estimated to have a developable gross floor area of about 70,000 sq. m.



- (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 in terms of sales and leasing.

## **Property Sales**

Turnover of property sales for the first half year, including share of property sales of jointly controlled entities, was HK\$8,252 million (2003 – HK\$4,304 million), an increase of HK\$3,948 million when compared with the same period last year, and comprised mainly the sale of residential units of Harbourfront Landmark completed in previous years and the sale of residential units of property projects completed during the period, including One Beacon Hill, Vianni Cove and Sky Tower (Towers 1 and 2) in Hong Kong, of which over 90% of the residential units completed were sold as of the period end date.

Contribution from property sales, including share of results of jointly controlled entities, was HK\$617 million (2003 – HK\$479 million), an increase of HK\$138 million when compared with the same period last year with lower contribution margins for the property projects completed during the period as most of the residential units were presold during last year which was subject to various adverse economic conditions. However, the return of confidence and interest in the luxury residential property market in Hong Kong during the period has made the contribution from property projects, like the Harbourfront Landmark, significantly better than the contribution achieved in previous years.

Contribution from property sales for the second half year will mainly come from the sale of residential units of Banyan Garden (Phases 2 and 3), The Cairnhill, The Pacifica (Phase 1) and Sky Tower (Towers 3, 5, 6 and 7) which are scheduled for completion in Hong Kong. Over 90% of the residential units of these projects have been presold up to the period end date.

## **Property Rental**

Turnover of property rental for the first half year was HK\$288 million (2003 – HK\$387 million), a decrease of HK\$99 million when compared with the same period last year mainly due to the Group's disposal of various retail shopping malls to Fortune REIT, a Singapore unit trust in August last year. The Group's existing investment property portfolio comprises mainly retail shopping malls and commercial office properties in Hong Kong which accounted for approximately 30% and 35% respectively of the turnover of property rental for the period.

Contribution from property rental, including share of results of jointly controlled entities and unlisted associates, was HK\$424 million (2003 – HK\$437 million), a decrease of HK\$13 million when compared with the same period last year. The decrease was mainly caused by a reduction in contribution from the Group's investment property portfolio following the disposal of various retail shopping malls last year and was moderated by an increase in contribution from jointly controlled entities as rental income from investment properties, including The Metropolis Tower in Hong Kong and Oriental Plaza in the Mainland, continued to grow at high occupancy rates.

## **Hotels and Serviced Suites**

Turnover of hotels and serviced suites for the first half year was HK\$282 million (2003 – HK\$184 million), an increase of HK\$98 million when compared with the same period last year mainly because turnover during the same period last year was affected by the SARS outbreak in Hong Kong and the Mainland.

Contribution from hotels and serviced suites, including share of results of jointly controlled entities and unlisted associates, was HK\$118 million (2003 – HK\$2 million), an increase of HK\$116 million when compared with the same period last year. Operating conditions during the period, in the absence of SARS, were significantly better than that of the same period last year and helped to lift the contribution from hotels and serviced suites both in Hong Kong and the Mainland. The results of the Group's hotel and serviced suite operations during the period were satisfactory with good occupancy and room rates.

The prospects for hotel and serviced suite operations in Hong Kong and the Mainland are good and the Group's hotel and serviced suite operations will continue to make a good contribution.

## **Property and Project Management**

Turnover of property and project management for the first half year was HK\$109 million (2003 – HK\$98 million), an increase of HK\$11 million when compared with the same period last year. Contribution from property and project management, including share of results of jointly controlled entities and unlisted associates, was HK\$37 million (2003 – HK\$28 million), an increase of HK\$9 million when compared with the same period last year. The increase in turnover and contribution was in line with the increase in property and project management services rendered by the Group 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, the total floor area under the Group's property management was approximately 73 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, 2004 of HK\$12,482 million. All established businesses of the Hutchison Whampoa Group (except Husky Energy, and Finance and Investment division) reported EBIT growth as compared with the same period last year.

The CK Life Sciences Group, another listed associate, reported profit attributable to shareholders amounted to HK\$838,000 in the first six months of 2004. The CK Life Sciences Group has made solid achievements in environmental and human-health related businesses since its listing in 2002.

## **FINANCIAL REVIEW**

### **Liquidity and Financing**

During the period, the Group issued notes in the total amount of HK\$300 million with five years term and redeemed notes in the total amount of HK\$1,103 million. At the period end date, outstanding bonds and notes issued by the Group amounted to HK\$7.3 billion.

Together with bank loans of HK\$7 billion, the Group's total borrowings at the period end date were HK\$14.3 billion, a decrease of HK\$3.6 billion from last year end date, and the maturity profile spread over a period of six years with HK\$2.2 billion repayable within one year, HK\$11.8 billion within two to five years and HK\$0.3 billion beyond five 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\$2.3 billion) over shareholders' funds, at 6.7% 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 92% 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 period end date, certain assets of the Group with aggregate carrying value of HK\$1,233 million, with no significant change from last year end date, were pledged to secure bank 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 45 years amounted to HK\$4,538 million; and
- (b) guarantees provided for bank loans utilised by jointly controlled entities and other investee company amounted to HK\$2,548 million and HK\$23 million respectively.

## **Employees**

At the period end date, the Group employed approximately 6,600 employees for its principal businesses. The related employees' cost (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.

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

The Company has not redeemed any of its shares during the six months ended 30th June, 2004. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

## **CODE OF BEST PRACTICE**

With the exception that the Non-executive Directors have no set term of office but retire from office on a rotational basis, none of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by this interim results announcement, in compliance with Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## **AUDIT COMMITTEE**

The Group's interim report for the six months ended 30th June, 2004 was reviewed by the Audit Committee (the "Committee"). Regular meetings have been held by the Committee since its establishment and it meets at least twice each year.



# CHEUNG KONG (HOLDINGS) LIMITED

*(Incorporated in Hong Kong with limited liability)*

(Stock code: 00001)

## NOTICE OF PAYMENT OF INTERIM DIVIDEND, 2004

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, 2004 amounted to HK\$7,750 million which represents earnings of HK\$3.35 per share. The Directors have declared an interim dividend for 2004 of HK\$0.38 per share to shareholders whose names appear on the Register of Members of the Company on Thursday, 14th October, 2004. The dividend will be paid on Friday, 15th October, 2004.

The Register of Members of the Company will be closed from Thursday, 7th October, 2004 to Thursday, 14th October, 2004, 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, 6th October, 2004.

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

Hong Kong, 19th August, 2004

The Directors of the Company as at the date of this announcement are as follows:

*Executive Directors:*

LI Ka-shing

*Chairman*

LI Tzar Kuoi, Victor

*Managing Director and Deputy Chairman*

George Colin MAGNUS

*Deputy Chairman*

KAM Hing Lam

*Deputy Managing Director*

CHUNG Sun Keung, Davy

IP Tak Chuen, Edmond

PAU Yee Wan, Ezra

WOO Chia Ching, Grace

CHIU Kwok Hung, Justin

LEUNG Siu Hon

*Independent Non-executive Director*

FOK Kin-ning, Canning

*Non-executive Director*

Frank John SIXT

*Non-executive Director*

CHOW Kun Chee, Roland

*Independent Non-executive Director*

WONG Yick-ming, Rosanna

*Independent Non-executive Director*

HUNG Siu-lin, Katherine

*Non-executive Director*

YEH Yuan Chang, Anthony

*Independent Non-executive Director*

CHOW Nin Mow, Albert

*Non-executive Director*

Simon MURRAY

*Independent Non-executive Director*

KWOK Tun-li, Stanley

*Independent Non-executive Director*



**Consolidated Profit and Loss Account**  
**For the six months ended 30th June, 2004**

	<b>(Unaudited)</b>	
	<b>2004</b>	2003
	<b>HK\$ Million</b>	HK\$ Million
Group turnover	7,305	2,813
Share of property sales of jointly controlled entities	1,626	2,160
<b>Turnover</b>	<u>8,931</u>	<u>4,973</u>
Group turnover	7,305	2,813
Investment and other income	867	560
Operating costs		
Property and related costs	(6,611)	(1,817)
Salaries and related expenses	(296)	(311)
Interest expenses	(170)	(286)
Other expenses	(116)	(127)
	(7,193)	(2,541)
Share of results of jointly controlled entities	786	233
<b>Operating profit</b>	<u>1,765</u>	1,065
Share of results of associates	6,325	3,554
<b>Profit before taxation</b>	<u>8,090</u>	4,619
Taxation	(282)	(624)
<b>Profit after taxation</b>	<u>7,808</u>	3,995
Minority interests	(58)	6
<b>Profit attributable to shareholders</b>	<u>7,750</u>	<u>4,001</u>
<b>Interim dividend</b>	<u>880</u>	<u>880</u>
<b>Earnings per share</b>	<b>HK\$3.35</b>	HK\$1.73
<b>Dividends per share</b>	<b>HK\$0.38</b>	HK\$0.38

## Consolidated Balance Sheet

As at 30th June, 2004

	(Unaudited) 30/6/2004 HK\$ Million	(Audited) 31/12/2003 HK\$ Million
Non-current assets		
Fixed assets	17,281	17,217
Associates	130,802	127,241
Jointly controlled entities	20,882	22,576
Investments in securities	7,111	7,231
Long term loans	1,388	929
	<u>177,464</u>	<u>175,194</u>
Current assets		
Investments in securities	2,926	3,659
Stock of properties	16,534	13,891
Debtors, deposits and prepayments	2,684	2,060
Bank balances and deposits	2,288	5,182
	<u>24,432</u>	<u>24,792</u>
Current liabilities		
Bank and other loans	2,203	1,585
Creditors and accruals	2,685	2,210
Provision for taxation	621	562
	<u>18,923</u>	<u>20,435</u>
Net current assets	<u>18,923</u>	<u>20,435</u>
Total assets less current liabilities	<u>196,387</u>	<u>195,629</u>
Non-current liabilities		
Bank and other loans	12,128	16,357
Deferred tax liabilities	349	319
	<u>12,477</u>	<u>16,676</u>
Minority interests	4,316	4,110
<b>Total net assets</b>	<u>179,594</u>	<u>174,843</u>
<b>Representing:</b>		
Share capital	1,158	1,158
Share premium	9,331	9,331
Reserves	2,303	2,291
Retained profits	165,922	159,052
Dividend		
Interim dividend for 2004	880	-
Final dividend for 2003	-	3,011
<b>Total shareholders' funds</b>	<u>179,594</u>	<u>174,843</u>

Notes:

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

	<b>Six months ended 30th June</b>	
	<b>2004</b>	<b>2003</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Property sales	6,626	2,144
Property rental	288	387
Hotels and serviced suites	282	184
Property and project management	109	98
Group turnover	<u>7,305</u>	<u>2,813</u>
Share of property sales of jointly controlled entities	<u>1,626</u>	<u>2,160</u>
Turnover	<u><u>8,931</u></u>	<u><u>4,973</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 6% 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>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</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	121	397	496	82	617	479
Property rental	232	302	192	135	424	437
Hotels and serviced suites	73	5	45	(3)	118	2
Property and project management	34	28	3	-	37	28
	<u>460</u>	<u>732</u>	<u>736</u>	<u>214</u>	<u>1,196</u>	<u>946</u>
Investment and finance					440	522
Interest expenses					(170)	(286)
Others					303	(6)
Taxation (excluding share of taxation of listed associate)					(197)	(212)
Minority interests					<u>(58)</u>	<u>6</u>
					<u>1,514</u>	<u>970</u>
Share of net result of listed associate Hutchison Whampoa Limited					<u>6,236</u>	<u>3,031</u>
Profit attributable to shareholders					<u><u>7,750</u></u>	<u><u>4,001</u></u>

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

	<b>Six months ended 30th June</b>	
	<b>2004</b>	<b>2003</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
<i>Interest expenses</i>	222	408
<i>Less: Interest capitalised</i>	<u>(52)</u>	<u>(122)</u>
	170	286
<i>Costs of properties sold</i>	6,026	1,608
<i>Depreciation</i>	52	57
<i>Net realised and unrealised holding gains on other investments</i>	<u>(53)</u>	<u>(594)</u>

(3) Hong Kong profits tax has been provided for at the rate of 17.5% (2003 – 17.5%) 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>2004</b>	<b>2003</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
<i>Company and subsidiaries</i>		
<i>Hong Kong profits tax</i>	62	23
<i>Overseas tax</i>	3	4
<i>Deferred tax</i>	30	110
<i>Share of taxation</i>		
<i>Jointly controlled entities</i>	100	72
<i>Associates</i>	<u>87</u>	<u>415</u>
	<u>282</u>	<u>624</u>

(4) 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 period.

- (5) *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:*

	<b>30/6/2004</b>	<b>31/12/2003</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
<i>Current to one month</i>	<b>893</b>	1,209
<i>Two to three months</i>	<b>39</b>	14
<i>Over three months</i>	<b>40</b>	31
	<b><u>972</u></b>	<b><u>1,254</u></b>

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

	<b>30/6/2004</b>	<b>31/12/2003</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
<i>Current to one month</i>	<b>497</b>	572
<i>Two to three months</i>	<b>10</b>	12
<i>Over three months</i>	<b>18</b>	9
	<b><u>525</u></b>	<b><u>593</u></b>

- (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 dated 20/8/2004.