



Innovative Value Creation
on Solid Foundations



CHEUNG KONG (HOLDINGS) LIMITED
ANNUAL REPORT 2000

As a dynamic and innovative conglomerate, the Cheung Kong Group reaffirms its preparedness to seize new opportunities, while consolidating the strengths of its core businesses. The mission of enhancing its position as a global leader in diversified businesses has been shared and pursued by all companies within the Cheung Kong Group, illustrated by their firm dedication to the diversification and globalisation strategies. This mission, a driving force behind the Cheung Kong Group's ongoing pursuit of knowledge, innovation and excellence, has set the Cheung Kong Group apart and will open up a new horizon for its solid growth.

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Group Structure

**Cheung Kong Group
Total Market Capitalisation**

HK\$625 billion
(as at the end of March 2001)

Cheung Kong (Holdings) Limited



49.9%

Hutchison Whampoa Limited



84.6%

Cheung Kong Infrastructure
Holdings Limited



38.9%

Hongkong Electric
Holdings Limited





Site area: 7,400 sq. m.
Floor area: 62,460 sq. m.
Land use: Residential &
Commercial
Completion: 2001

This sky-high development with all units enjoying panoramic harbour views sets a new benchmark in deluxe residential property in the urban area.



HARBOURFRONT LANDMARK



Group Financial Summary

PROFIT AND LOSS ACCOUNT

(HK\$ million)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Turnover	9,990	10,278	10,693	14,841	12,309	13,202	7,857	11,865	8,193	9,341
Profit attributable to										
shareholders	5,289	6,218	9,781	10,113	11,125	13,765	17,602	6,112	59,373	19,436
Dividends	1,494	1,758	2,198	2,417	2,727	3,170	3,722	2,665	3,170	3,706
Profit for the year retained	3,795	4,460	7,583	7,696	8,398	10,595	13,880	3,447	56,203	15,730

BALANCE SHEET

(HK\$ million)

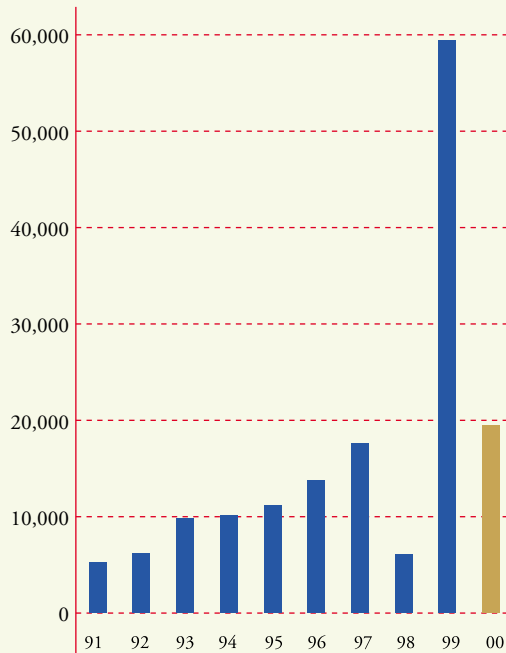
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Fixed assets	1,944	2,021	2,733	3,763	4,574	4,857	3,294	13,936	21,290	15,245
Investment in listed associate	12,339	16,005	21,319	26,030	28,160	34,062	47,787	49,313	104,017	117,752
Other investments	4,763	7,830	12,644	21,134	19,840	25,948	27,552	30,295	26,479	31,709
Net current assets	6,395	4,297	6,952	11,815	10,577	20,566	19,937	7,324	6,964	11,728
	25,441	30,153	43,648	62,742	63,151	85,433	98,570	100,868	158,750	176,434
Deduct:										
Long term loans	1,628	1,241	7,216	16,829	8,545	12,016	13,642	10,245	10,238	13,806
Deferred items	936	893	26	12	47	14	17	12	33	12
Minority interests	129	684	989	2,648	2,560	4,840	2,135	5,163	6,736	3,298
Total net assets	22,748	27,335	35,417	43,253	51,999	68,563	82,776	85,448	141,743	159,318
Representing:										
Share capital	1,099	1,099	1,099	1,099	1,099	1,149	1,149	1,149	1,149	1,158
Share premium	2,752	2,752	2,752	2,752	2,752	7,856	7,856	7,856	7,856	9,331
Reserves and retained profits	18,897	23,484	31,566	39,402	48,148	59,558	73,771	76,443	132,738	148,829
Total shareholders' funds	22,748	27,335	35,417	43,253	51,999	68,563	82,776	85,448	141,743	159,318
Net assets per share										
– book value (HK\$)	10.35	12.44	16.12	19.68	23.66	29.84	36.03	37.19	61.69	68.79
Earnings per share (HK\$)	2.41	2.83	4.45	4.60	5.06	6.02	7.66	2.66	25.84	8.42
Dividend per share (HK\$)	0.68	0.80	1.00	1.10	1.20	1.38	1.62	1.16	1.38	1.60



Financial Highlights

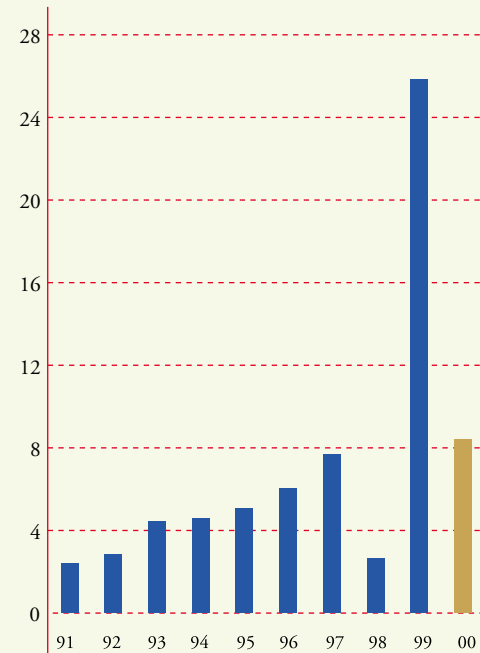
PROFIT ATTRIBUTABLE TO SHAREHOLDERS

HK\$ million



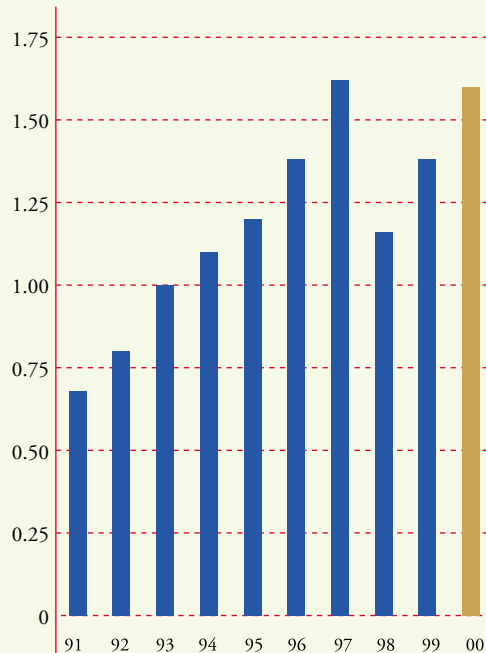
EARNINGS *per share*

HK\$



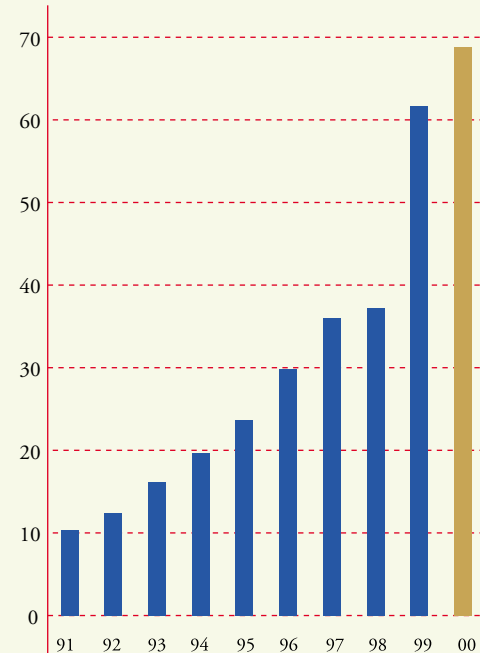
DIVIDEND *per share*

HK\$



NET BOOK VALUE *per share*

HK\$





The Cheung Kong Group is committed to creating value for its shareholders. It will continue to innovate and add value in order to stay on top of the latest trends and to increase its competitiveness.

Report of the Chairman and the Managing Director

PROFIT FOR THE YEAR

The Group's audited consolidated net profit after tax for the year ended 31st December, 2000 amounted to HK\$19,436 million (1999 – HK\$59,373 million). Earnings per share were HK\$8.42 (1999 – HK\$25.84).

DIVIDEND

The Directors have decided to recommend the payment of a final dividend of HK\$1.22 per share in respect of 2000, to shareholders whose names appear on the Register of Members of the Company on 24th May, 2001. This together with the interim dividend of HK\$0.38 per share gives a total of HK\$1.60 per share for the year (1999 – HK\$1.38 per share), up 16% over the previous year. The proposed dividend will be paid on 29th May, 2001 following approval at the Annual General Meeting.

OPERATIONS REVIEW

The following are important events that took place during 2000 :

1. Buildings completed during the year, further to those recorded in the 2000

Interim Report :

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
Fisherman's Wharf	Kowloon Inland Lot No. 11056	25,338	Joint Venture
Office Building and Shopping Arcade Beijing Oriental Plaza Phase I	No. 1, East Chang An Ave., Dong Cheng District, Beijing	188,000	33.3775%

The Group's audited consolidated net profit after tax amounted to HK\$19,436 million.

2. Developments in Progress and Scheduled for Completion in 2001 :

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
No. 1 Star Street	The Remaining Portion of Section A of Inland Lot No. 2837	9,320	100%
University Court	Section A of New Kowloon Inland Lot No. 2491	4,072	100%
The Metropolis	Kowloon Inland Lot No. 11077	97,180	Joint Venture
Laguna Grande Laguna Verde	Kowloon Inland Lot No. 11056	121,280	Joint Venture
Ocean Vista Laguna Verde	Kowloon Inland Lot No. 11056	65,390	Joint Venture
Harbourfront Landmark	Kowloon Inland Lot No. 11055	62,460	50%
Villa Esplanada Phase III	Tsing Yi Town Lot No. 129	79,640	22.5%
Office Building, Hotel and Serviced Apartments Beijing Oriental Plaza Phase II	No. 1, East Chang An Ave., Dong Cheng District, Beijing	328,000	33.3775%



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

- (1) In February 2000, a joint venture company equally owned by the Group and Hutchison Whampoa Limited acquired two properties in Cairnhill Circle, Singapore to be redeveloped together for residential purposes. The site area is approximately 14,600 sq. m. and the total gross floor area is about 40,870 sq. m. Completion is scheduled for 2003.
- (2) In May 2000, an associated company which is 50% owned by the Group successfully bid for New Kowloon Inland Lot No. 6275, West Kowloon Reclamation Area at a Government auction. With an area of approximately 16,000 sq. m., the site is earmarked for a residential/commercial complex estimated to have a total developable gross floor area of about 134,900 sq. m. Completion is scheduled for 2003.
- (3) In May 2000, the Group entered into an agreement with Mr. Li Ka-shing to acquire his 52% interest in the property development known as Costa del Sol in Singapore. The transaction was approved by shareholders at the Extraordinary General Meeting of the Company on 14th June, 2000 and completed on 19th June, 2000. The total consideration of HK\$1,489 million was satisfied by the issue of 18,608,098 shares of the Company at a price of HK\$79.75 per share with the balance in cash. Together with the 24% interest originally held by the Group in the project, the Group has a total 76% interest in the project.
- (4) In June 2000, the Group completed the agreement with the owner to purchase the Tiger Balm Garden, Tai Hang. The site area of Inland Lot No. 5330 RP and the Extension thereto and Inland Lot No. 3564 and the Extensions thereto is about 8,600 sq. m. Lease modification is in progress.

The Group continues to build up a sizable quality landbank comprising rural and urban prime sites acquired at strictly controlled cost levels.

- (5) In August 2000, the Group obtained approval from the Town Planning Board for a planning application for various lots in DD11, Fung Yuen, Tai Po for a residential development. Total developable gross floor area for Phase I development is approximately 80,000 sq. m. Further design and planning are underway. Preparation for land exchange is also in progress.
- (6) In August 2000, an associated company which is 22.5% owned by the Group acquired Lots Road Power Station, Chelsea, London, United Kingdom for residential and commercial purposes. The site area is approximately 25,000 sq. m. and the total developable net floor area is 54,600 sq. m. This project is scheduled for completion in phases from 2003 to 2006.
- (7) In October 2000, an associated company which is 50% owned by the Group successfully bid for Tsuen Wan Town Lot No. 395, Area 40, Route Twisk, Tsuen Wan for residential development. The proposed development has a site area of approximately 25,600 sq. m. and a total developable gross floor area of 76,800 sq. m. and is planned for completion in 2004.
- (8) In October 2000, a subsidiary of the Group acquired the remaining shares of Lot Nos. 289 and 309 in DD 444, 29-51 Wo Yi Hop Road, Kwai Chung, New Territories for a development comprising serviced apartments, hotel and retail space. The site area is about 7,870 sq. m. and the gross floor area is approximately 74,300 sq. m.
- (9) In March 2001, an associated company in which the Group has a 33.33% interest was awarded the tender for Land Parcel A (comprising Land Parcels A1 and A2) at Marina Boulevard, Singapore to be developed for commercial purposes. With a total site area of approximately 15,600 sq. m. and a developable gross floor area of approximately 152,000 sq. m., the proposed project is scheduled for completion in 2006.

The Group's existing landbank is sufficient to ensure a steady supply of quality properties in the coming four to five years.



- (10) Approvals from the Town Planning Board were obtained for the Group's planning applications for various lots in DD110, Shek Kong and various lots in DD106, Yuen Kong. The two sites have an area of about 26,000 sq. m. and 20,500 sq. m. respectively. Lease modification is in progress for the sites for residential purposes.
- (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 for sale and leasing.
- (13) In January 2000, the Group, Hutchison Whampoa Limited, The Hongkong and Shanghai Banking Corporation Limited and Hang Seng Bank Limited announced the formation of a joint venture called iBusinessCorporation.com to facilitate e-commerce businesses and Internet related investments.

4. Major Associated Company :

The associated Hutchison Whampoa Group reported profits after tax of HK\$34,118 million (1999 – HK\$117,345 million), a drop of 71% as compared to the previous year.

PROSPECTS

The 21st century is an exciting era in which knowledge and information allied to new technologies will take the lead. To meet the opportunities and challenges ahead, continuous pursuit of knowledge and innovation should be the key to success in staying ahead of the changing trends. The Group strives to remain at the forefront by continuous improvement and innovation while at the same time following its traditional discipline of controlled expansion. In the years to come, the Group will focus on three main strategies that will ensure its solid growth in this exciting new era :

The Group strives to remain at the forefront by continuous improvement and innovation while at the same time following its traditional discipline of controlled expansion.

1. Strengthening its Core Business

Property development, the well-established core business of the Group, has been the cornerstone of its success over the years. The local property market is poised for a healthy growth to be accompanied by steady rises in both property transactions and residential prices, given the recent solid economic recovery and declining interest rates.

Our proactive and innovative strategies in different aspects of property development, from project planning and architectural design to the provision of related facilities and services, are all customer-oriented and market-driven. Tailored to meet the needs of different customer segments and the changing market trends, these strategies enhance the Group's competitive edge in the property market, and further improve its good reputation and pre-eminent market position. For instance, as part of its strategy in setting new standards of quality living, the Group is introducing the latest technology and value-added services to its property projects, in addition to the quality materials and sophisticated designs that have been widely acclaimed.

The Group has made it a long-term policy to build up a sizable quality landbank comprising rural and urban prime sites acquired at strictly controlled cost levels to support its various property development plans. Our existing landbank is sufficient to ensure a steady supply of quality properties in the coming four to five years.

The Group enjoyed satisfactory rental income in 2000 when occupancy rate and rental billings for Grade-A offices were boosted by increased demand. At the same time, our quality portfolio of investment properties has expanded significantly, following the completion of the office building and shopping arcade of the Beijing Oriental Plaza Phase I. As a visible addition to the Group's rental floor areas is expected in the next few years, the proportion of investment properties is set to rise further, contributing a steady stream of solid recurrent earnings to the Group.

The Group's proactive and innovative strategies in property development are all customer-oriented and market-driven.

The Group is committed to expanding globally while continuing to strengthen its foundation in Hong Kong. This is well demonstrated by its active pursuit of property investments in the Mainland and overseas markets in recent years whenever suitable opportunities have arisen. The Group's proven record and extensive experience in developing high quality properties in Hong Kong and overseas has placed it in a favourable position to tap the enormous potential of these markets.

2. **Venturing into New Technologies**

The Group has been focusing on promoting new technology developments. As the world economy becomes increasingly knowledge and technology based, the Group's enterprising corporate culture embracing ongoing learning, innovation and improvement, combined with its professional team of hi-tech experts has enabled it to respond flexibly to and benefit from the latest technological trends. Given the promising prospects of new, value added technology businesses, the Group has positioned itself to pursue suitable investments with great potential in this area, such as biotechnology, e-commerce and other Internet-related businesses.

New technology businesses are normally long-term investments. However, the capital required is not necessarily large, given their potential for long-term growth and profitability. The Group is well poised to earn solid returns from these businesses when they mature in the next one or two years.

3. **Diversification and Globalisation**

The Group's active drive for diversification and globalisation has been underpinned not only by its own ventures, but also through strategic investments made by Hutchison Whampoa, which strengthen the Group's long term capacity for steady earnings growth and better returns and value creation for the shareholders.

Given the promising prospects of new, value added technology businesses, the Group has positioned itself to pursue suitable investments with great potential in this area.

The various local and overseas businesses of the Hutchison Whampoa Group achieved satisfactory growth during the year under review. Performance of its core businesses was particularly encouraging and the momentum of their steady earnings growth has continued. While no return has yet been recorded for some newly established businesses that require a longer initial investment period, such as the third generation mobile phone services, they are poised to open a new and more exciting chapter for the Hutchison Whampoa Group when they reach maturity in the next two or three years as their huge potential comes into full play. One of the enviable advantages of the Hutchison Whampoa Group is its strong liquidity position. Its cash and marketable securities total over HK\$200 billion and this figure exceeds its total debt by a comfortable margin. This advantage will help it to carry out its strategic expansion plans and at the same time help cushion it against external changes and volatility.

The Hutchison Whampoa Group has developed a successful business model. Its initiatives of diversification and globalisation have been the key to its success in minimising investment risks and mitigating any negative impact from a particular industry or geographic location. Cheung Kong Infrastructure Holdings Limited and Hongkong Electric Holdings Limited are also active in expanding their footprints overseas, with their investments in Australia being the best example.

The guiding principle of the Cheung Kong Group has always been to advance while maintaining stability, and to nurture innovative ideas in order to increase momentum for solid growth. The shareholders' interest is our primary concern in guiding our investments, which will be made only at the right time and at the right price, and when the long-term potential of the market for value creation is sustainable. We are prudent not only in investments, but also in financial management. A good illustration is our traditional policy of maintaining a strong financial position with ample liquidity and a low debt ratio. The Cheung Kong Group will continue to reinforce its strong financial position so that we are fully prepared to seize new and attractive investment opportunities.

The Group's active drive for diversification and globalisation has been further underpinned through strategic investments made by Hutchison Whampoa.

The two greatest intangible assets of the Cheung Kong Group are its excellent management team and its 100,000 diligent employees around the globe, and the good reputation that it has established over the years, and this has been reflected during the year under review when the Cheung Kong Group received top honours from several authoritative international business magazines, as recognition of its prudent and effective management. As a carefully diversified multi-national group, the Cheung Kong Group understands the importance of being alert to the dynamics and challenges of economic and political developments worldwide. Following its tradition of being market oriented, the Cheung Kong Group will continue to innovate and add value in order to stay on top of the latest trends and to increase its competitiveness.

We continue to be confident about the economic future of both Hong Kong and the Mainland. Hong Kong's prospects are positive as its economy is definitely recovering following the strong GDP growth recorded last year. The Mainland's overall economy is expected to be further boosted by two major catalysts: the Tenth Five-Year Plan adopted at the recent session of the National People's Congress, under which an encouraging GDP growth of an average of 7% per year over the next five years is forecast; and China's impending entry to WTO which will offer tremendous opportunities for investments, giving a further boost to its economic development. We are optimistic that, given these two favourable factors, the Greater China region is destined to be a more promising and exciting place for investments. While impressive returns have been made overseas, the Cheung Kong Group will continue to be based in Hong Kong and the Mainland, and remains steadfast in its diversification and globalisation strategies based on an even stronger foundation.

Our innovative and dedicated staff have been a major force supporting our solid growth. We take this opportunity to extend our 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 year.

Li Ka-shing

Chairman

Li Tzar Kuoi, Victor

Managing Director

Hong Kong, 22nd March, 2001

The Cheung Kong Group will continue to be based in Hong Kong and the Mainland, and remains steadfast in its diversification and globalisation strategies based on an even stronger foundation.



THE VICTORIA TOWERS

A premium-quality development with a prime location at Canton Road commanding spectacular views of the Victoria Harbour and Kowloon Park. Construction work is progressing on schedule.

Site area: 10,480 sq. m.
Floor area: 96,530 sq. m.
Land use: Residential &
Commercial
Completion: 2002

Directors' Biographical Information

LI Ka-shing, KBE, JP, aged 72, is the founder of the Company. He has been the Chairman since 1971 and acted as the Managing Director from 1971 to 1998. Mr. Li has also been the Chairman of Hutchison Whampoa Limited since 1981. He has been engaged in many major commercial developments in Hong Kong for more than 40 years. Mr. Li served as a member of the Hong Kong Special Administrative Region's Basic Law Drafting Committee, Hong Kong Affairs Adviser, the Preparatory Committee, and the Selection Committee for the First Government of the Hong Kong Special Administrative Region. He is also an Honorary Citizen of Beijing, Shantou, Guangzhou, Shenzhen, Nanhai, Foshan, Chaozhou and Zhuhai respectively. Mr. Li is a keen supporter of community service organizations, and has served as honorary chairman of many such groups over the years. Mr. Li has received Honorary Doctorates from Beijing University, University of Hong Kong, Hong Kong University of Science and Technology, Chinese University of Hong Kong, City University of Hong Kong, Open University of Hong Kong, University of Calgary in Canada and Cambridge University in the United Kingdom. Mr. Li Ka-shing is the father of Mr. Li Tzar Kuoi, Victor, the Managing Director and Deputy Chairman of the Company.

LI Tzar Kuoi, Victor, aged 36, joined the Group in 1985 and acted as Deputy Managing Director from 1993 to 1998. He has been Deputy Chairman since 1994 and Managing Director since 1999. Mr. Victor Li is also the Chairman of Cheung Kong Infrastructure Holdings Limited, Deputy Chairman of Hutchison Whampoa Limited, an Executive Director of Hongkong Electric Holdings Limited, the Co-Chairman of Husky Energy Inc. and a Director of The Hongkong and Shanghai Banking Corporation Limited. He is a member of the Chinese People's Political Consultative Conference, the Commission on Strategic Development and the Business Advisory Group. He holds a Bachelor of Science degree in Civil Engineering and a Master of Science degree in Structural Engineering.

George Colin MAGNUS, OBE, aged 65, has been an Executive Director since 1980 and Deputy Chairman since 1985. He is also Deputy Chairman of Cheung Kong Infrastructure Holdings Limited, the Chairman of Hongkong Electric Holdings Limited and an Executive Director of Hutchison Whampoa Limited. He holds a Master's degree in Economics.

KAM Hing Lam, aged 54, has been Deputy Managing Director since 1993. He is also the Group Managing Director of Cheung Kong Infrastructure Holdings Limited, and an Executive Director of Hutchison Whampoa Limited and Hongkong Electric Holdings Limited. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration.

CHUNG Sun Keung, Davy, aged 50, has been an Executive Director since 1993. He is a Registered Architect.

IP Tak Chuen, Edmond, aged 48, has been an Executive Director since 1993. He is also an Executive Director of Cheung Kong Infrastructure Holdings Limited and a Non-executive Director of TOM.COM LIMITED. He holds a Master of Science degree in Business Administration and a Bachelor of Arts degree in Economics.

PAU Yee Wan, Ezra, aged 45, joined the Cheung Kong Group in 1982 and has been an Executive Director since 1993.

WOO Chia Ching, Grace, aged 44, joined the Cheung Kong Group in 1987 and has been an Executive Director since 1996. She holds a Bachelor of Arts degree from the University of Pennsylvania, U.S.A. and a Master's degree in City and Regional Planning from Harvard University, U.S.A.

CHIU Kwok Hung, Justin, aged 50, joined the Cheung Kong Group in 1997 and has been an Executive Director since July 2000. He holds Bachelor Degrees in Sociology and Economics and is a Fellow of Hong Kong Institute of Real Estate Administration.

LEUNG Siu Hon, aged 69, has been a Director since 1984. He holds a B.A. Law (Honours) (Southampton) degree and is a solicitor of the High Court of the Hong Kong Special Administrative Region and an attesting officer appointed by the PRC. He is the senior partner of Messrs. S.H. Leung and Co., Solicitors.

FOK Kin-ning, Canning, aged 49, has been a Director since 1985. Mr. Fok is currently the Group Managing Director of Hutchison Whampoa Limited and Deputy Chairman of Cheung Kong Infrastructure Holdings Limited and Hongkong Electric Holdings Limited. He is also the Chairman of Partner Communications Company Ltd. and Hutchison Telecommunications (Australia) Limited, the Co-Chairman of Husky Energy Inc. and a director of VoiceStream Wireless Corporation. He holds a Bachelor of Arts degree and is a member of the Australian Institute of Chartered Accountants.

Frank John SIXT, aged 49, has been a Director since 1991. He is the Chairman of TOM.COM LIMITED, Group Finance Director of Hutchison Whampoa Limited, an Executive Director of Cheung Kong Infrastructure Holdings Limited and Hongkong Electric Holdings Limited. He is also a Director of Hutchison Telecommunications (Australia) Limited, Partner Communications Company Ltd., VoiceStream Wireless Corporation and Husky Energy Inc. Mr. Sixt holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

CHOW Kun Chee, Roland, aged 63, has been a Director since 1993. He is a solicitor of the High Court of the Hong Kong Special Administrative Region and is a consultant of Messrs. Herbert Tsoi and Partners, Solicitors. He holds a Master of Laws degree from the University of London. He is also a Director of Shougang Concord International Enterprises Company Limited.

WONG Yick-ming, Rosanna, DBE, JP, aged 48, has been a Director since January 2001. She holds a Doctor of Philosophy degree in Sociology from the University of California, U.S.A. and has been awarded Honorary Doctorates from Chinese University of Hong Kong and University of Toronto in Canada. She is currently a member of the Executive Council of the Hong Kong Special Administrative Region. She is also the Executive Director of the Hong Kong Federation of Youth Groups and a Director of The Hongkong and Shanghai Banking Corporation Limited.

HUNG Siu-lin, Katherine, aged 53, joined the Cheung Kong Group in 1972 and acted as an Executive Director from 1985 to August 2000. She has been a Non-executive Director since September 2000.

YEH Yuan Chang, Anthony, aged 77, has been a Director since 1993. He holds a Master's degree in Science (Mechanical Engineering). He is the Honorary Life President of Tai Ping Carpets International Limited.

CHOW Nin Mow, Albert, aged 51, has been a Director since 1983. He is also a Director of Hing Kong Holdings Limited.

Simon MURRAY, CBE, aged 61, has been a Director since 1993. He is currently the Chairman of General Enterprise Management Services Limited, a private equity fund management company sponsored by Simon Murray And Associates. He is also a director of a number of public companies including Hutchison Whampoa Limited and Orient Overseas (International) Limited.

KWOK Tun-li, Stanley, aged 74, has been a Director since 1989. He holds a Bachelor's degree in Science (Architecture) from St. John's University, Shanghai, China, and an A.A. Diploma from the Architectural Association School of Architecture, London, England. He is also presently a Director of Amara International Investment Corporation, Crystal Square Development Corp., Crystal Square Management Inc., CTC Bank of Canada, Husky Energy Inc. and Stanley Kwok Consultants Inc.



LAGUNA VERDE

Site area:	64,150 sq. m.
Floor area:	419,400 sq. m.
Land use:	Residential & Commercial
Completion:	Phase I - 1998 Phase II - 1999 Phase III - 2000 Phase IV - 2001 Phase V - 2001 Shopping Arcade - 2000

A comprehensive residential and commercial project continuing to break new ground in construction and design for its different phases of development. Ocean Vista, Phase V of the project, echoes the excellent quality standards of the other phases with its spectacular waterfront location and innovative architectural features.

Report of the Directors

The Directors have pleasure in presenting to shareholders their annual report together with the audited financial statements of the Company and of the Group for the year ended 31st December, 2000.

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

Results of the Group for the year ended 31st December, 2000 are set out in the consolidated profit and loss account on page 34.

The Directors recommend the payment of a final dividend of HK\$1.22 per share which, together with the interim dividend of HK\$0.38 per share paid on 20th October, 2000, makes a total dividend of HK\$1.60 per share for the year.

FIXED ASSETS

Movements in fixed assets during the year are set out in note (9) to the financial statements.

SHARE CAPITAL

Movements in the share capital of the Company during the year are set out in the paragraph headed "Connected Transactions" on page 22 and note (17) to the financial statements.

RESERVES

Movements in reserves during the year are set out in note (19) to the financial statements.

GROUP FINANCIAL SUMMARY

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

PROPERTIES

Particulars of major properties held by the Group are set out on pages 30 to 33.

DIRECTORS

The Directors of the Company are listed on page 67. The Directors' biographical information is set out on pages 14 and 15.

Mr. Chiu Kwok Hung, Justin and Dr. Wong Yick-ming, Rosanna who were appointed as Directors of the Company in July 2000 and January 2001 respectively, will retire from office in accordance with the Company's articles of association and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

In accordance with the Company's articles of association, the Directors of the Company (including Non-executive Directors) retire in every year by rotation. Mr. Chung Sun Keung, Davy, Mr. Ip Tak Chuen, Edmond, Mr. Chow Kun Chee, Roland, Mr. Yeh Yuan Chang, Anthony and Mr. Kwok Tun-li, Stanley retire from office and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' INTERESTS

As at 31st December, 2000, the interests of the Directors in the shares or debentures of the Company and its associated corporations as required to be recorded in the register maintained under Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

(a) Interests in the Company

Name of Director	Number of Ordinary Shares				Total
	Personal Interest	Family Interest	Corporate Interest	Other Interest	
Li Ka-shing	–	–	62,741,098 (Note 1)	771,705,406 (Note 2)	834,446,504
Li Tzar Kuoi, Victor	220,000	–	500,000	771,705,406 (Note 2)	772,425,406
George Colin Magnus	56,000	10,000	–	150,000 (Note 4)	216,000
Kam Hing Lam	10,000	–	–	–	10,000
Leung Siu Hon	633,100	64,500	–	–	697,600
Chow Kun Chee, Roland	65,600	–	–	–	65,600
Hung Siu-lin, Katherine	20,000	–	–	–	20,000
Yeh Yuan Chang, Anthony	–	384,000	–	–	384,000

(b) Interests in Associated Corporations**Hutchison Whampoa Limited**

Name of Director	Number of Ordinary Shares				Total
	Personal Interest	Family Interest	Corporate Interest	Other Interest	
Li Ka-shing	–	–	–	2,139,002,773 (Note 3)	2,139,002,773
Li Tzar Kuoi, Victor	–	–	971,000	2,139,002,773 (Note 3)	2,139,973,773
George Colin Magnus	880,000	9,900	–	–	889,900
Leung Siu Hon	11,000	28,600	–	–	39,600
Fok Kin-ning, Canning	962,597	–	48,278 (Note 6)	–	1,010,875
Chow Kun Chee, Roland	49,931	–	–	–	49,931
Yeh Yuan Chang, Anthony	–	100,000	–	–	100,000
Chow Nin Mow, Albert	97	–	–	–	97
Simon Murray	23,000	–	–	–	23,000

Cheung Kong Infrastructure Holdings Limited

Name of Director	Number of Ordinary Shares				Total
	Personal Interest	Family Interest	Corporate Interest	Other Interest	
Li Ka-shing	–	–	–	1,912,109,945 (Note 5)	1,912,109,945
Li Tzar Kuoi, Victor	–	–	–	1,912,109,945 (Note 5)	1,912,109,945
Kam Hing Lam	100,000	–	–	–	100,000

Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, by virtue of their interests in the share capital of the Company as described in Note 2 and as Directors of the Company are deemed to be interested in the shares of the subsidiaries and associated companies of the Company held through the Company under the provisions of the SDI Ordinance.

Also by virtue of their interests as discretionary beneficiaries of certain discretionary trusts as described in Note 2 and as Directors of the Company, Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, are deemed to be interested in the shares of the following subsidiaries and associated company of the Company held by Li Ka-Shing Unity Trustee Company Limited (and companies it controls) as trustee of The Li Ka-Shing Unity Trust:

Subsidiary	Number of Ordinary Shares
Beautiland Company Limited	15,000,000
Jabrin Limited	2,000
Kobert Limited	75
Tsing-Yi Realty, Limited	945,000

Associated Company	Number of Ordinary Shares
Believewell Limited	1,000

In addition, Mr. Li Ka-shing is deemed to be interested in 3 shares of Tosbo Limited, a subsidiary of the Company, and 2 shares of Rasam Limited, an associated company of the Company, by virtue of his interest through his private companies.

Notes:

- Such shares are held by certain companies in which Mr. Li Ka-shing is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.
- The two references to 771,705,406 shares relate to the same block of shares in the Company. Such shares are held by Li Ka-Shing Unity Trustee Company Limited (“TUT”) as trustee of The Li Ka-Shing Unity Trust (the “LKS Unity Trust”) and by companies controlled by TUT as trustee of the LKS Unity Trust. All issued and outstanding units in the LKS Unity Trust are held by Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust and by another discretionary trust. The discretionary beneficiaries of such discretionary trusts are, inter alia, Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, his wife and two daughters, and Mr. Li Tzar Kai, Richard.

More than one-third of the issued share capital of TUT and of the trustees of the aforementioned discretionary trusts are owned by Li Ka-Shing Unity Holdings Limited. Mr. Li Ka-shing owns more than one-third of the issued share capital of Li Ka-Shing Unity Holdings Limited and accordingly is taken to be interested in the 771,705,406 shares in the Company under the SDI Ordinance.

3. The two references to 2,139,002,773 shares in Hutchison Whampoa Limited (“HWL”) relate to the same block of shares comprising:
 - (a) 2,130,202,773 shares held by certain subsidiaries of the Company. Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, as Directors of the Company, are deemed to be interested in such shares by virtue of their interests in the shares of the Company as described in Note 2 as, inter alia, discretionary beneficiaries of certain discretionary trusts. The discretionary beneficiaries of such discretionary trusts are, inter alia, Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, his wife and two daughters, and Mr. Li Tzar Kai, Richard; and
 - (b) 8,800,000 shares held by a unit trust. All issued and outstanding units of such unit trust are held by discretionary trusts. The discretionary beneficiaries of such discretionary trusts are, inter alia, Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, his wife and two daughters, and Mr. Li Tzar Kai, Richard.

More than one-third of the issued share capital of the trustees of the aforementioned unit trust and discretionary trusts are owned by Li Ka-Shing Castle Holdings Limited in which Mr. Li Ka-shing owns more than one-third of its issued share capital and accordingly, Mr. Li Ka-shing is taken to be interested in the 8,800,000 shares in HWL under the SDI Ordinance.

4. Such interests in the shares are held by a company controlled by a trust under which Mr. George Colin Magnus is a discretionary beneficiary.
5. The two references to 1,912,109,945 shares in Cheung Kong Infrastructure Holdings Limited (“CKI”) relate to the same block of shares comprising:
 - (a) 1,906,681,945 shares held by a subsidiary of HWL. Certain subsidiaries of the Company hold more than one-third of the issued share capital of HWL. Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor by virtue of their deemed interest in the shares of the Company as discretionary beneficiaries of certain discretionary trusts as described in Note 2 above, are deemed to be interested in such shares of CKI held by the subsidiary of HWL.

- (b) 3,603,000 shares held by Pennywise Investments Limited (“Pennywise”) and 1,825,000 shares held by Triumphant Investments Limited (“Triumphant”). Pennywise and Triumphant are companies controlled by TUT as trustee of the LKS Unity Trust. Mr. Li Tzar Kuoi, Victor is deemed to be interested in such shares of CKI held by Pennywise and Triumphant by virtue of his interests as discretionary beneficiary of certain discretionary trusts as described in Note 2 above and as a Director of CKI. Mr. Li Ka-shing is deemed to be interested in such shares of CKI held by Pennywise and Triumphant by virtue of his deemed interest in TUT and the trustees of those discretionary trusts as described in Note 2 above.

6. These shares are held by a company which is equally owned by Mr. Fok Kin-ning, Canning and his wife.

As at 31st December, 2000, Mr. Li Tzar Kuoi, Victor had a corporate interest in a notional amount of HK\$25,000,000 in the 8.15% Notes due 2002 issued by Cheung Kong Finance Cayman Limited held through a company in which he is entitled to control one-third or more of the voting rights at its general meetings.

As at 31st December, 2000, Mr. Fok Kin-ning, Canning had a personal interest in 100,000 ordinary shares in Hutchison Telecommunications (Australia) Limited, and a corporate interest in a notional amount of US\$11,000,000 in the 6.95% Notes due 2007 issued by Hutchison Whampoa Finance (CI) Limited. Such interests in the Notes are held through a company which is equally owned by him and his wife.

As at 31st December, 2000, Mr. Frank John Sixt had a personal interest in a nominal amount of US\$530,000 in the 7% Convertible Bond due 2001 issued by Hutchison Delta Finance Limited.

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

Apart from the above, as at 31st December, 2000 there was no other interest or right recorded in the register required to be kept under Section 29 of the SDI Ordinance.

Save as disclosed under the paragraph headed “Connected Transactions” below, at no time during the year was the Company or subsidiary a party to any arrangements which enabled any Director to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate.

Save as disclosed under the paragraph headed “Connected Transactions” below, no other contracts of significance to which the Company or a subsidiary was a party and in which a Director had a material interest subsisted at the balance sheet date or at any time during the year.

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

SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2000, the register required to be kept under Section 16(1) of the SDI Ordinance showed that, in addition to the interests disclosed above in respect of the Directors, the Company has been notified by Li Ka-Shing Unity Holdings Limited, Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust that each of them is taken to have an interest under the SDI Ordinance in the same 771,705,406 shares of the Company as described in Note 2 above.

CONNECTED TRANSACTIONS

- (a) On 17th May, 2000, the Group entered into an agreement with Mr. Li Ka-shing to acquire his entire interest in Equisite Taste Investments Limited (“Equisite Taste”) and the shareholder’s loan for a total consideration of HK\$1,489,000,000 which was satisfied by the issue and allotment of 18,608,098 shares of the Company at a price of HK\$79.75 per share with the balance in cash. Equisite Taste indirectly owned 52% interest in the property development known as Costa del Sol located in Bayshore Road, Singapore (the “Development”). Completion of the Development is scheduled for end of 2003.

The above transaction was approved by the shareholders at the Extraordinary General Meeting of the Company on 14th June, 2000 in compliance with Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and was completed on 19th June, 2000. Together with the 24% interest originally held by the Group in the Development, the Group holds a total of 76% interest in the Development upon completion of the transaction.

Mr. Li had provided an undertaking to the Company to indemnify the Company for any reduction in the consolidated net tangible assets of Equisite Taste occurring between the completion of the transaction and the Determination Date (being six months after the issue of the final occupation permit in respect of the Development), and any payment under the indemnity will be made within 7 days of the requisite amount being duly determined.

Should any reduction materialise resulting in Mr. Li being called upon to fulfill his obligations under the indemnity, the Company will make an announcement of such fact and the Non-executive Directors will opine on whether Mr. Li has fulfilled his obligations under the above indemnity and such information will also be included in the next following annual report of the Company.



- (b) The Group had provided guarantees (“Guarantees”) to the following companies in respect of which both the Group and Hutchison Whampoa Limited or its wholly-owned subsidiaries (“Hutchison”) have interests. The Guarantees were provided by the Group and Hutchison on a several basis and pro-rated to their respective interests in the relevant company. Such arrangements constituted or might constitute connected transactions under Rule 14.25(2)(b) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Date	Name of Company	Guarantee provided by the Group
20th June, 2000	Glenfield Investments Pte Ltd	50% of the obligations under a guarantee facility for SGD185 million made available by an independent financial institution.
3rd July, 2000	Glenfield Investments Pte Ltd	50% of the obligations under a revolving credit facility up to SGD300 million made available by independent financial institutions.
12th October, 2000	Guangzhou Metro-Ford Property Development Co., Ltd.	50% of the obligations under a loan of RMB800 million made available by an independent financial institution.
21st October, 2000	Shanghai Westgate Mall Co., Ltd.	50% of the obligations under a stand-by letter of credit for the maximum amount of US\$6,434,737 issued by an independent financial institution for securing a loan of RMB50 million made available by another independent financial institution.
14th November, 2000	Hutchison Whampoa Properties (Zhuhai) Company Limited	50% of the obligations under a loan of RMB200 million made available by an independent financial institution.
21st November, 2000	Beijing Oriental Plaza Co., Ltd.	33.8% of the liabilities under a loan of RMB4,460 million made available by an independent financial institution.

Date	Name of Company	Guarantee provided by the Group
23rd November, 2000	Shanghai Westgate Mall Co., Ltd.	50% of the obligations under two stand-by letters of credit each for the maximum amount of US\$6,310,771 issued by an independent financial institution for securing two loans of RMB50 million each made available by another independent financial institution.
8th December, 2000	Bayswater Developments (Shanghai) Limited	50% of the obligations under stand-by letters of credit for an aggregate amount of US\$31,820,785 issued by an independent financial institution for securing a loan of RMB250 million made available by another independent financial institution.
12th December, 2000	Shanghai Westgate Mall Co., Ltd.	50% of the obligations under a stand-by letter of credit for the maximum amount of US\$10,099,473 issued by an independent financial institution for securing a loan of RMB80 million made available by another independent financial institution.

MAJOR CUSTOMERS AND SUPPLIERS

67% of the Group's purchases were attributable to the Group's five largest suppliers. During the year, the Group acquired from Mr. Li Ka-shing his 52% interest in the property development known as Costa del Sol located in Bayshore Road, Singapore at a total consideration of HK\$1,489,000,000. As a result, Mr. Li Ka-shing became the largest supplier accounting for 47% of the Group's purchases.

The Group's turnover attributable to the Group's five largest customers was less than 30% .

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

(a) Core business activities of the Group

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

(b) Interests in Competing Business

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Li Ka-shing	Hutchison Whampoa Limited	Chairman	(1), (2), (3), (4) & (5)
Li Tzar Kuoi, Victor	Hutchison Whampoa Limited	Deputy Chairman	(1), (2), (3), (4) & (5)
	Cheung Kong Infrastructure Holdings Limited	Chairman	(4) & (5)
	Hongkong Electric Holdings Limited	Executive Director	(4) & (5)
George Colin Magnus	Hutchison Whampoa Limited	Executive Director	(1), (2), (3), (4) & (5)
	Cheung Kong Infrastructure Holdings Limited	Deputy Chairman	(4) & (5)
	Hongkong Electric Holdings Limited	Chairman	(4) & (5)
	Paul Y. - ITC Construction Holdings Limited	Non-executive Director	(1), (4) & (5)
Kam Hing Lam	Hutchison Whampoa Limited	Executive Director	(1), (2), (3), (4) & (5)
	Cheung Kong Infrastructure Holdings Limited	Group Managing Director	(4) & (5)
	Hongkong Electric Holdings Limited	Executive Director	(4) & (5)

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Ip Tak Chuen, Edmond	Cheung Kong Infrastructure Holdings Limited	Executive Director	(4) & (5)
	TOM.COM LIMITED	Non-executive Director	(4) & (5)
	CATIC International Holdings Limited	Non-executive Director	(1) & (4)
	Excel Technology International Holdings Limited	Non-executive Director	(4) & (5)
	Hanny Holdings Limited	Non-executive Director	(4) & (5)
	Paul Y. - ITC Construction Holdings Limited	Non-executive Director	(1), (4) & (5)
	Shougang Concord International Enterprises Company Limited	Executive Director	(1) & (4)
	Town Health International Holdings Company Limited	Non-executive Director	(4) & (5)
	Trasy Gold Ex Limited	Non-executive Director	(4) & (5)
	Fok Kin-ning, Canning	Hutchison Whampoa Limited	Group Managing Director
Cheung Kong Infrastructure Holdings Limited		Deputy Chairman	(4) & (5)
Hongkong Electric Holdings Limited		Deputy Chairman	(4) & (5)
Hanny Holdings Limited		Non-executive Director	(4) & (5)
Paul Y. - ITC Construction Holdings Limited		Non-executive Director	(1), (4) & (5)
Frank John Sixt	Hutchison Whampoa Limited	Group Finance Director	(1), (2), (3), (4) & (5)
	Cheung Kong Infrastructure Holdings Limited	Executive Director	(4) & (5)
	Hongkong Electric Holdings Limited	Executive Director	(4) & (5)
	TOM.COM LIMITED	Chairman	(4) & (5)
Chow Nin Mow, Albert	Hing Kong Holdings Limited	Managing Director	(1), (2), (4) & (5)

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

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

LIQUIDITY AND FINANCING

As at 31st December, 2000, the Group's borrowings amounted to HK\$21.1 billion representing an increase of HK\$3.4 billion over last year. The majority of the Group's borrowings is arranged on a medium term committed basis. Of the total borrowings at the year end date, the maturity profile spread over a period of ten years with HK\$7.3 billion repayable within 1 year, HK\$12.5 billion within 2 to 5 years and HK\$1.3 billion within 6 to 10 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\$2.4 billion) over shareholders' funds, at approximately 11.7% (1999 – 10.1%) at the year end date.

With cash and marketable securities on hand as well as available banking facilities at the year end date, 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. The majority of the Group's borrowings, approximately 84% of the total at year end, was in HK\$ with the balance mainly in US\$. While the Group derives its revenue and maintains cash balances mainly in HK\$, it holds sufficient liquid investments denominated in US\$ to cover its exposure to fluctuations in foreign exchange rates.

The Group's borrowings are principally on a floating rate basis. For the fixed rate bonds and notes issued by the Group (totalling HK\$7 billion), interest rate swaps arrangements have been in place to convert the rates to floating rate basis. When appropriate and at times of interest rate uncertainty or volatility, hedging instruments including swaps and forwards are used in the Group's management of interest rate exposure.

CHARGES ON ASSETS

As at 31st December, 2000, certain assets of the Group with aggregate carrying value of HK\$813 million (1999 – HK\$586 million) were pledged to secure loan facilities utilised by subsidiaries and affiliated companies.

CONTINGENT LIABILITIES

As at 31st December, 2000,

- (a) the Group's share of contingent liabilities of jointly controlled entities in respect of guaranteed return payments payable to the other party of a co-operative joint venture in the next 49 years amounted to HK\$4,609 million;
- (b) the Company provided guarantees for loan financing as follows:
 - (i) bank and other loans utilised by subsidiaries – HK\$19,638 million (1999 – HK\$17,466 million);
 - (ii) bank loans utilised by jointly controlled entities – HK\$1,492 million (1999 – HK\$2,030 million);
 - (iii) bank loans utilised by associates and affiliated companies – HK\$155 million (1999 – HK\$168 million);and certain subsidiaries provided guarantees for bank loans utilised by jointly controlled entities amounted to HK\$692 million (1999 – HK\$448 million); and
- (c) the Company provided guarantees for the minimum revenue to be shared by the other parties of various joint development projects as follows:
 - (i) projects undertaken by subsidiaries – Nil (1999 – HK\$1,222 million);
 - (ii) projects undertaken by jointly controlled entities – HK\$125 million (1999 – HK\$125 million).

EMPLOYEES

The Group, including its subsidiaries but excluding associates, employed approximately 5,160 (1999 – 4,380) employees at the year end date. Employees' cost (excluding directors' emoluments) amounted to approximately HK\$1,100 million (1999 – HK\$934 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.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

COMMUNITY RELATIONS

During the year, the Group supported a wide variety of charities and activities beneficial to the community. Donations made by the Group during the year amounted to approximately HK\$5,042,000.

CODE OF BEST PRACTICE

None of the Directors 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 annual report, in compliance with Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

AUDIT COMMITTEE

Pursuant to the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, an Audit Committee of the Company was established in December 1998 with reference to “A Guide for the Formation of an Audit Committee” issued by the Hong Kong Society of Accountants. Regular meetings have been held by the Committee since its establishment and the Committee met twice in 2000.

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

AUDITORS

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

On behalf of the Board

Li Ka-shing

Chairman

Hong Kong, 22nd March, 2001

CARIBBEAN COAST



Site area: 67,900 sq. m.
Floor area: 412,300 sq. m.
Land use: Residential & Commercial
Completion: Phases I&II - 2002
Phases III to V - 2003
Phases VI to VII - 2004

This massive development in Tung Chung incorporating resort-style architecture and facilities best illustrates the Group's ongoing effort in setting new standards of quality living.

Schedule of Major Properties

Dated the 31st day of December, 2000

A. PROPERTIES FOR/UNDER DEVELOPMENT

Location	Lot Number	Group's Interest	Approx. Site Area (sq. m.)
Hong Kong			
No. 1 Star Street, Wanchai	I.L. 2837 Sec. A R.P.	100.0%	1,300
A site at Des Voeux Road West, Sheung Wan	R.P. of I.L. 3999 - 4005	100.0%	972
A site at Tai Hang	I.L. 3564 & Ext., R.P. of I.L. 5330 & Ext.	100.0%	8,678
Kowloon & New Territories			
University Court, Kowloon Tong	N.K.I.L. 2491 Sec. A	100.0%	1,357
Villa Esplanada Phase 3, Tsing Yi	T.Y.T.L. 129	22.5%	11,200
Harbourfront Landmark, Hung Hom	K.I.L. 11055	50.0%	7,402
A site at Lai King Hill Road, Kwai Chung	K.C.T.L. 474	50.0%	8,920
A site at Ma On Shan	S.T.T.L. 461	51.0%	8,000
The Victoria Towers, Tsim Sha Tsui	R.P. of K.I.L. 11086	42.5%	10,486
A site at Tin Shui Wai	T.S.W.T.L. 27	60.0%	14,901
A site at Kowloon City	Sec. A, B, C & R.P. of K.I.L. 4013	40.0%	14,180
A site at Beacon Hill Road, Kowloon Tong	N.K.I.L. 6277	100.0%	41,578
A site at Tsing Yi	T.Y.T.L. 140	30.0%	24,900
A site at West Kowloon Reclamation Area	K.I.L. 11107	100.0%	6,943
A site at West Kowloon Reclamation Area	N.K.I.L. 6275	50.0%	16,064
A site at Tsuen Wan	T.W.T.L. 395	50.0%	25,630
A site at Kwai Chung	Lot 289 & 309 in D.D. 444	100.0%	7,878
Fung Yuen, Tai Po	Various lots in D.D. 11	94.4%	177,652
A site at Shek Kong, Kam Tin	Various lots in D.D. 110	100.0%	23,194
A site at Kam Sheung Road, Kam Tin	Various lots in D.D. 106	100.0%	19,870
A site at Yuen Long	Lot 1457 R.P. in D.D. 123 Y.L.	51.3%	799,977
A site at North District	Various lots	100.0%	154,921
Various sites at Yuen Long	Various lots	100.0%	143,266
Various sites at Tai Po	Various lots	100.0%	22,377
The Mainland			
Sheraton Shenyang Lido Hotel	–	70.0%	14,449
Oriental Plaza, Beijing	–	33.4%	94,624
Le Parc (Huangpu Yayuan), Futian, Shenzhen	–	50.0%	156,011
Tang Jia Bay, Zhuhai	–	50.0%	445,668
San Fang Qi Xiang, Fuzhou City	–	89.0%	23,931
Pudong Huamu, Site 1, Shanghai	–	50.0%	6,240
			12,135
Pacific Plaza Phase 2, Qingdao	–	50.0%	161,718
Laguna Verona, Dongguan	–	15.3%	6,150
Huangsha MTR Station, Guangzhou	–	47.3%	368,393
	–	50.0%	34,287
Walton Plaza Phase 2 & 3, Xuhui, Shanghai	–	42.5%	29,709
Pudong Huasi Lu, Site 2, Shanghai	–	31.0%	458,643
Xuedairenzhuang Village, Shunyi County, Beijing	–	35.0%	1,270,500
Overseas			
Belgravia Place, London, U.K.	–	42.5%	4,389
Albion & Bridge Wharves, London, U.K.	–	45.0%	12,914
Costa del Sol, Bayshore Road, Singapore	–	76.0%	39,702
Cairnhill Circle, Singapore	–	50.0%	14,598
Lots Road Power Station, London, U.K.	–	22.5%	25,084

Approx. Floor Area Attributable to the Group (sq. m.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
9,318	Residential	Interior finishing	February, 2001
9,065	Residential/Commercial	Foundation work	July, 2002
–	Residential/Garden	Planning	–
4,072	Residential	Interior finishing	June, 2001
17,921	Residential	Superstructure in progress	July, 2001
31,222	Residential/Commercial	Superstructure in progress	October, 2001
26,023	Residential/Commercial	Superstructure in progress	April, 2002
28,560	Hotel	Superstructure in progress	June, 2002
41,027	Residential/Commercial	Superstructure in progress	September, 2002
44,703	Residential	Foundation work	May, 2003
56,072	Residential/Commercial/Hotel	Foundation work	July, 2003
72,480	Residential	Foundation work	July, 2003
70,959	Commercial/Hotel	Foundation work	November, 2003
52,072	Residential/Commercial	Foundation work	December, 2003
67,468	Residential/Commercial	Foundation work	December, 2003
38,445	Residential	Planning	June, 2004
–	Industrial	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
56,000	Hotel	Interior finishing	December, 2001
109,478	Commercial/Hotel	Superstructure in progress	December, 2001
15,687	Hotel	Superstructure in progress	June, 2002
52,737	Residential	Superstructure in progress	June, 2001
55,641	Residential/Commercial	Superstructure in progress	September, 2002
95,618	Residential	Superstructure in progress	June, 2003
39,228	Residential	Foundation work	November, 2001
183,606	Residential	Planning	March, 2007
102,010	Residential/Commercial	Superstructure in progress	December, 2001
5,102	Commercial	Planning	December, 2002
32,484	Residential/Commercial	Planning	December, 2004
16,412	Residential	Superstructure in progress	August, 2001
18,499	Residential	Planning	February, 2002
3,401	Residential	Foundation work	September, 2002
37,010	Residential	Planning	February, 2003
45,381	Residential/Commercial	Planning	March, 2003
41,423	Residential	Planning	September, 2003
63,131	Residential/Commercial	Site investigation	June, 2004
49,763	Residential	Site investigation	March, 2006
226,800	Residential	Site formation	December, 2008
4,596	Residential	Superstructure in progress	June, 2001
17,092	Residential/Commercial	Foundation work	November, 2003
105,607	Residential	Superstructure in progress	December, 2003
20,438	Residential	Planning	December, 2003
12,294	Residential/Commercial	Planning	December, 2006

Schedule of Major Properties *(continued)*

Dated the 31st day of December, 2000

B. PROPERTIES FOR INVESTMENT/OWN USE

Location	Lot Number	Group's Interest
Hong Kong		
The Center (Portion), Central	–	100.0%
United Centre (Portion), Admiralty	–	100.0%
CEF Lend Lease Plaza, North Point	I.L. 8885	60.9%
Harbour Plaza North Point	I.L. 8885	60.9%
Kowloon & New Territories		
Harbour Plaza Resort City, Tin Shui Wai	T.S.W.T.L. 4	98.5%
Kingswood Ginza, Tin Shui Wai	T.S.W.T.L. 4	98.5%
Ma On Shan Plaza, Ma On Shan	–	100.0%
East Asia Gardens (Portion), Tsuen Wan	–	100.0%
Centre De Laguna, Kwun Tong	–	100.0%
Jubilee Garden (Portion), Fo Tan	–	68.5%
Modern Warehouse, Kwun Tong	K.T.I.L. 62	100.0%
Prosperity Center (Portion), Kwun Tong	–	100.0%
8 Tung Yuen Street, Yau Tong	Y.T.M.L. 69	100.0%
2 Dai Fu Street, Tai Po	T.P.T.L. 1 Sec. C ss 2	60.0%
The Mainland		
Sheraton Chengdu Lido Hotel	–	70.0%
Metropolitan Plaza, Chongqing	–	49.0%
		50.0%
Oriental Plaza, Beijing	–	33.4%
Westgate Mall, Shanghai	–	15.3%
The Four Seasons, Pudong, Shanghai	–	50.0%

C. PROPERTIES IN WHICH THE GROUP HAS A DEVELOPMENT INTEREST

Location	Lot Number	Approx. Site Area (sq. m.)
Hong Kong		
Sites at Queen Street, Sheung Wan	I.L. 8897	7,964
Kowloon & New Territories		
Laguna Verde, Hung Hom	K.I.L. 11056	25,028
The Metropolis, Hung Hom Bay	K.I.L. 11077	50,058
Tung Chung Station Package Three	T.C.T.L. 5	67,901
Cheung Sha Wan Shipyards	N.K.I.L. 6320	19,473

Notes for Schedule of Major Properties:

- Properties which are insignificant, including overseas properties, agricultural land and completed properties for sales, are not included.
- Properties owned by listed associate are not included.
- For properties in which the Group has a development interest, other parties provide the land whilst the Group finances the construction costs and occasionally also the land costs, and is entitled to a share of the sales proceeds/properties after completion or a share of the development profits in accordance with the terms and conditions of the joint development agreements.



Approx. Site Area (sq. m.)	Approx. Floor Area Attributable to the Group (sq. m.)	Existing Use	Lease Term
–	112,728	Commercial	Medium Term Lease
–	3,509	Commercial	Long Lease
–	12,332	Commercial	Medium Term Lease
–	19,410	Hotel	Medium Term Lease
–	60,591	Hotel	Medium Term Lease
–	45,795	Commercial	Medium Term Lease
–	29,278	Commercial	Medium Term Lease
–	11,478	Commercial	Medium Term Lease
–	3,995	Commercial	Medium Term Lease
–	2,115	Commercial	Medium Term Lease
1,858	22,296	Industrial/Office	Medium Term Lease
–	16,790	Industrial/Office	Medium Term Lease
2,108	7,170	Godown	Medium Term Lease
6,076	9,111	Industrial	Medium Term Lease
–	39,446	Hotel	Medium Term Lease
–	21,976	Hotel	Medium Term Lease
–	70,212	Commercial	Medium Term Lease
–	62,750	Commercial	Medium Term Lease
–	14,975	Commercial	Medium Term Lease
–	22,923	Residential	Medium Term Lease

Approx. Floor Area of the Development (sq. m.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
17,822	Residential	Foundation work	May, 2002
43,099	Residential/Commercial	Foundation work	December, 2002
25,338	Commercial	Completed	Completed
121,286	Residential	Superstructure in progress	July, 2001
65,399	Residential	Superstructure in progress	September, 2001
97,184	Commercial/Hotel	Superstructure in progress	July, 2001
35,034	Serviced Apartment	Superstructure in progress	April, 2002
121,415	Residential	Superstructure in progress	August, 2002
96,795	Residential/Commercial	Foundation work	April, 2003
122,252	Residential	Foundation work	October, 2003
71,838	Residential	Foundation work	April, 2004
71,431	Residential/Commercial	Foundation work	June, 2003
93,242	Residential/Commercial	Foundation work	December, 2003

*KOWLOON
INLAND LOT
NO. 11107*

Site area: 6,940 sq. m.
Floor area: 52,060 sq. m.
Land use: Residential &
Commercial
Completion: 2003

This prime site near the Airport Express Olympic Station is earmarked for a high-grade residential development commanding magnificent views of the Victoria Harbour.



International and Local Recognition



Mrs. Betty H.P. Tung, JP (right), President and Director of Hong Kong Red Cross, presenting to Mr. Victor Li (left) a souvenir as a token of thanks for the donation made by the Cheung Kong Group.



Mr. Victor Li (right) receiving the award of "The Community Chest 1999/2000 Awards - Second Top Donor" for the Cheung Kong Group presented by Mrs. Betty H.P. Tung, JP (left), President of The Community Chest.

The Group received top honours from several authoritative international business magazines in 2000, as recognition of its effective management, financial soundness and visionary foresight. Examples include the various awards won by the Group in 2000/2001 Review 200: Asia's Leading Companies organised by the *Far Eastern Economic Review* including: "Company Leaders - Top 10 Hong Kong Companies" (Ranked second); "Long-term Vision" (Ranked first in Hong Kong); "Financial Soundness" (Ranked first in Hong Kong); and "Companies That Others Try to Emulate" (Ranked third in Hong Kong). The Group also ranked among the "Best Managed Companies" in Hong Kong in a survey conducted by the *Asiamoney*.

The Cheung Kong Group is an active participant in charity and fund raising events and its donations and contributions have been recognised by The Community Chest with the award of "The Community Chest 1999/2000 Awards - Second Top Donor" and by the Hong Kong Red Cross with a "Special Merit Award".



Mr. Ian Wade, Group Managing Director of A S Watson & Company, Limited, Mr. Victor Li, Mr. Sing Wang, Chief Executive Officer and Executive Director of TOM.COM LIMITED and Mr. George Magnus (from left to right) attending the ceremony of The Community Chest 1999/2000 Awards.

Mr. Victor Li (right) receiving the awards won by the Group in 2000/2001 Review 200: Asia's Leading Companies organised by the *Far Eastern Economic Review* from former Philippine President Mr. Fidel V. Ramos (centre) and Mr. Philip Revzin (left), editor and publisher of the magazine.



Consolidated Profit & Loss Account

For the year ended 31st December, 2000

	Note	2000 \$ Million	1999 \$ Million
Turnover	(2)		
Group activities		5,715	3,142
Share of property sales of jointly controlled entities		3,626	5,051
		9,341	8,193
Group turnover		5,715	3,142
Investment and other income		1,111	1,993
Operating costs			
Property and related costs		(2,738)	(2,144)
Salaries and related expenses		(725)	(590)
Lease and depreciation charges		(130)	(139)
Interest expenses		(725)	(667)
Other expenses		(263)	(141)
		(4,581)	(3,681)
Share of results of jointly controlled entities		274	1,077
Provision for property projects		–	(1,263)
Operating profit	(2)	2,519	1,268
Share of results of associates	(3)	18,007	57,997
Profit before taxation	(4)	20,526	59,265
Taxation	(5)	(1,218)	(774)
Profit after taxation		19,308	58,491
Minority interests		128	882
Profit attributable to shareholders	(6)	19,436	59,373
Dividends	(7)	(3,706)	(3,170)
Profit for the year retained		15,730	56,203
Earnings per share	(8)	\$8.42	\$25.84

Consolidated Balance Sheet

As at 31st December, 2000

	Note	2000 \$ Million	1999 \$ Million
Non-current assets			
Fixed assets	(9)	15,245	21,290
Associates	(11)	119,383	105,642
Jointly controlled entities	(12)	28,039	23,106
Investments in securities	(13)	1,555	1,229
Long term loans		484	519
		164,706	151,786
Current assets			
Investments in securities	(13)	2,695	2,773
Stock of properties	(14)	18,039	13,961
Debtors, deposits and prepayments		886	1,773
Bank balances and deposits		2,429	3,337
		24,049	21,844
Current liabilities			
Bank and other loans	(15)	7,250	7,428
Creditors and accrued expenses		1,565	4,628
Proposed final dividend		2,826	2,412
Provision for taxation		680	412
		11,728	6,964
Total assets less current liabilities		176,434	158,750
Non-current liabilities			
Bank and other loans	(15)	13,806	10,238
Deferred items	(16)	12	33
		13,818	10,271
Minority interests		3,298	6,736
Total net assets		159,318	141,743
Representing:			
Share capital	(17)	1,158	1,149
Share premium	(18)	9,331	7,856
Reserves	(19)	2,319	1,958
Retained profits	(20)	146,510	130,780
Total shareholders' funds		159,318	141,743

Directors

Li Ka-shing

Ip Tak Chuen, Edmond

Balance Sheet

As at 31st December, 2000

	Note	2000 \$ Million	1999 \$ Million
Non-current assets			
Fixed assets	(9)	55	65
Subsidiaries	(10)	20,272	16,000
Associates	(11)	1,056	1,090
Jointly controlled entities	(12)	2,913	5,885
Investments in securities	(13)	14	14
Long term loans		28	51
		24,338	23,105
Current assets			
Stock of properties	(14)	3	3
Debtors, deposits and prepayments		36	114
Dividend receivable		3,580	1,930
Bank balances and deposits		682	1,299
		4,301	3,346
Current liabilities			
Creditors and accrued expenses		150	159
Proposed final dividend		2,826	2,412
Provision for taxation		6	–
		1,319	775
Total assets less current liabilities		25,657	23,880
Non-current liabilities			
Deferred items	(16)	3	3
Total net assets		25,654	23,877
Representing:			
Share capital	(17)	1,158	1,149
Share premium	(18)	9,331	7,856
Reserves	(19)	800	800
Retained profits	(20)	14,365	14,072
Total shareholders' funds		25,654	23,877

Directors

Li Ka-shing

Ip Tak Chuen, Edmond

Consolidated Statement of Recognised Gains and Losses

For the year ended 31st December, 2000

	2000 \$ Million	1999 \$ Million
Exchange gains/(losses) on translation of financial statements of subsidiaries, jointly controlled entities and associates	23	(2)
Surplus on revaluation of investment properties	414	202
Deficit on completion of properties previously transferred from investment properties for development	–	(108)
Net gains not recognised in the consolidated profit and loss account	437	92
Net profit for the year	19,436	59,373
Less: previously recognised revaluation surplus realised upon disposal of investment properties	(76)	–
Total recognised gains and losses	19,797	59,465

Consolidated Cash Flow Statement

For the year ended 31st December, 2000

	Note	2000 \$ Million	1999 \$ Million
Net cash outflow from operating activities	(a)	(12)	(2,648)
Returns on investments and servicing of finance			
Dividends from jointly controlled entities		816	1,063
Dividends from associates		3,326	2,917
Dividends from investments in securities		51	31
Interest received		911	1,026
Interest paid		(1,583)	(1,055)
Dividends paid to shareholders		(3,292)	(2,780)
Dividends paid to minorities		(31)	(8)
Net cash inflow from returns on investments and servicing of finance		198	1,194
Taxation			
Profits tax refunded/(paid)		14	(223)
Investing activities			
Purchase of subsidiaries	(b)	73	–
Restructure of interests in subsidiaries	(c)	(616)	–
Increase of interests in subsidiaries		(20)	–
Investment in jointly controlled entities		–	(486)
Disposal of jointly controlled entities		300	–
Purchase of associates		–	(2)
Disposal of associates		5	91
Advance to jointly controlled entities		(1,262)	(1,942)
Advance to associates		(60)	(248)
Purchase of investments in securities		(561)	(382)
Disposal/redemption of investments in securities		300	2,154
Repayment/(advance) of long term loans		(85)	43
Addition of fixed assets		(1,760)	(3,638)
Disposal of fixed assets		183	6
Decrease in fixed deposits with maturity dates beyond 3 months		–	1,000
Net cash outflow from investing activities		(3,503)	(3,404)
Net cash outflow before financing		(3,303)	(5,081)
Financing			
Borrowing/(repayment) of bank loans		(4,412)	2,594
Borrowing of other loans		5,639	13
Funding from minorities		1,168	2,498
Net cash inflow from financing	(d)	2,395	5,105
Increase/(decrease) in cash and cash equivalents		(908)	24
Cash and cash equivalents at 1st January		3,337	3,313
Cash and cash equivalents at 31st December	(e)	2,429	3,337

Notes:

(a) Reconciliation of profit before taxation to net cash outflow from operating activities

	2000 \$ Million	1999 \$ Million
Profit before taxation	20,526	59,265
Interest income	(968)	(1,054)
Interest expenses	725	667
	20,283	58,878
Dividend income	(51)	(31)
Share of results of jointly controlled entities	(274)	(1,077)
Share of results of associates	(18,007)	(57,997)
Provision for property projects	–	1,263
Profit on disposal of investment properties	(76)	–
(Gain)/loss on investments	294	(915)
Depreciation	57	46
(Increase)/decrease in stock of properties	1,111	(3,062)
Increase/(decrease) in customers' deposits received	(1,474)	165
Decrease in debtors, deposits and prepayments	720	559
Decrease in creditors and accrued expenses	(2,574)	(481)
Exchange difference and other items	(21)	4
Net cash outflow from operating activities	(12)	(2,648)

(b) Purchase of subsidiaries

During the year, the Group acquired an additional 52% interest in a property development project which the Group originally had a 24% interest. Upon completion of the acquisition, the Group had a total of 76% interest in the project and the project companies, previously accounted for as jointly controlled entities, became subsidiaries. The effects of the transactions were as follows:

	2000 \$ Million
Net assets acquired	
Properties under development	2,883
Customers' deposits received	(60)
Bank balances and deposits	78
Debtors, deposits and prepayments	16
Creditors and accrued expenses	(61)
Bank loans	(2,295)
Due from minority shareholder	464
Pre-acquisition loss shared by the Group	464
	1,489
Satisfied by:	
Issue of shares of the Company	1,484
Cash consideration paid	5
	1,489
Net cash inflow in respect of purchase of subsidiaries	
Bank balances and deposits acquired	78
Less: cash consideration paid	(5)
	73

Consolidated Cash Flow Statement *(continued)*

For the year ended 31st December, 2000

(c) Restructure of interests in subsidiaries

During the year, the Group's interest in a property development project was restructured and the project companies, previously accounted for by the Group as subsidiaries, became jointly controlled entities. The effects of the transactions were as follows:

	2000 \$ Million
Changes in assets and liabilities	
Decrease in fixed assets	(10,463)
Decrease in debtors, deposits and prepayments	(202)
Decrease in bank balances and deposits	(616)
Decrease in creditors and accrued expenses	2,786
Decrease in bank loans	132
Decrease in minority interests	3,983
Increase in interests in jointly controlled entities	4,380
	–
Net cash outflow in respect of restructure of interests in subsidiaries	
Decrease in bank balances and deposits	(616)

(d) Analysis of changes in financing during the year

	Other loans \$ Million	Bank loans \$ Million	Minority interests \$ Million	2000 Total \$ Million	1999 Total \$ Million
Balance at 1st January	2,702	14,964	6,736	24,402	20,222
Net cash inflow/(outflow) from financing	5,639	(4,412)	1,168	2,395	5,105
Minority shareholders' share of profits and reserves	–	–	(108)	(108)	(917)
Purchase of subsidiaries	–	2,295	(464)	1,831	–
Restructure of interests in subsidiaries	–	(132)	(3,983)	(4,115)	–
Increase of interests in subsidiaries	–	–	(20)	(20)	–
Dividends paid to minorities	–	–	(31)	(31)	(8)
Balance at 31st December	8,341	12,715	3,298	24,354	24,402

(e) Cash and cash equivalents

	2000 \$ Million	1999 \$ Million
Bank balances and deposits	2,429	3,337

Notes to Financial Statements

1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties and investments in securities, and comply with the Statements of Standard Accounting Practice in Hong Kong.

(b) Consolidation

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

Results of subsidiaries, jointly controlled entities and associates acquired or disposed of during the year are included as from their effective dates of acquisition to the end of the year or up to the dates of disposal as the case may be. Goodwill on consolidation of subsidiaries is charged to reserves in the year in which it arises.

(c) Subsidiaries

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

(d) Jointly controlled entities

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

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

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

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(e) Associates

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

Investments in associates are carried in the balance sheet at cost plus the Group's share of their aggregate post-acquisition results and reserves less dividends received and provision for diminution in value. Any significant differences between the acquisition costs and the fair values attributable to the underlying net assets of the associates at the dates of acquisition are dealt with as premium or goodwill. Goodwill on acquisition is charged to reserves in the year in which it arises.

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

(f) Investments in securities

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

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

(g) Fixed assets

Fixed assets, other than investment and hotel properties, are stated at cost or valuation less depreciation or provision for diminution in value where appropriate.

Investment properties, which are held for rental, are stated at their open market values at the year end date under fixed assets. Annual valuations are undertaken by independent professional valuers. Increases in valuations are credited to investment property revaluation reserve whereas decreases in valuations are firstly set off against revaluation reserve and thereafter charged to the profit and loss account. When revalued investment properties are sold, the relevant revaluation surplus or deficit is transferred to the profit and loss account.

Hotel properties, which are held for hotel operation, are stated at cost less provision for diminution in value where appropriate under fixed assets. Costs of significant improvements are capitalised and costs incurred to maintain the hotel properties in their continual good condition are charged to the profit and loss account in the year in which they are incurred.

1. PRINCIPAL ACCOUNTING POLICIES (*continued*)

(g) Fixed assets (*continued*)

No depreciation is provided on investment and hotel properties with an unexpired lease term of over 20 years. When the unexpired lease term is 20 years or less, depreciation is provided on the then carrying value over the remaining term of the lease.

Leasehold land is amortised over the remaining term of the lease on a straight-line basis. Buildings on the leasehold land are depreciated at the annual rates of 2% to 4% on the cost of the respective building. Other fixed assets are depreciated on a straight-line basis at the annual rates of 5% to 33¹/₃% based on their respective estimated useful lives.

(h) Stock of properties

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

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

(i) Revenue recognition

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

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

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(j) Foreign exchange

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

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

(k) Taxation

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

Tax deferred or accelerated by the effect of timing difference is provided, using the liability method, to the extent that it is probable that a liability or an asset will crystallise.

(l) Borrowing costs

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

2. TURNOVER AND CONTRIBUTION

The principal activities of the Group are property development and investment, real estate agency and management, hotel operation and investment in securities.

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

2. TURNOVER AND CONTRIBUTION *(continued)*

The Group's turnover by operating activities and their respective contribution for the year were as follows:

	Turnover		Contribution	
	2000 \$ Million	1999 \$ Million	2000 \$ Million	1999 \$ Million
Property sales				
Company and subsidiaries	4,636	2,320	2,073	391
Jointly controlled entities	3,626	5,051	192	914
Property rental	593	336	289	156
Real estate agency and management	320	486	74	70
Hotel operation	166	–	4	–
	9,341	8,193	2,632	1,531
Investment and finance			826	1,589
Provision for property projects			–	(1,263)
Others (including share of results of jointly controlled entities)			(214)	78
Interest expenses			(725)	(667)
Operating profit			2,519	1,268

Turnover of the Group's overseas operations, mainly from the Mainland and the United Kingdom, accounted for approximately 3% of the Group's turnover and their contributions were not material.

3. SHARE OF RESULTS OF ASSOCIATES

The share of results of associates in 2000 included the Group's share of profit of \$24,985 million arising from disposal of the shareholding in Mannesmann AG by Hutchison Whampoa Limited and the Group's share of a provision for overseas investments of \$16,990 million made by Hutchison Whampoa Limited.

The share of results of associates in 1999 included the Group's share of profit of \$57,665 million arising from disposal of the shareholding in Orange plc by Hutchison Whampoa Limited, after adjusting for the Group's carrying cost in Hutchison Whampoa Limited attributable to Orange plc.

4. PROFIT BEFORE TAXATION

	2000 \$ Million	1999 \$ Million
Profit before taxation is arrived at after charging:		
Interest expenses		
Bank and other loans repayable within 5 years	1,438	1,007
Other loans not repayable within 5 years	80	1
	1,518	1,008
Less: Interest capitalised (see note (a))	(793)	(341)
	725	667
Directors' emoluments (see note (b))		
Salaries, allowances and benefits in kind	84	75
Contribution to retirement scheme	8	7
Discretionary bonus	48	41
	140	123
Less: Amount paid back	(11)	(11)
	129	112
Auditors' remuneration	5	5
Costs of properties sold	2,135	1,595
Operating lease charges – properties	73	93
Depreciation	57	46
Impairment losses on investment securities	16	28
and after crediting:		
Net rental income	448	187
Interest income from banks	181	201
Income from listed investments		
Share of results of associate	17,936	57,860
Dividend from investments in securities	44	19
Interest from investments in securities	132	28
Income from unlisted investments		
Share of results of jointly controlled entities	274	1,077
Share of results of associates	71	137
Dividend from investments in securities	7	12
Interest from jointly controlled entities	564	669
Interest from investments in securities	31	111
Net realised and unrealised holding gains/(losses) on other investments	(136)	1,022
Profit on disposal of investment securities	31	–
Profit on disposal of investment properties	76	–

4. PROFIT BEFORE TAXATION *(continued)*

Notes:

- (a) Interest was capitalised to property development projects at the average annual rate of approximately 7% (1999 – 7%).
- (b) Directors' emoluments included directors' fee of \$500,000 (1999 - \$85,000). Other than a director's fee of \$5,000, no other remuneration was paid to the Chairman, Mr. Li Ka-shing. The independent non-executive directors received a director's fee of \$30,000 each and for those who acted as members of the Audit Committee, an additional \$30,000 each was paid. Certain directors received directors' remuneration from associates of which \$11 million (1999 - \$11 million) was paid back to the Company.

Directors' emoluments (including the five highest paid individuals in the Group) are within the following bands:

	2000 Number of Directors	1999 Number of Directors
Nil – \$1,000,000	9	9
\$3,000,001 – \$3,500,000	1	–
\$9,000,001 – \$9,500,000	–	1
\$9,500,001 – \$10,000,000	1	–
\$10,000,001 – \$10,500,000	1	1
\$10,500,001 – \$11,000,000	–	1
\$11,000,001 – \$11,500,000	1	1
\$12,000,001 – \$12,500,000	1	–
\$13,000,001 – \$13,500,000	–	1
\$14,000,001 – \$14,500,000	1	–
\$15,000,001 – \$15,500,000	–	1
\$18,000,001 – \$18,500,000	1	–
\$19,500,001 – \$20,000,000	–	1
\$22,000,001 – \$22,500,000	1	–
\$32,500,001 – \$33,000,000	–	1
\$38,000,001 – \$38,500,000	1	–

5. TAXATION

	2000 \$ Million	1999 \$ Million
Company and subsidiaries		
Hong Kong profits tax	261	47
Overseas tax	(7)	–
Deferred tax	2	8
Jointly controlled entities		
Hong Kong profits tax	34	145
Overseas tax	25	34
Associates		
Hong Kong profits tax	377	409
Overseas tax	526	131
	1,218	774

Hong Kong profits tax is provided for at the rate of 16% (1999 - 16%).

6. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Profit attributable to shareholders dealt with in the profit and loss account of the Company is \$3,999 million (1999 - \$4,025 million).

7. DIVIDENDS

	2000 \$ Million	1999 \$ Million
Interim dividend paid at \$0.38 (1999 - \$0.33) per share	880	758
Proposed final dividend at \$1.22 (1999 - \$1.05) per share	2,826	2,412
	3,706	3,170

8. EARNINGS PER SHARE

The calculation of earnings per share is based on profit attributable to shareholders and on the weighted average of 2,307,521,232 shares (1999 - 2,297,556,240 shares) in issue during the year.

9. FIXED ASSETS

	Land and buildings in Hong Kong \$ Million	buildings outside Hong Kong \$ Million	Investment properties in Hong Kong \$ Million	Hotel properties in Hong Kong \$ Million	Hotel properties outside Hong Kong \$ Million	Other assets \$ Million	Total \$ Million
Group							
Cost or valuation							
At 1st January, 2000	193	7,813	11,760	2,264	–	341	22,371
Additions/transfers	233	3,321	–	–	529	124	4,207
Disposals	–	–	(178)	–	–	(56)	(234)
Restructure of interests in subsidiaries	–	(10,454)	–	–	–	(18)	(10,472)
Surplus on revaluation	–	–	457	–	–	–	457
At 31st December, 2000	426	680	12,039	2,264	529	391	16,329
Accumulated depreciation/provisions							
At 1st January, 2000	–	–	–	891	–	190	1,081
Depreciation	–	–	–	–	–	57	57
Written back on disposals/transfers	–	–	–	–	–	(45)	(45)
Restructure of interests in subsidiaries	–	–	–	–	–	(9)	(9)
At 31st December, 2000	–	–	–	891	–	193	1,084
Net book value							
At 31st December, 2000	426	680	12,039	1,373	529	198	15,245
Net book value							
At 31st December, 1999	193	7,813	11,760	1,373	–	151	21,290

At the balance sheet date:

- certain properties in Hong Kong with aggregate carrying value of \$13,446 million (1999 - \$12,941 million) and certain properties outside Hong Kong with aggregate carrying value of \$1,207 million (1999 - \$7,811 million) were held under medium term leases, all other properties were held under long leases; and
- certain properties with aggregate carrying value of \$529 million (1999 - \$391 million) were pledged as securities for bank loans.

9. FIXED ASSETS (continued)

Company	Other Assets \$ Million
Cost	
At 1st January, 2000	156
Additions	13
Disposals	(5)
At 31st December, 2000	164
Accumulated depreciation	
At 1st January, 2000	91
Depreciation	20
Written back on disposals	(2)
At 31st December, 2000	109
Net book value at 31st December, 2000	55
Net book value at 31st December, 1999	65

Analysis of cost and valuation of the Group's fixed assets at 31st December, 2000:

	Land and buildings in Hong Kong \$ Million	buildings outside Hong Kong \$ Million	Investment properties in Hong Kong \$ Million	Hotel properties in Hong Kong \$ Million	Hotel properties outside Hong Kong \$ Million	Other assets \$ Million	Total \$ Million
At 2000 professional valuation	–	–	12,039	–	–	–	12,039
At cost	426	680	–	2,264	529	391	4,290
	426	680	12,039	2,264	529	391	16,329

Investment properties of the Group have been revalued at 31st December, 2000 by DTZ Debenham Tie Leung, professional valuers, on an open market value basis. Gross rental income derived from investment properties during the year amounted to \$479 million (1999 - \$269 million).

10. SUBSIDIARIES

	Company	
	2000 \$ Million	1999 \$ Million
Unlisted investments in subsidiaries	2,267	2,267
Amounts due from subsidiaries	27,981	24,579
Amounts due to subsidiaries	(9,976)	(10,846)
	20,272	16,000

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

11. ASSOCIATES

	Group		Company	
	2000 \$ Million	1999 \$ Million	2000 \$ Million	1999 \$ Million
Listed investments in an associate	117,752	104,017	–	–
Unlisted investments in associates	1,253	1,257	1,045	1,045
	119,005	105,274	1,045	1,045
Amounts due from associates	435	397	43	48
Amounts due to associates	(57)	(29)	(32)	(3)
	119,383	105,642	1,056	1,090
Market value of investments in an associate – listed in Hong Kong	207,162	218,830	–	–

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

12. JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2000 \$ Million	1999 \$ Million	2000 \$ Million	1999 \$ Million
Unlisted investments in jointly controlled entities	2,692	5,764	145	145
Amounts due from jointly controlled entities	26,155	20,304	2,919	5,891
Amounts due to jointly controlled entities	(808)	(2,962)	(151)	(151)
	28,039	23,106	2,913	5,885

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

13. INVESTMENTS IN SECURITIES

	Group		Company	
	2000 \$ Million	1999 \$ Million	2000 \$ Million	1999 \$ Million
Investment securities				
Equity securities – unlisted	174	348	14	14
Debt securities – unlisted	35	–	–	–
Equity securities – listed in Hong Kong	405	54	–	–
Debt securities – listed in Hong Kong	108	106	–	–
	722	508	14	14
Other investments				
Equity securities – unlisted	51	71	–	–
Debt securities – unlisted	285	1,993	–	–
Equity securities – listed in Hong Kong	1,049	1,029	–	–
Debt securities – listed in Hong Kong	1	1	–	–
Equity securities – listed overseas	23	30	–	–
Debt securities – listed overseas	2,119	370	–	–
	3,528	3,494	–	–
Less: Amounts classified under current assets	2,695	2,773	–	–
	833	721	–	–
Amounts classified under non-current assets	1,555	1,229	14	14
Market value of investment securities				
– listed in Hong Kong	1,167	160	–	–
Market value of other investments				
– listed in Hong Kong	1,050	1,030	–	–
– listed overseas	2,142	400	–	–
	4,359	1,590	–	–

14. STOCK OF PROPERTIES

	Group		Company	
	2000 \$ Million	1999 \$ Million	2000 \$ Million	1999 \$ Million
Properties for/under development	12,095	8,940	–	–
Joint development projects	5,652	5,764	–	–
Properties for sale	1,828	2,207	3	3
	19,575	16,911	3	3
Less: Customers' deposits received	1,536	2,950	–	–
	18,039	13,961	3	3

At the balance sheet date, certain stock of properties amounting to \$1,801 million (1999 - \$1,140 million) were carried at net realisable value.

15. BANK AND OTHER LOANS

	Group		Company	
	2000 \$ Million	1999 \$ Million	2000 \$ Million	1999 \$ Million
Bank loans repayable				
within 1 year	6,916	7,408	–	–
after 1 year but not exceeding 2 years	3,334	4,376	–	–
after 2 years but not exceeding 5 years	2,465	3,180	–	–
Other loans repayable				
within 1 year	334	20	–	–
after 1 year but not exceeding 2 years	1,250	332	–	–
after 2 years but not exceeding 5 years	5,500	1,850	–	–
after 5 years	1,257	500	–	–
	21,056	17,666	–	–
Less: Amounts classified under current liabilities	7,250	7,428	–	–
Amounts classified under non-current liabilities	13,806	10,238	–	–

15. BANK AND OTHER LOANS *(continued)*

At the balance sheet date:

- (a) bank loans amounting to \$207 million (1999 - \$188 million) were secured by certain assets of the Group; and
 (b) other loans included the following fixed rate and floating rate notes and bonds:

US\$ 42,790,000	LIBOR + 0.7% due January 2001 (issued in 1994)
HK\$ 1,250,000,000	8.15% due February 2002 (issued in 1999)
HK\$ 2,000,000,000	7.50% due March 2003 (issued in 2000)
HK\$ 500,000,000	7.35% due July 2003 (issued in 2000)
HK\$ 200,000,000	7.88% due November 2004 (issued in 1999)
HK\$ 300,000,000	7.75% due December 2004 (issued in 1999)
HK\$ 1,000,000,000	7.68% due January 2005 (issued in 2000)
HK\$ 1,000,000,000	HIBOR + 0.5% due July 2005 (issued in 2000)
HK\$ 500,000,000	7.68% due July 2005 (issued in 2000)
HK\$ 500,000,000	7.88% due December 2006 (issued in 1999)
SGD 100,000,000	4.55% due March 2007 (issued in 2000)
HK\$ 300,000,000	8.38% due January 2010 (issued in 2000)

During the year, floating rate notes due January 2001 in the amount of US\$2,550,000 were redeemed and fixed rate bonds due November 2004 in the amount of HK\$100,000,000 were purchased back and cancelled.

All the notes and bonds, listed on the Luxembourg Stock Exchange or the Singapore Stock Exchange, were issued by Cheung Kong Finance Cayman Limited, a wholly owned subsidiary, and are guaranteed by the Company.

16. DEFERRED ITEMS

	Group		Company	
	2000 \$ Million	1999 \$ Million	2000 \$ Million	1999 \$ Million
Deferred taxation	12	10	3	3
Other deferred income	–	23	–	–
	12	33	3	3

Deferred taxation is mainly caused by accelerated tax depreciation allowances in excess of depreciation expenses. No provision has been made for the revaluation surplus of investment properties as they do not constitute timing differences. There were no significant unprovided timing differences at the balance sheet date.

17. SHARE CAPITAL

	2000 No. of shares	1999 No. of shares	2000 \$ Million	1999 \$ Million
Authorised:				
Shares of \$0.5 each	2,800,000,000	2,800,000,000	1,400	1,400
Issued and fully paid:				
Shares of \$0.5 each	2,316,164,338	2,297,556,240	1,158	1,149

In May 2000, the Group entered into an agreement with Mr. Li Ka-shing to acquire from him his 52% interest in the property development known as Costa del Sol in Singapore. The transaction was approved by shareholders at the Extraordinary General Meeting of the Company on 14th June, 2000 and completed on 19th June, 2000. The total consideration of \$1,489 million was satisfied by the issue of 18,608,098 shares of the Company at a price of \$79.75 per share with the balance in cash. Together with the 24% interest originally held by the Group in the project, the Group has a total of 76% interest in the project.

18. SHARE PREMIUM

	2000 \$ Million	1999 \$ Million
Balance at 1st January	7,856	7,856
Premium on issue of new shares	1,475	–
Balance at 31st December	9,331	7,856

19. RESERVES

	Group		Company	
	2000 \$ Million	1999 \$ Million	2000 \$ Million	1999 \$ Million
Capital reserve				
Balance at 1st January and 31st December	345	345	199	199
Exchange translation reserve				
Balance at 1st January	29	31	1	1
Company and subsidiaries	(1)	11	–	–
Share of translation reserve				
Jointly controlled entities	23	(14)	–	–
Associates	1	1	–	–
Balance at 31st December	52	29	1	1
Investment property revaluation reserve				
Balance at 1st January	1,584	1,490	600	600
Revaluation surplus/(deficit)				
Company and subsidiaries	452	(155)	–	–
Jointly controlled entities	18	351	–	–
Associates	(56)	6	–	–
Realised on disposal				
Company and subsidiaries	(76)	–	–	–
Deficit on completion of properties previously transferred from investment properties for development	–	(108)	–	–
Balance at 31st December	1,922	1,584	600	600
	2,319	1,958	800	800

20. RETAINED PROFITS

	Group		Company	
	2000 \$ Million	1999 \$ Million	2000 \$ Million	1999 \$ Million
Balance at 1st January	130,780	74,577	14,072	13,217
Profit for the year retained	15,730	56,203	293	855
Balance at 31st December	146,510	130,780	14,365	14,072

At the balance sheet date, retained profits of the Group included \$91,334 million (1999 - \$77,558 million) retained by associates and \$19 million (1999 - \$2,679 million) retained by jointly controlled entities, and the Company's reserves available for distribution to shareholders amounted to \$13,830 million (1999 - \$13,537 million).

21. EMPLOYEES RETIREMENT SCHEMES

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

The Group's costs on employees retirement schemes for the year were \$51 million (1999 - \$42 million). Forfeited contributions during the year amounting to \$9 million (1999 - \$6 million) were used to reduce current year's contributions.

22. CHARGES ON ASSETS

At the balance sheet date, certain assets of the Group with aggregate carrying value of \$813 million (1999 - \$586 million) were pledged to secure loan facilities utilised by subsidiaries and affiliated companies.

23. COMMITMENTS AND CONTINGENT LIABILITIES

At the balance sheet date:

- (a) the Group had capital commitments as follows:
 - (i) contracted but not provided for
 - fixed assets - \$393 million (1999 - \$1,010 million)
 - others - \$48 million (1999 - Nil)
 - (ii) authorised but not contracted for
 - fixed assets - \$7 million (1999 - \$61 million)
- (b) the Group's share of capital commitments of the jointly controlled entities were as follows:
 - (i) contracted but not provided for - \$761 million (1999 - \$56 million)
 - (ii) authorised but not contracted for - \$1,014 million (1999 - \$827 million)
- (c) the Group's share of contingent liabilities of jointly controlled entities in respect of guaranteed return payments payable to the other party of a co-operative joint venture in the next 49 years amounted to \$4,609 million;
- (d) the Company provided guarantees for loan financing as follows:
 - (i) bank and other loans utilised by subsidiaries - \$19,638 million (1999 - \$17,466 million)
 - (ii) bank loans utilised by jointly controlled entities - \$1,492 million (1999 - \$2,030 million)
 - (iii) bank loans utilised by associates and affiliated companies - \$155 million (1999 - \$168 million)and certain subsidiaries provided guarantees for bank loans utilised by jointly controlled entities amounted to \$692 million (1999 - \$448 million); and
- (e) the Company provided guarantees for the minimum revenue to be shared by the other parties of various joint development projects as follows:
 - (i) projects undertaken by subsidiaries - Nil (1999 - \$1,222 million)
 - (ii) projects undertaken by jointly controlled entities - \$125 million (1999 - \$125 million).

24. RELATED PARTY TRANSACTIONS

During the year and in the ordinary course of business, the Group undertook various transactions with related parties on normal commercial terms, including advances made to, repayments received from, and guarantees provided for associates and jointly controlled entities. The outstanding balances with associates and jointly controlled entities at the balance sheet date were disclosed in notes (11) and (12), interest received on such advances during the year were disclosed in note (4), and guarantees provided for bank loans utilised by associates and jointly controlled entities were disclosed in note (23).

In May 2000, the Group acquired from Mr. Li Ka-shing his 52% interest in the property development known as Costa del Sol in Singapore at the total consideration of \$1,489 million.

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

25. DEBTORS AND CREDITORS

The Group's debtors mainly comprise receivables for sale of properties and rental. Credit policies for each project are determined based on normal commercial terms with reference to the prevailing market conditions. The Group's creditors mainly comprise costs payable for property development projects which are payable upon completion of work certified by the architects.

At the balance sheet date, most of the Group's debtors and creditors were current within their respective terms of credit and there were no significant overdue amounts.

26. APPROVAL OF FINANCIAL STATEMENTS

The financial statements reported in Hong Kong dollars and set out on pages 34 to 63 were approved by the board of directors on 22nd March, 2001.

Principal Subsidiaries

APPENDIX I

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

Name	Issued Ordinary Share Capital Nominal Value	Effective percentage held by the Company		Principal Activities
		Directly	Indirectly	
Agrila Limited	HK\$ 2		100	Property development
Arenal Limited	HK\$ 2		100	Property development
Bandick Limited	HK\$ 2		100	Property investment
Biro Investment Limited	HK\$ 10,000		100	Property development
Bonder Way Investment Limited	HK\$ 2		100	Property development
Champful Limited	HK\$ 100		100	Property development
Cheung Kong Finance Cayman Limited (Cayman Islands)	US\$ 1,000		100	Finance
Cheung Kong Finance Company Limited	HK\$ 2,500,000	100		Treasury operation
Cheung Kong Holdings (China) Limited	HK\$ 2		100	Investment holding in the Mainland projects
Cheung Kong International Limited	HK\$ 20	100		Investment holding
Cheung Kong Investment Company Limited	HK\$ 20	100		Investment holding
Cheung Kong Property Development Limited	HK\$ 2	100		Project management
Cheung Kong Real Estate Agency Limited	HK\$ 2		100	Real estate agency services
Citybase Property Management Limited	HK\$ 100,000		100	Property management
CK Technology Laboratory Limited	HK\$ 10,000,000		60	Technology research
Conestoga Limited	HK\$ 10,000		60.9	Property investment
Fantastic State Limited	HK\$ 2		94.4	Property development
Foo Yik Estate Company Limited	HK\$ 70,000	100		Property development
Gingerbread Investments Limited (British Virgin Islands)	US\$ 1		100	Property development
Glass Bead Limited (British Virgin Islands)	US\$ 1		100	Property investment
Global Coin Limited	HK\$ 2		100	Property development
Goodwell Property Management Limited	HK\$ 100,000		100	Property management
Haskins Investments Limited	HK\$ 2		100	Property development
Japura Development Pte Ltd (Singapore)	SGD 1,000,000		76	Property development
Jingcofield Limited (British Virgin Islands)	US\$ 1		100	Property investment
Kamos Limited	HK\$ 2		100	Property development
Marymount Limited (British Virgin Islands)	US\$ 40,000,000		100	Securities & fund investment
Match Power Investment Limited	HK\$ 2		100	Property development
Maxchief Limited	HK\$ 2		100	Property development

Name	Issued Ordinary Share Capital Nominal Value	Effective percentage held by the Company		Principal Activities
		Directly	Indirectly	
Metrofond Limited	HK\$ 2		100	Property development
Million Rise Investments Limited	HK\$ 2		100	Property development
Montaco Limited	HK\$ 100		87	Property development
Mutual Luck Investment Limited	HK\$ 30,000		51.3	Property development
Nobleway Investment Limited (British Virgin Islands)	US\$ 1		100	Securities & fund investment
Pacific Top Development Limited	HK\$ 2		100	Property development
Pako Wise Limited	HK\$ 2	100		Property investment
Pearl Wisdom Limited	HK\$ 2		100	Property development
Pofield Investments Limited (British Virgin Islands)	US\$ 1		100	Property investment
Poko Shine Limited	HK\$ 2		100	Property investment
Quick Switch Limited (British Virgin Islands)	US\$ 1		100	Property investment
Randash Investment Limited	HK\$ 110		60.9	Property investment
Realty Zone Developments Limited (British Virgin Islands)	US\$ 1		100	Securities & fund investment
Romefield Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Rowley Profits Limited (British Virgin Islands)	US\$ 1		100	Share investment
Sai Ling Realty Limited	HK\$ 10,000	100		Property development
Super Winner Development Limited	HK\$ 2		100	Property development
The Center (Holdings) Limited (British Virgin Islands)	US\$ 1		100	Property investment
Towerich Limited	HK\$ 2		51	Property development
Winchesto Finance Company Limited	HK\$ 15,000,000	100		Finance
Winrise Champion Limited (British Virgin Islands)	US\$ 1		100	Property investment
Wisdom Choice Investment Limited	HK\$ 2		60	Property development
Yee Pang Realty Limited	HK\$ 10,000		68.5	Property investment
Yick Ho Limited	HK\$ 6,000,000		100	Investment in hotel projects

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

Name	Area of Operation
Cheung Kong Finance Cayman Limited	Europe
Cheung Kong Holdings (China) Limited	The Mainland
Japura Development Pte Ltd	Singapore
Marymount Limited	Asia Pacific
Nobleway Investment Limited	Asia Pacific
Yick Ho Limited	The Mainland

Principal Associates

APPENDIX II

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

Name	Effective percentage of Issued Ordinary Share Capital held by the Company		Principal Activities
	Directly	Indirectly	
CEF Holdings Limited	50		Loan financing & capital market services
Harbour Plaza Hotel Management (International) Limited (British Virgin Islands)		50	Hotel management
Hong Kong Concord Holdings Limited		40	Trading & securities investment
Hutchison Whampoa Limited		49.9	Telecommunications, ports, trading, property, energy, infrastructure & investment
iBusiness Corporation Limited		46.3	e-commerce and investment
Metro Broadcast Corporation Limited		50	Radio broadcasting
Mightypattern Limited	25		Property investment

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

Name	Area of Operation
Hong Kong Concord Holdings Limited	The Mainland

Principal Jointly Controlled Entities

APPENDIX III

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

Name	Effective percentage of Ownership Interest held by the Company		Principal Activities
	Directly	Indirectly	
Albion Properties Limited (United Kingdom)		45	Property development
Bayswater Developments Limited (British Virgin Islands)		50	Property development
Central More Limited		50	Property development
Chesgold Limited		50	Property investment
Cheung Wo Hing Fung Enterprises Limited (British Virgin Islands)		25.5	Property investment
Circadian Limited (United Kingdom)		22.5	Property development
Clayton Power Enterprises Limited		50	Property development
Cosmos Wide International Limited		50	Property development
Dragon Beauty International Limited		50	Property development
Glenfield Investments Pte Ltd (Singapore)		50	Property development
Golden Famous International Limited		50	Property development
Harvest Fair Investment Limited		22.5	Property development
Hui Xian Investment Limited		33.4	Investment in property project
Konorus Investment Limited		42.5	Property development
Marketon Investment Limited		50	Property development
Matrica Limited		30	Property development
Nanyang Brothers Properties Limited		50	Property development
Ostani Limited		50	Finance
Roboton Limited		50	Property development
Sinclair Profits Limited (British Virgin Islands)		50	Property development
Southern Mount Limited		50	Property development
Super Lion Enterprises Limited	50		Property development
Tin Shui Wai Development Limited		48.25	Property investment
Vigour Limited		50	Property development
Wonder Pacific Investment Limited		50	Property development

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

Name	Area of Operation
Albion Properties Limited	United Kingdom
Bayswater Developments Limited	The Mainland
Chesgold Limited	The Mainland
Cheung Wo Hing Fung Enterprises Limited	The Mainland
Circadian Limited	United Kingdom
Glenfield Investments Pte Ltd	Singapore
Hui Xian Investment Limited	The Mainland
Sinclair Profits Limited	The Mainland

Report of the Auditors

德勤·關黃陳方會計師行

Certified Public Accountants
26/F, Wing On Centre
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香港中環干諾道中111號
永安中心26樓

**Deloitte
Touche
Tohmatsu**

To the Members of Cheung Kong (Holdings) Limited

(incorporated in Hong Kong with limited liability)

We have audited the financial statements on pages 34 to 63 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Companies Ordinance requires the directors to prepare financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st December 2000 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Ordinance.

DELOITTE TOUCHE TOHMATSU

Certified Public Accountants

Hong Kong, 22nd March, 2001

Extracts from Hutchison Whampoa Limited Financial Statements

The following information is extracted from the 2000 published financial statements of Hutchison Whampoa Limited, a principal associate.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31st December, 2000

	2000 HK\$ Million	1999 HK\$ Million
Turnover	57,022	55,442
Cost of inventories sold	23,332	24,115
Staff costs	7,648	6,873
Depreciation and amortisation	3,222	3,314
Other operating expenses	9,473	7,762
Total operating expenses	43,675	42,064
Operating profit	13,347	13,378
Finance costs	6,460	5,081
Profit on disposal of investments less provisions	25,742	109,532
Share of profits less losses of associated companies	3,494	2,209
Share of profits less losses of jointly controlled entities	1,272	(52)
Profit before taxation	37,395	119,986
Taxation	1,978	1,251
Profit after taxation	35,417	118,735
Minority interests	1,299	1,390
Profit attributable to the shareholders	34,118	117,345
Dividends	7,375	6,318
Profit for the year retained	26,743	111,027

CONSOLIDATED BALANCE SHEET

at 31st December, 2000

	2000 HK\$ Million	1999 HK\$ Million
ASSETS		
Non-current assets		
Fixed assets	85,438	83,687
Other non-current assets	80,039	-
Associated companies	39,291	26,832
Interests in joint ventures	39,533	34,966
Managed funds and other investments	135,091	176,167
Total non-current assets	379,392	321,652
Current assets	62,163	53,969
Current liabilities	50,315	38,771
Net current assets	11,848	15,198
Total assets less current liabilities	391,240	336,850
Non-current liabilities		
Long term liabilities	107,004	80,662
Deferred taxation	100	139
Total non-current liabilities	107,104	80,801
Minority interests	35,989	10,099
Net assets	248,147	245,950
CAPITAL AND RESERVES		
Share capital	1,066	969
Reserves	247,081	244,981
Shareholders' funds	248,147	245,950

Corporate Information

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 *Executive Director*

IP Tak Chuen, Edmond *Executive Director*

PAU Yee Wan, Ezra *Executive Director*

WOO Chia Ching, Grace *Executive Director*

CHIU Kwok Hung, Justin *Executive Director*

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*

COMPANY SECRETARY

Eirene YEUNG

AUDITORS

Deloitte Touche Tohmatsu

BANKERS

The Hongkong and Shanghai Banking Corporation
Limited

Bank of China

Canadian Imperial Bank of Commerce

BNP Paribas

J. P. Morgan Chase & Co.

Bank of America

The Bank of Tokyo - Mitsubishi, Limited

Sumitomo Mitsui Banking Corporation

Citibank, N.A.

SOLICITORS

Woo, Kwan, Lee & Lo

REGISTERED OFFICE

7th Floor, Cheung Kong Center,
2 Queen's Road Central, Hong Kong

SHARE REGISTRARS AND TRANSFER OFFICE

Central Registration Hong Kong Limited
Rooms 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Hong Kong

INTERNET ADDRESS

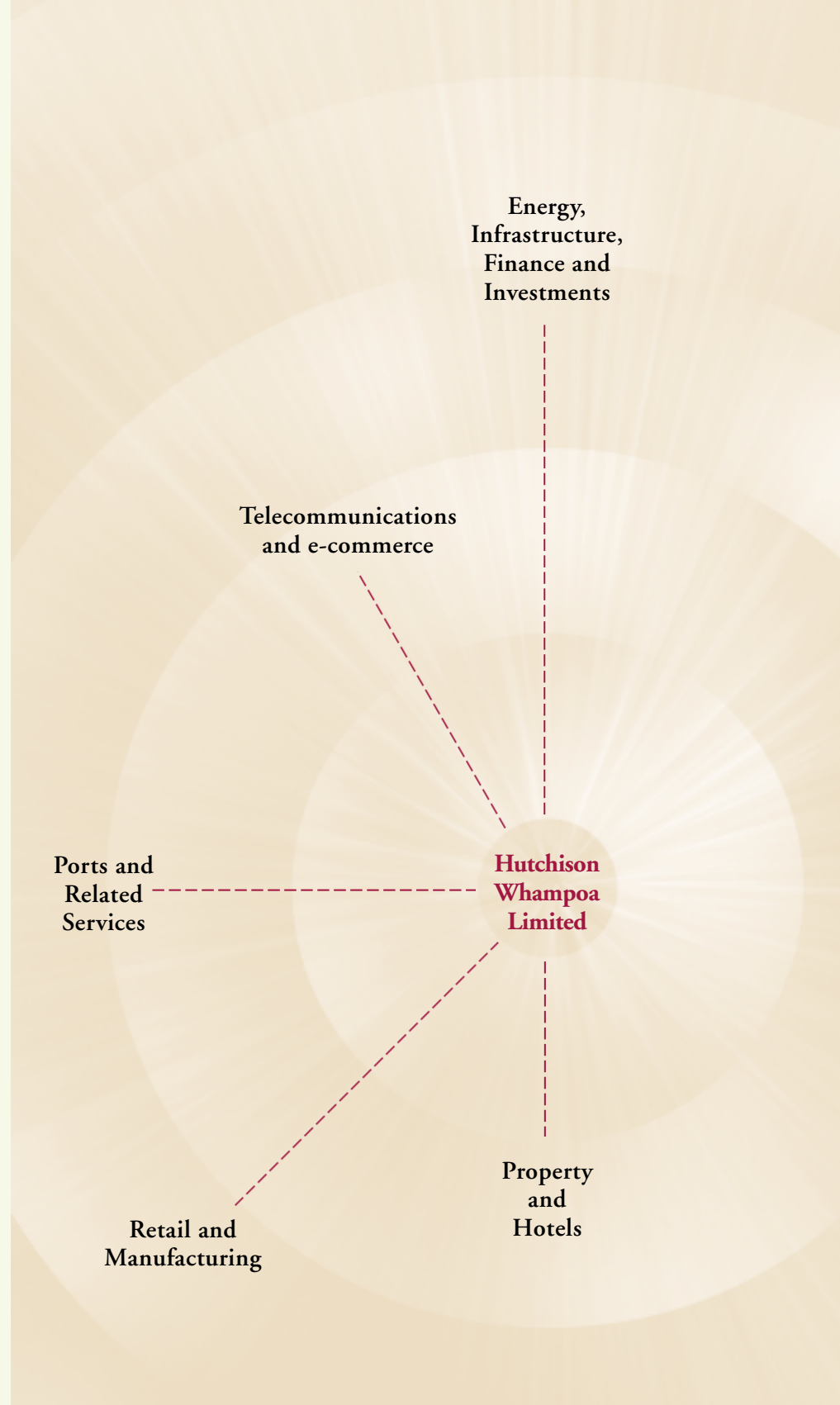
<http://www.ckh.com.hk>



Hutchison Whampoa Limited



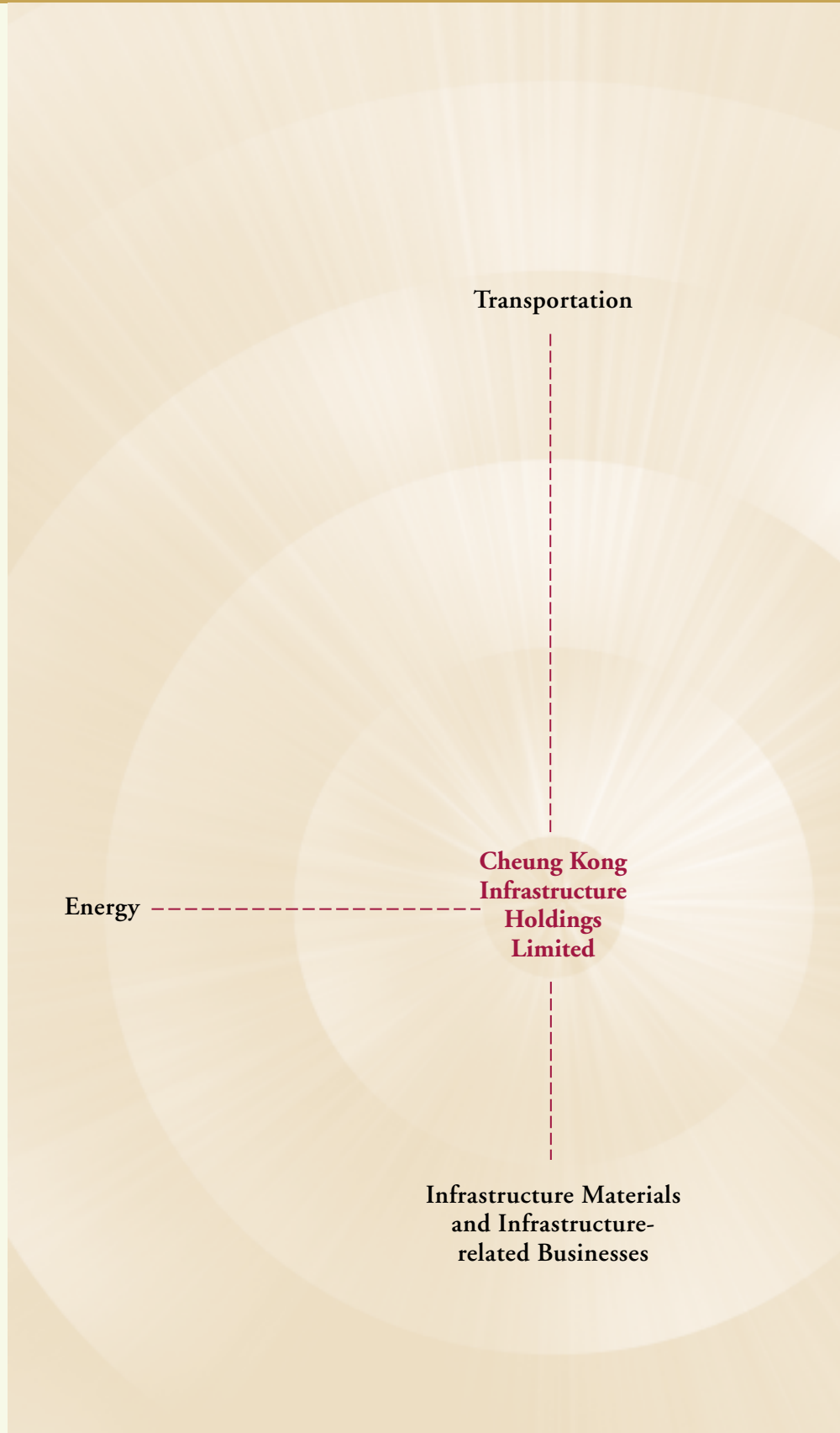
Hutchison Whampoa is a diversified, multinational conglomerate based in Hong Kong with a geographic spread of investments now reaching 28 countries. In recent years Hutchison Whampoa has successfully expanded its core businesses overseas and created and realised value from its international operations. On the back of a large pool of liquid assets, a solid long term debt capital structure, ready access to capital markets and strong recurring cash flows, Hutchison Whampoa is well positioned to cautiously expand its core businesses when opportunities arise and to further enhance shareholders' value.



The five geographically diversified core businesses of Hutchison Whampoa have all performed well providing a solid base of quality earnings.



CKI is a global leader in diversified infrastructure businesses in terms of market presence, operating and financial performance and growth capacity. Following its strategy of “Globalisation” and “Diversification”, CKI has successfully extended its footprint from the Mainland and Hong Kong to Australia and Canada, and from its traditional core businesses to various infrastructure-related arenas. Building on its solid foundation and sound financial base, CKI will continue to seize upon every opportunity to consolidate its position as a leading multinational infrastructure company.



CKI's investment portfolio has been extended from traditional infrastructure businesses to electronic infrastructure and environmental industries.

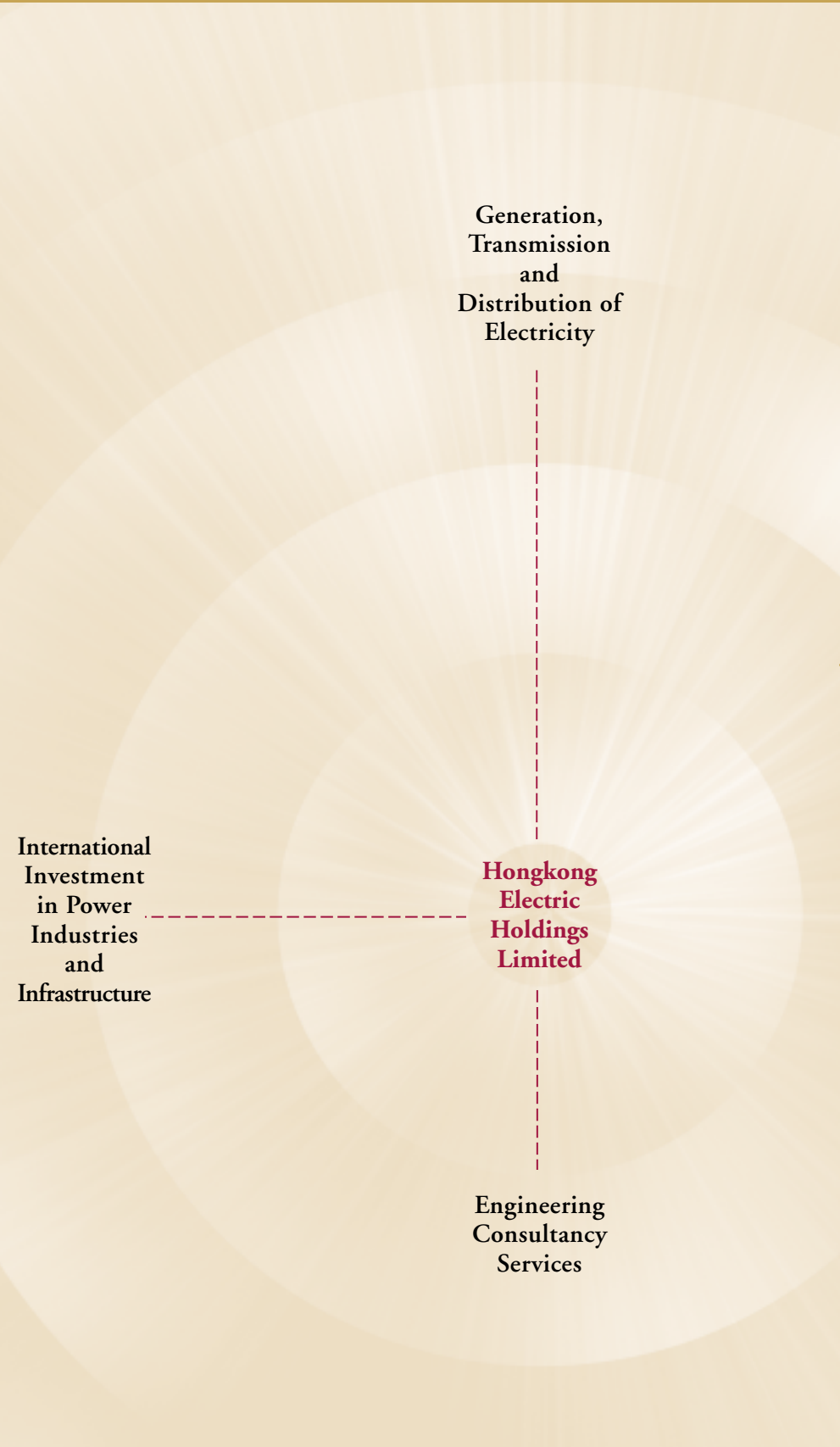




Hongkong Electric Holdings Limited



Hongkong Electric is a key participant in the continuing growth and prosperity of Hong Kong by providing a reliable and cost-effective electricity supply to meet the current and future power requirements of this cosmopolitan city. Its continued investment in people, systems and equipment enables it to maintain a high level of reliability, efficiency and service quality. These advantages will underpin Hongkong Electric's continuing expansion into the overseas markets that promise quality revenue growth in the future.



Hongkong Electric ensures that Hong Kong's status as a major financial and service centre is fully supported by a reliable power system.



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of the Company will be held at the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hunghom, Kowloon, Hong Kong on Thursday, 24th May, 2001 at 2:20 p.m. for the following purposes:

1. To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31st December, 2000.
2. To declare a final dividend.
3. To elect Directors.
4. To appoint Auditors and authorise the Directors to fix their remuneration.
5. To consider and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

- (i) “THAT the authorised share capital of the Company be increased from HK\$1,400,000,000 to HK\$1,900,000,000 by the creation of 1,000,000,000 shares of HK\$0.50 each, such new shares rank pari passu in all respects with the existing issued shares in the capital of the Company.”
- (ii) “THAT a general mandate be and is hereby unconditionally given to the Directors to issue and dispose of additional shares not exceeding twenty per cent of the existing issued share capital of the Company at the date of the Resolution until the next Annual General Meeting.”
- (iii) “THAT:–
 - (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.50 each in the capital of the Company in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
 - (b) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed ten per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of this Resolution, and the said approval shall be limited accordingly; and
 - (c) for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:–
 - (1) the conclusion of the next Annual General Meeting of the Company;

- (2) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; and
- (3) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”
- (iv) “THAT the general mandate granted to the Directors to issue and dispose of additional shares pursuant to Ordinary Resolution (ii) set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution (iii) set out in the notice convening this meeting, provided that such amount shall not exceed ten per cent of the aggregate nominal amount of the issued share capital of the Company at the date of the said Resolution.”

By Order of the Board

Eirene Yeung

Company Secretary

Hong Kong, 22nd March, 2001

Notes:

1. Any Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll, vote in his stead. A proxy need not be a Member of the Company.
2. The Register of Members will be closed from Thursday, 17th May, 2001 to Thursday, 24th May, 2001, 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, Central Registration Hong Kong Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Wednesday, 16th May, 2001.
3. Concerning item 5(i) above, the increase in authorised share capital is being proposed so that the mandate proposed to be given pursuant to item 5(ii) above can if approved be capable of being exercised in full.
4. Concerning item 5(ii) above, the Directors wish to state that they have no immediate plans to issue any new shares of the Company. Approval is being sought from the Members as a general mandate for the purposes of Section 57B of the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”).
5. Concerning item 5(iii) above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase shares of the Company in circumstances which they deem appropriate for the benefits of the shareholders. The Explanatory Statement containing the information necessary to enable the shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own shares, as required by the Listing Rules, will be set out in a separate letter from the Company to be enclosed with the 2000 Annual Report.

To Excel and Prosper with Hong Kong

Our commitment to improving the quality of life for the Hong Kong people is built in every aspect of their interaction with the Cheung Kong Group.



Hong Kong has witnessed the continuing growth and success of the Cheung Kong Group over the years, and has provided a solid home base from which the Cheung Kong Group strives to expand and prosper globally. In the years to come, the Cheung Kong Group will continue to be based in Hong Kong, and to excel and grow with this dynamic city.

CHEUNG KONG (HOLDINGS) LIMITED

7th Floor, Cheung Kong Center,
2 Queen's Road Central, Hong Kong
Tel: 2128 8888 Fax: 2845 2940