

1998 will be a very difficult and challenging year. However, we are confident that we can meet those challenges brought on by continued low growth, volatile interest rates and tight money. It has been our traditional policy to be cautious when seizing opportunities for development. Despite the present economic slowdown, the Cheung Kong Group has continued to position itself to take growth opportunities following a more prudent approach. We will actively pursue various investments to develop our diversified businesses.

## GROUP STRUCTURE

(As at the end of March 1998)



**Profit and Loss Account**

(HK\$ million)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
<b>Turnover</b>	2,258	5,044	4,413	9,990	10,278	10,693	14,841	12,309	13,202	7,857
<b>Profit before</b>										
<b>extraordinary items</b>	2,090	2,775	3,251	4,886	6,266	9,781	10,113	11,125	13,765	17,602
<b>Extraordinary items</b>	567	1,238	349	403	(48)	-	-	-	-	-
<b>Profit attributable</b>										
<b>to shareholders</b>	2,657	4,013	3,600	5,289	6,218	9,781	10,113	11,125	13,765	17,602
<b>Dividends</b>	637	835	1,055	1,494	1,758	2,198	2,417	2,727	3,170	3,722
<b>Profit for the year</b>										
<b>retained</b>	2,020	3,178	2,545	3,795	4,460	7,583	7,696	8,398	10,595	13,880

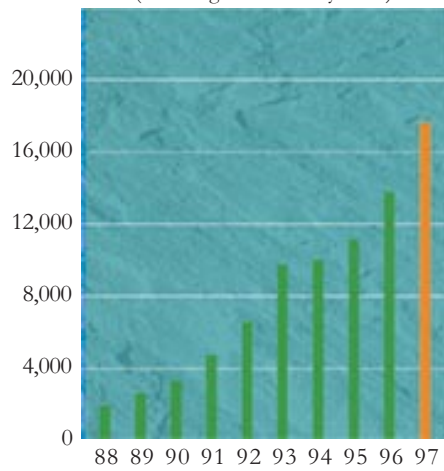
**Balance Sheet**

(HK\$ million)

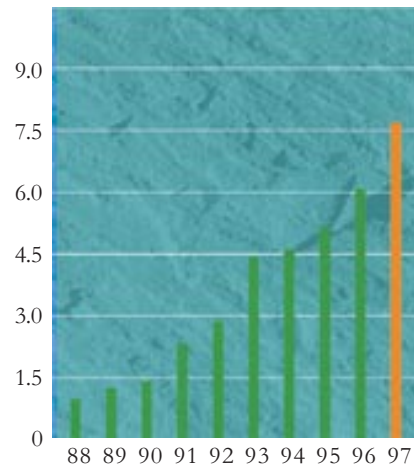
	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
<b>Fixed assets</b>	1,413	1,778	1,751	1,944	2,021	2,733	3,763	4,574	4,857	3,294
<b>Investments</b>	11,413	14,243	15,233	17,102	23,835	33,963	47,164	48,000	60,010	75,339
<b>Net current assets</b>	1,618	2,683	5,234	6,395	4,297	6,952	11,815	10,577	20,566	19,937
	14,444	18,704	22,218	25,441	30,153	43,648	62,742	63,151	85,433	98,570
<b>Deduct:</b>										
<b>Long term loans</b>	1,166	2,000	3,010	1,628	1,241	7,216	16,829	8,545	12,016	13,642
<b>Deferred items</b>	191	158	126	936	893	26	12	47	14	17
<b>Minority interests</b>	160	214	177	129	684	989	2,648	2,560	4,840	2,135
<b>Total net assets</b>	12,927	16,332	18,905	22,748	27,335	35,417	43,253	51,999	68,563	82,776
<b>Representing:</b>										
<b>Share capital</b>	1,099	1,099	1,099	1,099	1,099	1,099	1,099	1,099	1,149	1,149
<b>Share premium</b>	2,752	2,752	2,752	2,752	2,752	2,752	2,752	2,752	7,856	7,856
<b>Reserves and</b>										
<b>retained profits</b>	9,076	12,481	15,054	18,897	23,484	31,566	39,402	48,148	59,558	73,771
<b>Total shareholders' funds</b>	12,927	16,332	18,905	22,748	27,335	35,417	43,253	51,999	68,563	82,776
<b>Earnings per share (HK\$)</b>	0.95	1.26	1.48	2.22	2.85	4.45	4.60	5.06	6.02	7.66
<b>Dividend per share (HK\$)</b>	0.29	0.38	0.48	0.68	0.80	1.00	1.10	1.20	1.38	1.62
<b>Net asset value per share (HK\$)</b>	5.88	7.43	8.60	10.35	12.44	16.12	19.68	23.66	29.84	36.03



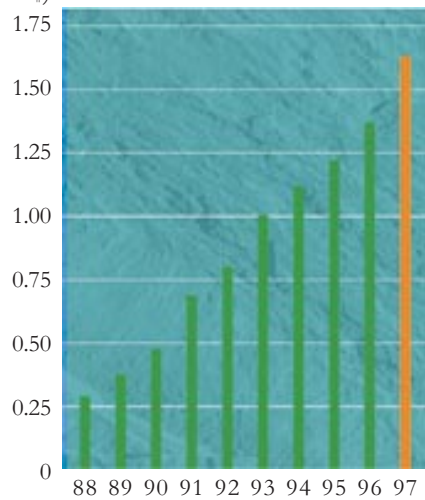
(HK\$ million) **GROUP PROFIT** after tax  
(excluding extraordinary items)



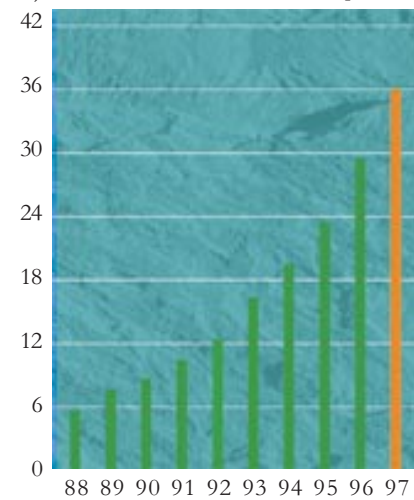
(HK\$) **EARNINGS** per share

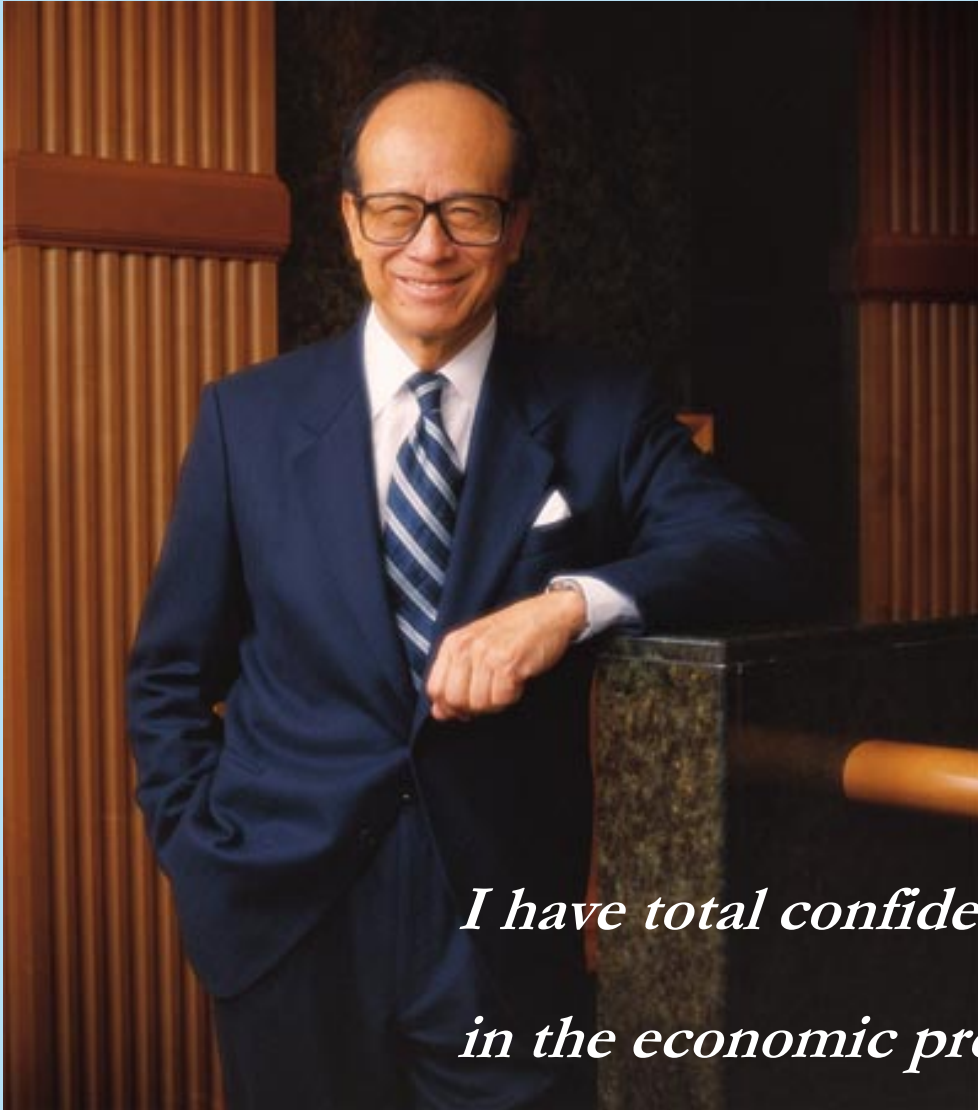


(HK\$) **DIVIDEND** per share



(HK\$) **NET ASSET VALUE** per share





*I have total confidence  
in the economic prospects  
of the Mainland and  
Hong Kong.*



## PROFIT FOR THE YEAR

The Group's audited consolidated net profit after tax for the year ended 31st December, 1997 was HK\$17,602 million, 28% higher than the 1996 profit of HK\$13,765 million and represents earnings per share of HK\$7.66 (1996 - HK\$6.02).

## DIVIDEND

The Directors have decided to recommend the payment of a final dividend of HK\$1.23 per share in respect of 1997, to shareholders whose names appear on the Register of Members of the Company on 28th May, 1998. This together with the interim dividend of HK\$0.39 per share gives a total of HK\$1.62 per share for the year which represents an increase of 17.4% over the HK\$1.38 per share paid in respect of 1996. The proposed dividend will be paid on 29th May, 1998 following approval at the Annual General Meeting.

## OPERATIONS REVIEW

The following are some of the more important events that took place, further to those recorded in my Interim Report of 28th August, 1997:

### 1. BUILDINGS COMPLETED:

<i>Name</i>	<i>Location</i>	<i>Total Gross Floor Area</i>	<i>Group's Interest</i>
		<i>(sq. m.)</i>	
Maywood Court	Tin Shui Wai Town	136,400	48.25%*
Kingswood Villas (Blocks 1-8)	Lot No. 6		

\* Please refer to the terms of an agreement and supplemental agreements mentioned in the Chairman's Statements for 1988, 1991 and 1994.

The Group's audited consolidated net profit after tax for the year ended 31st December, 1997 was HK\$17,602 million, 28% higher than the 1996 profit of HK\$13,765 million.



**2. DEVELOPMENTS IN PROGRESS AND SCHEDULED FOR COMPLETION IN 1998 :**

<i>Name</i>	<i>Location</i>	<i>Total Gross Floor Area</i>	<i>Group's Interest</i>
		<i>(sq. m.)</i>	
The GreenWood Laguna Verde (Blocks 1-5)	Kowloon Inland Lot No. 11056	55,320	Joint Venture
Villa Esplanada Phase I	Tsing Yi Town Lot No. 129	68,130	22.5%
The Center	Inland Lot No. 8827	130,000	Joint Venture
DeerHill Bay	Tai Po Town Lot No. 135	60,000	Joint Venture
Vista Paradiso Phase I	Sha Tin Town Lot No. 338	86,630	50%
The Paramount	Tai Po Town Lot No. 97	12,230	35%
Kingswood Plaza	Tin Shui Wai Town Lot No. 4	107,800	48.25%*
Industrial/Office Building	Kwun Tong Inland Lot No. 729	21,900	Joint Venture
Tierra Verde Phase I	Tsing Yi Town Lot No. 132	107,300	Joint Venture
Industrial/Office Building	New Kowloon Inland Lot No. 6224	16,650	Joint Venture
The Portofino	Lot No. 849 in D.D. 225 Clear Water Bay	20,470	100%

\* Please refer to the terms of an agreement and supplemental agreements mentioned in the Chairman's Statements for 1988, 1991 and 1994.



### 3. NEW ACQUISITIONS AND JOINT DEVELOPMENT AND OTHER MAJOR EVENTS:

- (1) In July 1997, the Group entered into a joint venture agreement with the owner for redevelopment of the property at Inland Lot No. 7106 s.A and the Extension thereto. Planned for non-industrial purposes (subject to relevant approvals), the property has a site area of approximately 6,800 sq. m.
- (2) In January 1998, a subsidiary of the Group entered into a joint venture agreement with the owner to redevelop the property at Nos. 29-51, Wo Yi Hop Road, Kwai Chung, New Territories for non-industrial purposes (subject to relevant approvals). The site area is approximately 7,870 sq. m.
- (3) In February 1998, the Group acquired certain commercial units (totalling approximately 11,470 sq. m.) and 67 car parking spaces in East Asia Gardens, Nos. 36-60 Texaco Road, Tsuen Wan to be held for long-term investment at a satisfactory return.
- (4) In March 1998, a subsidiary of the Group was awarded the tender for Sha Tin Town Lot No. 461 at Ma On Shan for the construction of a hotel. The site is of approximately 8,000 sq. m. and the total developable gross floor area is about 56,000 sq. m.
- (5) In March 1998, an associated company of the Group was awarded the tender for Kowloon Inland Lot No. 11086 at Canton Road for commercial/residential development. The site area is approximately 10,480 sq. m. Total developable gross floor area is about 94,300 sq. m.

In the existing market conditions, the Group will prudently acquire prime sites with good potential for value growth to support our future development.

### 4. MAJOR ASSOCIATED COMPANY:

The associated Hutchison Whampoa Group recorded profits after tax and after exceptional provisions of HK\$12,266 million (1996 - HK\$12,020 million).



## PROSPECTS

During the first half of 1997, the overall economic climate in Hong Kong was positive. However, the property market and buoyant economic growth experienced rapid downturn when the unforeseen financial turmoil swept across the region. Consumer spending sentiment was reduced and many sectors were adversely affected.

Backed by a prudent funding policy and sufficient stand-by credit, the Group will continue to make selective investments in the prevailing tight money market.

The current property market remains sluggish. We believe that property prices will now stabilise given the underlying strong demand for residential property and following the recent downward adjustments in housing prices.

The financial turmoil has not had a significant impact on the Group. It is our solid foundation, diversified income sources and balanced development portfolio, together with a low debt ratio level that have provided the cushion against the repercussions of the financial instability. Backed by a prudent funding policy and sufficient stand-by credit, the Group will continue to make selective investments in the prevailing tight money market.

In the existing market conditions, the Group will prudently acquire prime sites with good potential for value growth to support our future development.

DeerHill Bay and Vista Paradiso Phase II, released in the last quarter of 1997, were well received and registered satisfactory results amid the economic downturn and keen competition. The substantial income generated by the Group's property sales in the first-half year is expected to be recognised in 1998. Several residential projects of the Group, including Laguna Verde Phase II, Tierra Verde and The Paramount, are planned for sale in 1998.

Our Group's investments in the Mainland are now progressing well. Coinciding with the steady revenue growth of hotels and rental properties, other projects are set to generate returns progressively in the next year or two which will further strengthen our quality stream of recurrent earnings.





The profit contribution from the associated Hutchison Whampoa Group has been a high quality source of our recurrent income. The core businesses of the Hutchison Whampoa Group are well established, diversified and international. Other than its local property business, the economic downturn of Hong Kong has had limited impact on the Hutchison Whampoa Group. Its various overseas investments are making good progress; and some of these will mature and are expected to progressively bring in very satisfactory returns after the next year or two. The enjoyable experience of these overseas businesses has brought to the Group more opportunities for the further expansion of its core businesses and greater potential for development.

1998 will be a very difficult and challenging year. In the wake of the regional financial crisis, Hong Kong is expected to witness continued low growth, volatile interest rates and tight money during the short term. The “one country, two systems” principle implemented since the reunification offers Hong Kong a unique advantage for future development. As the southern gateway to the Mainland, Hong Kong has benefited in terms of its economy and foreign trade. I have total confidence in the economic prospects of the Mainland and Hong Kong. It has been our traditional policy to be cautious when seizing opportunities for development. Despite the present economic slowdown, the Group has continued to position itself to take growth opportunities following a more prudent approach. We will actively pursue investments both in Hong Kong and the Mainland to develop our diversified businesses and contribute to the development of the local economy.

I take this opportunity to extend my thanks to my 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

Hong Kong, 26th March, 1998

We will actively pursue investments both in Hong Kong and the Mainland to develop our diversified businesses and contribute to the development of the local economy.





**Li Ka-shing**, CBE, JP, aged 69, is the founder of the Company. He has been the Chairman and Managing Director since 1971 and has been engaged in many major commercial developments in Hong Kong for more than 40 years. Mr. Li has also been the Chairman of Hutchison Whampoa Limited since 1981. 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 Shantou, Guangzhou, Shenzhen, Nanhai, Foshan, Jiangmen and Chaozhou respectively. Mr. Li is a keen supporter of community service organisations, 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, and University of Calgary in Canada. Mr. Li Ka-shing is the father of Deputy Chairman, Mr. Li Tzar Kuoi, Victor.

**Li Tzar Kuoi, Victor**, aged 33, has been Deputy Managing Director since 1993 and Deputy Chairman since 1994. He is also the Chairman of Cheung Kong Infrastructure Holdings Limited, an Executive Director of Hutchison Whampoa Limited and a Director of Hongkong Electric Holdings Limited and 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**, aged 62, 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 51, has been Deputy Managing Director since 1993. He is also the Group Managing Director of Cheung Kong Infrastructure Holdings Limited, an Executive Director of Hutchison Whampoa Limited and a Director of Hongkong Electric Holdings Limited. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration.

**Hung Siu-lin, Katherine**, aged 50, joined the Cheung Kong Group in 1972 and has been an Executive Director since 1985.

**Chung Sun Keung, Davy**, aged 46, has been an Executive Director since 1993. He is a Registered Architect.

**Ip Tak Chuen, Edmond**, aged 45, has been an Executive Director since 1993. He is also an Executive Director of Cheung Kong Infrastructure Holdings Limited. He holds a Master of Science degree in Business Administration and a Bachelor of Arts degree in Economics.

**Pau Yee Wan, Ezra**, aged 42, joined the Cheung Kong Group in 1982 and has been an Executive Director since 1993.



**Woo Chia Ching, Grace**, aged 41, 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.

**Leung Siu Hon**, aged 66, has been a Director since 1984. He holds a B.A. Law (Honours) (Southampton) degree and is a solicitor of the High Court of 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 46, has been a Director since 1985. He is also the Group Managing Director of Hutchison Whampoa Limited, the Chairman of Orange plc, Deputy Chairman of Cheung Kong Infrastructure Holdings Limited and the Deputy Chairman of Hongkong Electric Holdings Limited. He holds a Bachelor of Arts degree and is a member of the Australian Institute of Chartered Accountants.

**Frank John Sixt**, aged 46, has been a Director since 1991. He is also the Group Finance Director of Hutchison Whampoa Limited, an Executive Director of Cheung Kong Infrastructure Holdings Limited and a Director of Hongkong Electric Holdings Limited. He 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 Nin Mow, Albert**, aged 48, has been a Director since 1983. He is also a Director of Hing Kong Holdings Limited.

**Yeh Yuan Chang, Anthony**, aged 74, 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 Kun Chee, Roland**, aged 60, has been a Director since 1993. He is a solicitor of the High Court of Hong Kong Special Administrative Region and a consultant of Messrs. P.C. Woo & Co., 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.

**Simon Murray**, aged 58, has been a Director since 1993. He has until recently been the Executive Chairman Asia Pacific of Deutsche Bank Group and is currently the Chairman of General Enterprise Management Services (HK) Limited, a private equity fund management company sponsored by Simon Murray And Associates and Deutsche Bank. 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 71, 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 a Director of Amara International Investment Corporation.



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, 1997.

## 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 and investment in securities.

The Group's turnover by activities and their respective contribution to Group profit for the year are as follows:

	Turnover		Contribution	
	1997 HK\$Million	1996 HK\$Million	1997 HK\$Million	1996 HK\$Million
Sale of properties				
Group	79	1,085	16	502
Associated companies*	6,117	8,402	3,142	4,927
Infrastructure and related businesses	513	3,041	176	1,036
Real estate agency and management	856	474	189	229
Property rental	292	200	209	128
Investment and finance	-	-	1,631	1,545
Others	-	-	3	30
	<u>7,857</u>	<u>13,202</u>	<u>5,366</u>	<u>8,397</u>
Interest expenses			(619)	(273)
Share of results of associated companies				
Listed			6,537	5,933
Unlisted, excluding results from sale of properties			19	163
Profit on disposal of subsidiaries			7,728	-
Profit on spin-off of subsidiaries			-	1,514
Group profit before taxation			<u>19,031</u>	<u>15,734</u>

\* The Group's proportionate share of turnover and contribution from sale of properties through unlisted associated companies which are property joint ventures.

The turnover and contribution to Group profit from the Group's overseas activities are not material.



## **RESULTS AND DIVIDENDS**

Results of the Group for the year ended 31st December, 1997 are set out in the consolidated profit and loss account on page 36.

The Directors recommend the payment of a final dividend of HK\$1.23 per share which, together with the interim dividend of HK\$0.39 per share paid on 22nd October, 1997, makes a total dividend of HK\$1.62 per share for the year.

## **FIXED ASSETS**

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

## **RESERVES**

Movements in reserves during the year are set out in note (17) 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 68. The Directors' biographical information is set out on pages 12 and 13.

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. Kam Hing Lam, Mr. Chung Sun Keung, Davy, Mr. Ip Tak Chuen, Edmond, Mr. Fok Kin-ning, Canning, 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, 1997, the interests of the Directors in the shares 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	-	-	13,033,000	771,705,406 (Note 1)	784,738,406
Li Tzar Kuoi, Victor	220,000	100,000	-	771,705,406 (Note 1)	772,025,406
George Colin Magnus	6,000	10,000	-	-	16,000
Kam Hing Lam	10,000	-	-	-	10,000
Hung Siu-lin, Katherine	20,000	-	-	-	20,000
Leung Siu Hon	578,100	64,500	-	-	642,600
Yeh Yuan Chang, Anthony	-	384,000	-	-	384,000
Chow Kun Chee, Roland	65,600	-	-	-	65,600
Simon Murray	-	-	-	214,000 (Note 3)	214,000

### (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	-	-	-	1,942,547,978 (Note 2)	1,942,547,978
Li Tzar Kuoi, Victor	-	-	610,000	1,942,547,978 (Note 2)	1,943,157,978
George Colin Magnus	1,000,000	9,000	-	-	1,009,000
Leung Siu Hon	10,000	26,000	-	-	36,000
Fok Kin-ning, Canning	175,000	-	-	-	175,000
Chow Nin Mow, Albert	89	-	-	-	89
Chow Kun Chee, Roland	45,392	-	-	-	45,392
Simon Murray	-	-	-	340,000 (Note 3)	340,000



## 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 4)	1,912,109,945
Li Tzar Kuoi, Victor	-	-	-	1,912,109,945 (Note 4)	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 1 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 1 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 companies 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
Queboton Limited	1,000

In addition, Mr. Li Ka-shing is deemed to be interested in 7,500 shares of Wing Shaw Limited, an associated company of the Company, by virtue of his interest in part of such interests through his private company and his deemed interest in the remainder of such interests through those discretionary trusts and unit trust referred to in Note 2(b).



## Notes:

1. 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 daughter, 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.

2. The two references to 1,942,547,978 shares in Hutchison Whampoa Limited (“HWL”) relate to the same block of shares comprising:
  - (a) 1,934,547,978 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 1 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 daughter, and Mr. Li Tzar Kai, Richard; and
  - (b) 8,000,000 shares held by a company controlled 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 daughter, 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 8,000,000 shares in HWL under the SDI Ordinance.

3. Such interests in the shares are held by family trust fund under which Mr. Simon Murray is a discretionary beneficiary.
4. 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 1 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 1 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 1 above.

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

Apart from the above, as at 31st December, 1997 there is no other interest or right recorded in the register required to be kept under Section 29 of the SDI Ordinance.

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.

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.

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

Pursuant to a Senior Executive Share Option Scheme of HWL, Mr. Fok Kin-ning, Canning who is also a Director of HWL, holds options to purchase ordinary shares in HWL.

## **SUBSTANTIAL SHAREHOLDERS**

As at 31st December, 1997, 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 1 above.



## CONNECTED TRANSACTIONS

CKI together with its subsidiaries and associated companies (“CKI Group”) has from time to time conducted transactions with persons who are “connected persons” for the purposes of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The following transactions which are normally subject to the disclosure and/or shareholders’ approval requirements under Chapter 14 of the Listing Rules occurring during the financial year ended 31st December, 1997 occurred between the CKI Group and the Group for the period from 1st January, 1997 to 10th March, 1997 when CKI was a connected person of the Company before the restructuring (the “Restructuring”) of CKI approved by the shareholders at the Special General Meeting of CKI held on 3rd March, 1997 and completed on 10th March, 1997:

- (i) Pursuant to the terms of the restructuring agreement dated 1st July, 1996 (the “Restructuring Agreement”) entered into, among others, the Company, HWL, Pennywise, Triumphant and CKI, it was agreed, inter alia, that in the event that within two years from the date on which the shares of CKI (“CKI Shares”) were listed, in respect of the PRC joint venture involved in the Zhuhai Power Plant, the investment verification certificate certifying that the registered capital has been paid up as required by law and a business licence with valid effect for the whole of the joint venture period have not been obtained, then CKI shall be entitled to require the Company and HWL (in a 50 to 50 proportion), within six months thereafter, to purchase from CKI all of its direct and indirect interests in such PRC joint venture for a consideration equivalent to the aggregate of (aa) the consideration in cash equal to the value of such interests based on the valuation of such projects referred to in the business valuation contained in appendix IV to the prospectus of CKI dated 4th July, 1996 (the “Prospectus”) at a discount to the same extent of the discount to the adjusted net asset value of the CKI Group represented by the price of the CKI Shares under the placing and new issue (the “Share Offer”) of shares by CKI pursuant to the Prospectus in respect of the restructuring and (bb) the amount contributed by the CKI Group to such project. Under this arrangement, CKI has the option to require the Company and HWL to buy back any interests in the PRC joint venture relating to the Zhuhai Power Plant in respect of which approvals or other legal documents cannot be obtained by a certain date. Any decision by CKI to exercise or not to exercise such option will only be made by the independent non-executive directors of CKI and with advice from an independent financial adviser and a circular containing such decision and advice will be sent to shareholders of CKI.

However, the waiver granted for the buy back option in respect of the interests of CKI in the PRC joint venture involved in the Zhuhai Power Plant referred to above is no longer in effect for such buy back option has lapsed for the reason that the investment verification certificate certifying that the registered capital has been paid up as required by law and a business licence with valid effect for the whole of the joint venture period has been obtained.



(ii) Two term loan facility agreements were entered into in relation to Nanhai Power Plant I project in April 1995, one in respect of US\$40,000,000 (approximately HK\$309 million) and the other in respect of US\$90,000,000 (approximately HK\$696 million), and the borrower under such loans is the PRC joint venture company undertaking the Nanhai Power Plant I. A shareholder support agreement (the “Shareholder Support Agreement”) was entered into between the Company, HWL and Pennywise as obligors (the “Obligors”) and CEF (Capital Markets) Limited as agent for the lenders whereby each Obligor has undertaken, inter alia:

- (a) to procure Cheung Kong Hutchison Nanqiao Power Company Limited (the “Nanhai Foreign Party”), the foreign party to the PRC joint venture, to comply with its obligations under a construction and completion undertaking; and
- (b) to provide funds or assistance that the Nanhai Foreign Party may require in order to comply with its obligation under such undertaking in the following percentages:

The Company	68%
HWL	23%
Pennywise	9%

and the maximum aggregate liability of the Obligors in respect of all claims for breaches of the provisions of the Shareholder Support Agreement shall not exceed the obligations of the borrower under the US\$40,000,000 facility and the liability of each Obligor shall be several and limited to the percentage set out against its name above.

The lenders in question have required the Shareholder Support Agreement to remain in place following the Restructuring. Pursuant to a deed of counter-indemnity given by CKI in favour of the Company, HWL and Pennywise, CKI agreed with each of the Company, HWL and Pennywise to meet all future funding obligations of each of them which may be required under the Shareholder Support Agreement and to counter-indemnify each of the Company, HWL and Pennywise in respect of any sum provided by each of them and generally in respect of each of their liabilities and obligations under the Shareholder Support Agreement.

(iii) A sponsors/shareholders’ undertaking has been provided by each of the Company and HWL in relation to a loan facility in relation to the Zhuhai Power Plant. Pursuant to the sponsors/shareholders’ undertaking, each of the Company and HWL shall be severally liable for 50% of certain obligations of the foreign party (the “Zhuhai Foreign Party”) to the PRC joint venture undertaking the Zhuhai Power Plant. The Zhuhai Foreign Party, which is an indirect wholly-owned subsidiary of CKI, has a 45% interest in the PRC joint venture. Pursuant to the deed of counter-indemnity referred to in paragraph (ii) above, CKI has agreed with each of the Company and HWL to meet all future funding obligations of each of them which may be required under such sponsors/shareholders’ undertaking and to counter-indemnify each of the Company and HWL in respect of any sum provided by each of them and generally in respect of each of their liabilities and obligations under such sponsors/shareholders’ undertaking.



- (iv) The CKI Group had entered into a loan facility of HK\$2.4 billion for the repayment of shareholders' loans and for general working capital purposes. The banks in questions have required such loan facility to be guaranteed by the Company. Pursuant to the deed of counter-indemnity referred to in paragraph (ii) above, CKI has agreed to indemnify the Company for any liability arising under such guarantee.

The loan facility was fully repaid on 29th September, 1997 and the guarantee provided by the Company was released by the banks forthwith.

- (v) Each of the Company, HWL, Pennywise and Triumphant has given representations and warranties to CKI under the Restructuring Agreement in relation to ownership of certain shares and in relation to the companies in the CKI Group, and undertakings to indemnify CKI against liabilities incurred as a result of breach of warranties given by each of them subject to certain limitations and matters disclosed in respect of the Restructuring Agreement.
- (vi) The Company, HWL, Pennywise and Triumphant had, pursuant to a deed of indemnity, agreed to indemnify CKI pro rata in the proportions of 94.22%, 5.24%, 0.36% and 0.18%, respectively, in respect of Hong Kong estate duty which might be payable by any member of the CKI Group by reason of any transfer of property (within the meaning of Section 35 of the Estate Duty Ordinance, Chapter 111 of the Laws of Hong Kong) to any member of the CKI Group on or before the date on which the Share Offer becomes unconditional.

In the opinion of the Directors of the Company, the transactions referred to above are in the ordinary and usual course of business of the Company, on normal commercial terms or on terms no less favourable than terms available to (or from) independent third parties, and are fair and reasonable so far as the shareholders of the Company are concerned, having regard to the circumstances in which they were entered into.

On 12th August, 1996, the Stock Exchange granted waivers (the "Waivers") from strict compliance with the disclosure and shareholders' approval requirements under Chapter 14 of the Listing Rules in respect of, inter alia, the abovementioned connected transactions (the "Relevant Transactions") on the following conditions:

1. the Relevant Transactions have been entered into or the terms of the respective agreements governing such Relevant Transactions are:
  - a) in the ordinary and usual course of business of the Company;
  - b) on normal commercial terms or on terms no less favourable than terms available to (or from) independent third parties; and
  - c) fair and reasonable so far as shareholders of the Company are concerned;



2. the consideration payable in respect of transactions (v) and (vi) will not exceed 3% of the audited book value of the consolidated net tangible assets of the Group as disclosed in the latest published audited accounts and that in the event that the relevant amount of such transactions does exceed the aforesaid limit, such transactions will be subject to the approval of independent shareholders of the Company at a general meeting of the shareholders of the Company;
3. brief details of such Relevant Transactions as set out in Rule 14.25(1)(A) to (D) of the Listing Rules shall be disclosed in the 1996 annual report and each successive annual report; and
4. the independent non-executive directors of the Company shall review annually the Relevant Transactions and confirm in the 1996 annual report and each successive annual report that the Relevant Transactions are conducted in the manner as stated in conditions 1 and 2 above or in accordance with the terms of the respective agreements governing such Relevant Transactions.

As a further condition of granting the Waivers, the Company is required to engage its auditors to provide the Company's Board of Directors with a letter (the "Auditors' Letter") in respect of the Relevant Transactions occurring during the financial year ended 31st December, 1996. Where the Relevant Transactions will extend beyond one financial year, those requirements will apply for each successive financial year. The Auditors' Letter is to be provided by the Company to the Stock Exchange.

The Auditors' Letter must state that:

- The Relevant Transactions received the approval of the Company's Board of Directors; and
- The Relevant Transactions have been entered into on normal commercial terms or in accordance with the terms of the agreement governing the Relevant Transactions, or where there is no such agreement, on terms no less favourable than terms available to (or from) independent third parties.

The Stock Exchange reserves the right to revoke or modify any waiver granted by the Waivers in the event of any change in the terms of the Relevant Transactions for which such waivers were granted (including any extension or renewal of the agreements evidencing such Relevant Transactions) or in the circumstances under which such waivers were granted. In any such case, the Company has to comply with provisions of Chapter 14 of the Listing Rules dealing with connected transactions unless it applies for and obtains a separate waiver from the Stock Exchange.

The Relevant Transactions have been reviewed by the Directors of the Company (including the independent non-executive directors). The Directors of the Company have confirmed that the Relevant Transactions have been entered into on the terms of the respective agreements governing such Relevant Transactions are (a) in the ordinary and usual course of business of the Company; (b) on normal commercial terms or on terms no less favourable than terms available to (or from) independent third parties; and (c) fair and reasonable so far as the shareholders of the Company are concerned.



The independent non-executive directors of the Company have confirmed that for the year 1997, the Relevant Transactions were conducted in the manner as stated in conditions 1 and 2 above or in accordance with the terms of the respective agreements governing such Relevant Transactions.

The auditors of the Company have also confirmed that for the year 1997, the Relevant Transactions received the approval of the Company's Board of Directors; and the Relevant Transactions have been entered into on normal commercial terms or in accordance with the terms of the agreement governing the Relevant Transactions, or where there is no such agreement, on terms no less favourable than terms available to (or from) independent third parties.

### **MAJOR CUSTOMERS AND SUPPLIERS**

During the year, 56% of the Group's purchases were attributable to the Group's five largest suppliers with the largest supplier accounting for 22% of the Group's purchases and the Group's turnover attributable to the Group's five largest customers was less than 30%. 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.

### **GROUP'S LIQUIDITY AND FINANCING**

As at 31st December, 1997, the Group's borrowings amounted to HK\$18 billion, an increase of HK\$1.3 billion from the amount outstanding at the end of the last financial year. However, with cash and marketable securities at the year end date of HK\$13.5 billion as well as available banking facilities, the Group's liquidity position remains strong. Moreover, the majority of the Group's borrowings is arranged on a medium term committed basis with the maturity profile spreading over a period of 5 years. Of the total borrowings, HK\$4.4 billion is repayable within 1 year, HK\$9 billion repayable between 1 to 3 years and HK\$4.6 billion repayable between 3 and 5 years. The Group has sufficient liquidity to satisfy its commitments and working capital requirements.

### **TREASURY POLICIES**

The Group maintains a conservative approach on foreign exchange exposure management. The Group's borrowings are invariably in HK\$ or US\$. The US\$ borrowings (being the equivalent of HK\$7.1 billion at the year end date) are principally to fund the Group's investments in the Mainland and other overseas assets including the portfolio of marketable securities.

The majority of the Group's borrowings is on a floating rate basis, being approximately 89% of the total at year end. When appropriate and at times of interest rate uncertainty or volatility, hedging instruments including swaps and forwards are used to assist in the Group's management of interest rate exposure.



## **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.

## **EMPLOYEES**

The Group, including its subsidiaries but excluding associated companies, employs approximately 3,080 employees. Employees' cost (excluding directors' emoluments) amounted to approximately HK\$908 million. 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.

## **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\$11,424,000.

## **CODE OF BEST PRACTICE**

The Company has complied with Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the accounting period covered by this annual report.

## **MILLENNIUM ISSUE**

The Group is positively addressing the financial and operating systems risks posed by the year 2000. Measures taken include problem identification and evaluation, systems and software/hardware conversion, replacement and upgrading, and software and equipment manufacturers liaison and compliance. The Group targets to resolve 90% of the identified problem areas by the end of 1998 with all problems cleared by the second quarter of 1999.

## **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, 26th March, 1998





# Schedule of Major Properties

Dated the 31st day of December, 1997

## A. Properties for/under Development

Location	Lot Number	Group's Interest	Approx. Site Area (sq. m.)
<b>Hong Kong</b>			
47-55 Wun Sha Street, Tai Hang	I.L. 8857	90.0%	666
661-665 King's Road, North Point	I.L. 8885	60.9%	3,404
Manhattan Heights, Western District	M.L. 245 Sec. E & R.P. & others	44.8%	2,962
1 Star Street, Wanchai	I.L. 2837 S.A	100.0%	1,300
<b>Kowloon &amp; New Territories</b>			
Villa Esplanada, Nga Ying Chau, Tsing Yi	T.Y.T.L. 129	22.5%	41,500
Vista Paradiso, Ma On Shan	S.T.T.L. 338	50.0%	32,400
The Paramount, Tai Po	T.P.T.L. 97	35.0%	15,300
The Portofino, Sai Kung	Lot 849 in D.D. 225	100.0%	51,125
A site at Yuen Long	Y.L.T.L. 463	7.0%	5,889
A site at Fanling	F.S.S.T.L. 126	8.0%	20,780
A site at Ma On Shan Town Centre, Shatin	S.T.T.L. 446	50.0%	25,825
77 Broadcast Drive, Kowloon Tong	N.K.I.L. 5104	50.0%	4,727
167-169 Boundary Street	N.K.I.L. 2491 Sec. A	100.0%	1,358
A site at Hung Shui Kiu	Lot 4295 in D.D. 124	50.0%	3,200
A site at Wan Hoi Street, Hung Hom	K.I.L. 11055	50.0%	7,402
A site at Yuen Long	Lot 1457 R.P. in D.D.123 Y.L.	51.3%	799,977
Various sites at Yuen Long	Various lots	100.0%	111,114
A site at Tai Po	Various lots	90.0%	98,098
Various sites at Tai Po	Various lots	100.0%	65,454
A site at North District	Various lots	100.0%	185,681
<b>The Mainland</b>			
Metropolitan Plaza, Chongqing	-	40.0%	18,717
Pacific Plaza, Phase 2, Qingdao	-	15.3%	12,691
Pudong Huamu, Site 1, Shanghai	-	50.0%	237,791
Tang Jia Bay, Zhuhai	-	35.0%	445,651
San Fang Qi Xiang, Fuzhou City	-	89.0%	23,931
Qingnian Street, Heping District, Shenyang	-	70.0%	12,000
Walton Plaza, Phase 2, Xuhui, Shanghai	-	35.0%	4,749
Walton Plaza, Phase 3, Xuhui, Shanghai	-	40.0%	24,960
Huangsha MTR Station, Guangzhou	-	45.0%	34,287
Pudong Huasi Lu, Site 2, Shanghai	-	31.0%	471,500
Xuedairenzhuang Village, Shunyi County, Beijing	-	35.0%	1,270,500
<b>Overseas</b>			
A site at Bayshore Road, Singapore	-	24.0%	39,702
Royal Gate Kensington, London, United Kingdom	-	28.0%	1,993
Graham Terrace, London, United Kingdom	-	50.0%	4,389
Albion & Bridge Wharves, London, United Kingdom	-	45.0%	16,725





Approx. Floor Area Attributable to the Group  (sq. m.)	Land Use	Stage of Completion	Estimated Date of Completion
4,800	Residential	Superstructure in progress	April, 1999
31,744	Commercial/Hotel	Superstructure in progress	May, 1999
13,349	Residential/Commercial	Foundation work	October, 1999
9,040	Residential	Demolition work	March, 2000
14,429	Residential/Commercial	Interior finishing	January, 1998
14,697	Residential	Superstructure in progress	January, 1999
17,939	Residential	Foundation work	June, 2000
43,320	Residential	Interior finishing	June, 1998
37,658	Residential	Superstructure in progress	January, 1999
4,293	Residential	Superstructure in progress	June, 1998
20,472	Residential	Superstructure in progress	December, 1998
2,061	Residential	Superstructure in progress	June, 1998
8,548	Residential/Commercial	Superstructure in progress	July, 1998
64,563	Residential	Superstructure in progress	October, 1999
10,619	Residential	Foundation work	December, 1999
4,072	Residential	Site formation work	June, 2000
2,016	Residential	Site formation work	October, 2000
31,208	Residential/Commercial	Planning	March, 2001
-	Agricultural land	Planning	-
-	Agricultural land	Planning	-
-	Agricultural land	Planning	-
-	Agricultural land	Planning	-
-	Agricultural land	Planning	-
38,219	Commercial/Hotel	Interior finishing	June, 1998
2,756	Residential	Interior finishing	June, 1998
4,133	Residential	Foundation work	December, 1999
13,204	Residential	Interior finishing	June, 1998
40,296	Residential	Foundation work	December, 2000
5,381	Residential	Site formation work	June, 1999
111,913	Residential	Planning	December, 2003
95,938	Residential/Commercial	Basement work	October, 1999
49,013	Residential/Commercial	Planning	August, 2000
56,000	Hotel	Interior finishing	April, 1999
8,311	Residential/Commercial/Hotel	Site investigation work	December, 2001
49,920	Residential/Commercial/Hotel	Site investigation work	December, 2001
78,124	Residential/Commercial	Planning	December, 2001
51,150	Residential	Planning	December, 2001
226,569	Residential	Site formation work	December, 2008
33,349	Residential	Planning	September, 2001
3,642	Residential	Superstructure in progress	August, 1998
6,086	Residential	Planning	December, 2000
10,117	Residential/Commercial	Planning	December, 2002





## Schedule of Major Properties *continued*

Dated the 31st day of December, 1997

### B. Properties for Investment and/or Own Use

Location	Lot Number	Group's Interest	Approx. Site Area (sq. m.)
<b>Hong Kong</b>			
United Centre (Portion of 1st floor)	-	100.0%	-
Shun Tak Centre (Portion of carparks)	-	54.0%	-
Sherwood Court (Portion of carparks)	-	100.0%	-
North Point Centre (Portion of carparks)	-	100.0%	-
A site at North Point	M.L. 293 R.P. & Ext.	100.0%	3,839
<b>Kowloon &amp; New Territories</b>			
Ma On Shan Plaza	-	100.0%	-
Centre de Laguna	-	100.0%	-
Jubilee Garden (Portion)	-	68.5%	-
Modern Warehouse	K.T.I.L. 62	100.0%	-
8 Tung Yuen Street	Y.T.M.L. 69	100.0%	2,108
<b>The Mainland</b>			
Chang An Tower, Beijing	-	50.0%	-
Westgate Mall, Shanghai	-	21.0%	-
Metropolitan Plaza, Chongqing	-	40.0%	-

### C. Properties in which the Group has a Development Interest

Location	Lot Number	Approx. Site Area (sq. m.)	Approx. Floor Area of the Development (sq. m.)
<b>Hong Kong</b>			
The Center, 99 Queen's Road Central	I.L. 8827	8,816	130,035
Various sites at Queen Street/Queen's Road West	I.L. 3735, 3760-3761 & Others	6,810	73,903
<b>Kowloon &amp; New Territories</b>			
Laguna Verde, Hung Hom	K.I.L. 11056	64,150	55,922
			56,034
			95,421
			29,238
			143,385
Kingswood Plaza, Tin Shui Wai	T.S.W.T.L. 4	27,900	107,825
DeerHill Bay, Tai Po	T.P.T.L. 135	182,800	60,000
25 Chong Yip Street	K.T.I.L. 729	1,889	21,910
682-684 Castle Peak Road	N.K.I.L. 6224	1,394	16,716
Tierra Verde, Tsing Yi Airport Railway Station	T.Y.T.L. 132	54,000	107,295
			141,664
KCRC Freightyard Extension, Hung Hom Bay	K.I.L. 11077	50,058	132,218
Tung Chung Station Package Three	T.C.T.L. 5	67,901	412,300

#### Notes for Schedule of Major Properties:

- Properties which are insignificant, including overseas properties, agricultural land and completed properties for sale, are not included.
- Properties owned by listed associated companies 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. Floor Area Attributable to the Group  (sq. m.)	Land Use	Lease Term
3,509	Commercial	Long Lease
-	Carpark	Long Lease
-	Carpark	Long Lease
-	Carpark	Long Lease
-	Pier/Carpark	Long Lease
29,810	Commercial	Medium Term Lease
3,995	Commercial	Medium Term Lease
2,115	Commercial	Medium Term Lease
22,296	Industrial/Office	Medium Term Lease
7,170	Godown	Medium Term Lease
1,098	Commercial	Medium Term Lease
20,554	Commercial	Medium Term Lease
35,568	Commercial	Medium Term Lease

Land Use	Stage of Completion	Estimated Date of Completion
Commercial	Superstructure in progress	June, 1998
Commercial/Hotel/Residential	Demolition work	September, 2000
Residential/Commercial	Interior finishing	March, 1998
Residential	Superstructure in progress	April, 1999
Residential	Foundation work	July, 1999
Commercial	Foundation work	October, 1999
Residential	Foundation work	May, 2000
Commercial/Hotel	Superstructure in progress	June, 1998
Residential/Commercial	Superstructure in progress	June, 1998
Industrial/Office	Superstructure in progress	October, 1998
Industrial/Office	Superstructure in progress	November, 1998
Residential	Superstructure in progress	December, 1998
Residential	Superstructure in progress	April, 1999
Commercial/Hotel	Superstructure in progress	October, 2000
Residential/Commercial	Planning	December, 2001





## Consolidated Profit and Loss Account

For the year ended 31st December, 1997

	Note	1997 \$ Million	1996 \$ Million
<b>TURNOVER</b>	(2)	<u>7,857</u>	<u>13,202</u>
Operating profit excluding exceptional items		2,545	3,197
Exceptional items	(3)	<u>5,718</u>	<u>1,514</u>
<b>OPERATING PROFIT</b>		<b>8,263</b>	4,711
Share of results of associated companies including property joint ventures		<u>10,768</u>	<u>11,023</u>
<b>PROFIT BEFORE TAXATION</b>	(4)	<b>19,031</b>	15,734
Taxation	(5)	<u>1,320</u>	<u>1,600</u>
<b>PROFIT AFTER TAXATION</b>		<b>17,711</b>	14,134
Minority interests		<u>109</u>	<u>369</u>
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	(6)	<b>17,602</b>	13,765
Dividends	(7)	<u>3,722</u>	<u>3,170</u>
<b>PROFIT FOR THE YEAR RETAINED</b>		<u><b>13,880</b></u>	<u>10,595</u>
<b>Profit for the year retained by:</b>			
Company and subsidiaries		<u>10,284</u>	<u>6,843</u>
Associated companies		<u>3,596</u>	<u>3,752</u>
<b>Earnings per share</b>	(8)	<b>\$7.66</b>	\$6.02





# Consolidated Balance Sheet

As at 31st December, 1997

	Note	1997 \$ Million	1996 \$ Million
Fixed assets	(9)	3,294	4,857
Interest in associated companies	(11)	67,521	47,955
Other investments	(12)	7,818	12,055
Net current assets	(13)	19,937	20,566
		<u>98,570</u>	<u>85,433</u>
Deduct:			
Long term loans	(14)	13,642	12,016
Deferred items	(15)	17	14
Minority interests		2,135	4,840
<b>TOTAL NET ASSETS</b>		<u><u>82,776</u></u>	<u><u>68,563</u></u>
<b>REPRESENTING:</b>			
Share capital	(16)	1,149	1,149
Share premium		7,856	7,856
Reserves	(17)	2,641	2,308
Retained profits	(18)	71,130	57,250
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u><u>82,776</u></u>	<u><u>68,563</u></u>

Directors

**Li Ka-shing**

**Ip Tak Chuen, Edmond**





## Balance Sheet

As at 31st December, 1997

	Note	1997 \$ Million	1996 \$ Million
Fixed assets	(9)	39	49
Interest in subsidiaries	(10)	19,175	17,274
Interest in associated companies	(11)	2,725	3,077
Other investments	(12)	222	287
Net current assets	(13)	330	337
		<u>22,491</u>	<u>21,024</u>
Deduct:			
Deferred items	(15)	3	4
<b>TOTAL NET ASSETS</b>		<u><u>22,488</u></u>	<u><u>21,020</u></u>
<b>REPRESENTING:</b>			
Share capital	(16)	1,149	1,149
Share premium		7,856	7,856
Reserves	(17)	999	1,000
Retained profits	(18)	12,484	11,015
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u><u>22,488</u></u>	<u><u>21,020</u></u>

Directors

**Li Ka-shing**

**Ip Tak Chuen, Edmond**





# Consolidated Cash Flow Statement

For the year ended 31st December, 1997

	Note	1997 \$ Million	1996 \$ Million
<b>Net cash inflow/(outflow) from operating activities</b>	(a)	<b>1,375</b>	(211)
<b>Returns on investments and servicing of finance</b>			
Dividends from associated companies		6,063	6,656
Income from other investments		545	436
Interest received		1,437	1,090
Interest paid		(1,289)	(949)
Dividends paid to shareholders		(3,308)	(2,826)
Dividends paid to minorities		(135)	(379)
<b>Net cash inflow from returns on investments and servicing of finance</b>		<b>3,313</b>	4,028
<b>Taxation</b>			
Profits tax paid		(299)	(525)
<b>Investing activities</b>			
Purchase of subsidiaries		-	(202)
Disposal of subsidiaries	(b)	1,469	111
Purchase of associated companies		(2,267)	(2,596)
Advance to associated companies		(6,099)	(1,887)
Purchase of other investments		(3,275)	(4,645)
Disposal/redemption of other investments		2,063	416
Repayment from/(advance to) investee companies		(64)	18
Repayment of long term loans		82	145
Purchase of fixed assets		(149)	(371)
Disposal of fixed assets		100	9
(Increase)/decrease of fixed deposits with maturity dates beyond 3 months		(1,000)	10
(Purchase)/disposal of short term securities		3,478	(3,188)
<b>Net cash outflow from investing activities</b>		<b>(5,662)</b>	(12,180)
<b>Net cash outflow before financing</b>		<b>(1,273)</b>	(8,888)
<b>Financing</b>			
Repayment of other loans		(1,964)	(295)
Borrowing of bank loans		5,485	3,264
Issue of ordinary shares less expenses		-	5,154
Issue of shares by subsidiary to minorities		-	4,178
Repayment of loan from minorities		(74)	(9)
<b>Net cash inflow from financing</b>	(c)	<b>3,447</b>	12,292
<b>Increase in cash and cash equivalents</b>		<b>2,174</b>	3,404
<b>Cash and cash equivalents at 1st January</b>		<b>5,783</b>	2,379
<b>Cash and cash equivalents at 31st December</b>	(d)	<b>7,957</b>	5,783



**Notes:**
**(a) Reconciliation of profit before taxation to net cash inflow/(outflow) from operating activities**

	<b>1997</b>	1996
	<b>\$ Million</b>	\$ Million
Profit before taxation	<b>19,031</b>	15,734
Interest income	<b>(1,437)</b>	(1,095)
Interest expenses	<b>619</b>	273
	<b>18,213</b>	14,912
Income from other investments	<b>(533)</b>	(686)
Share of results of associated companies	<b>(10,768)</b>	(11,023)
Profit on disposal of subsidiaries	-	(4)
Loss on disposal of fixed assets	-	16
Exceptional items	<b>(5,718)</b>	(1,514)
Profit on disposal of other investments	<b>(1,559)</b>	(62)
Decrease in provision for investments	<b>(9)</b>	(204)
Amortisation of investment cost	<b>61</b>	146
Depreciation	<b>74</b>	216
Increase/(decrease) in deferred income	<b>5</b>	(30)
Increase in stocks	<b>(4,076)</b>	(443)
Increase/(decrease) in customers' deposits received	<b>5,919</b>	(1,537)
(Increase)/decrease in debtors, deposits and prepayments	<b>35</b>	(62)
Increase/(decrease) in creditors and accrued expenses	<b>(314)</b>	57
Exchange difference and other items	<b>45</b>	7
Net cash inflow/(outflow) from operating activities	<b>1,375</b>	(211)





(b) Disposal of subsidiaries

	1997 \$ Million	1996 \$ Million
Net assets disposed of		
Fixed assets	1,628	57
Other investments	4,975	175
Interest in associated companies	108	(89)
Stock of properties	5	-
Other stocks	158	-
Debtors, deposits and prepayments	517	-
Bank balances and deposits	4,079	-
Short term bank loans	(2,055)	-
Creditors and accrued expenses	(462)	-
Provision for taxation	(79)	-
Deferred taxation	(4)	-
Minority interests	(2,605)	(36)
	<u>6,265</u>	<u>107</u>
Profit on disposal	-	4
Profit on disposal accounted for as an exceptional item	7,728	-
	<u>13,993</u>	<u>111</u>
Satisfied by:		
Cash received	5,568	111
Interest in listed associated company	8,445	-
	<u>14,013</u>	<u>111</u>
Less: Expenses paid	(20)	-
	<u>13,993</u>	<u>111</u>
Net cash inflow in respect of disposal of subsidiaries		
Net cash received	5,548	111
Less: Bank balances and deposits disposed of	(4,079)	-
	<u>1,469</u>	<u>111</u>

During the year, the Group disposed of its entire 70.66% shareholding in Cheung Kong Infrastructure Holdings Limited to a subsidiary of Hutchison Whampoa Limited, a listed associated company, in consideration for \$5,568 million in cash and 254,316,978 ordinary shares of \$0.25 each issued by Hutchison Whampoa Limited to the Group. As a result of the share issue, the Group's interest in Hutchison Whampoa Limited was increased by approximately 3.6%.



**(c) Analysis of changes in financing during the year**

	<b>Other Loans</b>	<b>Bank Loans</b>	<b>Minority Interests</b>	<b>Total</b>
	\$ Million	\$ Million	\$ Million	\$ Million
Balance at 1st January, 1997	8,264	8,391	4,840	21,495
Exchange difference and others	7	(86)	-	(79)
Net cash inflow/(outflow) from financing	(1,964)	5,485	(74)	3,447
Minority shareholders' share of profits and reserves	-	-	109	109
Disposal of subsidiaries	-	(2,055)	(2,605)	(4,660)
Dividends paid to minorities	-	-	(135)	(135)
Balance at 31st December, 1997	<u>6,307</u>	<u>11,735</u>	<u>2,135</u>	<u>20,177</u>

**(d) Cash and cash equivalents**

	<b>1997 \$ Million</b>	1996 \$ Million
Bank balances and deposits	<b>8,957</b>	5,783
Less: Fixed deposits with maturity dates beyond 3 months	<b>(1,000)</b>	-
	<u><b>7,957</b></u>	<u>5,783</u>



## (1) PRINCIPAL ACCOUNTING POLICIES

### (a) Basis of 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 interest in associated companies on the basis set out in note (1)(c) below.

Results of subsidiaries and associated companies 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.

### (b) 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.

### (c) Associated companies

An associated company is a company, not being a subsidiary, in which the Group has a long term equity interest of over 20% and in which the Group exercises significant influence over its management. Investments in associated companies 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 associated companies 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 associated companies 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.

### (d) Investment in securities

Long term investment in securities, which are not subsidiaries or associated companies, 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.

Investment in securities, which are held short term, are stated at the lower of cost and net realisable value.



**(e) Investment properties**

Investment properties, which are held for rental, are stated at their open market values 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 are transferred to the profit and loss account.

**(f) Stocks**

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

Stock 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.

**(g) Recognition of income**

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.

Sale of cement, concrete and quarry products is recognised when delivered. Income from real estate agency and management is recognised when the services are rendered. Rental income is recognised on a straight-line basis over the terms of the respective leases. 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.

**(h) Depreciation**

No depreciation is provided on investment 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 period of the lease on a straight-line basis.

Depreciation of other fixed assets, which are stated at cost or valuation less depreciation, is provided on a straight-line basis at the following annual rates based on their respective estimated useful lives:

Buildings	2% - 4%
Plant and machinery	3 <sup>1</sup> / <sub>3</sub> % - 33 <sup>1</sup> / <sub>3</sub> %
Furniture, yacht and others	5% - 33 <sup>1</sup> / <sub>3</sub> %



**(i) 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 or associated companies 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.

**(j) Taxation**

Provision for Hong Kong taxation is calculated at the prevailing rate on the estimated assessable profits less available tax relief for losses brought forward of each individual company comprising the Group.

Provision for overseas taxation is calculated based on the applicable local legislation 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 crystallize.

**(k) 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) GROUP TURNOVER**

Group turnover represents the aggregate of proceeds from sale of properties (including the Group's proportionate share of proceeds from sale of properties through unlisted associated companies which are property joint ventures), gross rental income, income from infrastructure and related businesses, and income from real estate agency and management.

Turnover of listed associated companies and turnover of unlisted associated companies (save for proceeds from sale of properties shared by the Group) are not included.

**(3) EXCEPTIONAL ITEMS**

	<b>1997</b>	1996
	<b>\$ Million</b>	\$ Million
Profit on disposal of subsidiaries (see note below)	<b>7,728</b>	-
Profit on spin-off of subsidiaries	-	1,514
Provision for listed securities	<b>(1,260)</b>	-
Provision for property development project	<b>(750)</b>	-
	<hr/> <b>5,718</b> <hr/>	<hr/> 1,514 <hr/>

Note:

Profit on disposal of subsidiaries represents the Group's realised profit on disposal of the entire 70.66% shareholding in Cheung Kong Infrastructure Holdings Limited to a subsidiary of Hutchison Whampoa Limited, an associated company, pursuant to the Group restructuring in March, 1997.



#### (4) PROFIT BEFORE TAXATION

	1997 \$ Million	1996 \$ Million
Profit before taxation is arrived at after charging: Interest on bank loans, overdrafts and other loans repayable within 5 years	1,284	949
Less: Interest capitalised (see note (a) below)	<b>(665)</b>	<b>(676)</b>
	<b>619</b>	<b>273</b>
Directors' emoluments (see note (b) below)		
Salaries, allowances and benefits in kind	64	46
Contribution to retirement scheme	6	4
Discretionary bonus	55	55
	<b>125</b>	<b>105</b>
Less: Amount paid back	<b>(12)</b>	<b>(13)</b>
	<b>113</b>	<b>92</b>
Auditors' remuneration	5	5
Amortisation of investment cost	61	146
Operating lease charges		
Properties	142	79
Other assets	28	118
Depreciation		
Land and buildings	6	36
Other fixed assets	68	180
	<b>241</b>	<b>164</b>
and after crediting:		
Net rental income	394	459
Income from listed investments		
Share of results of associated companies	6,537	5,933
Dividend from other investments	170	66
Interest from other investments	103	118
Income from unlisted investments		
Share of results of associated companies	4,231	5,090
Dividend from other investments	148	9
Interest from associated companies and other investments	940	518
Income from investments in the Mainland	215	611

Notes:

- (a) Interest was capitalised to property development projects at an average rate of approximately 6% during the year.
- (b) Directors' emoluments include directors' fee of \$85,959 (1996 - \$92,514). Other than a director's fee of \$5,000 each, no other emoluments is paid to the Chairman, Mr. Li Ka-shing, and the independent non-executive directors. Certain directors received directors' remuneration from associated companies of which \$12 million (1996 - \$13 million) were paid back to the Company.



The emoluments of the directors (including the five highest paid individuals in the Group) are within the following bands:

	1997 Number of Directors	1996 Number of Directors
Nil - \$1,000,000	8	8
\$3,000,001 - \$3,500,000	-	2
\$6,000,001 - \$6,500,000	-	2
\$6,500,001 - \$7,000,000	-	1
\$7,000,001 - \$7,500,000	1	-
\$7,500,001 - \$8,000,000	1	-
\$8,000,001 - \$8,500,000	1	1
\$8,500,001 - \$9,000,000	1	-
\$9,000,001 - \$9,500,000	1	-
\$10,000,001 - \$10,500,000	-	1
\$10,500,001 - \$11,000,000	-	1
\$11,000,001 - \$11,500,000	-	1
\$11,500,001 - \$12,000,000	1	-
\$12,500,001 - \$13,000,000	1	-
\$13,000,001 - \$13,500,000	1	-
\$14,500,001 - \$15,000,000	-	1
\$17,500,001 - \$18,000,000	1	-
\$24,500,001 - \$25,000,000	-	1
\$28,500,001 - \$29,000,000	1	-

#### (5) TAXATION

	1997 \$ Million	1996 \$ Million
Group		
Hong Kong profits tax	71	183
Overseas tax	37	31
Deferred tax	-	(3)
Associated companies		
Hong Kong profits tax	1,069	1,193
Overseas tax	143	196
	<u>1,320</u>	<u>1,600</u>

Hong Kong profits tax is provided for at the rate of 16.5% (1996 - 16.5%).

#### (6) PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Profit attributable to shareholders dealt with in the profit and loss account of the Company is \$5,191 million (1996 - \$4,718 million).





## (7) DIVIDENDS

	1997 \$ Million	1996 \$ Million
Interim dividend paid at \$0.39 (1996 - \$0.33) per share	896	758
Proposed final dividend at \$1.23 (1996 - \$1.05) per share	<u>2,826</u>	<u>2,412</u>
	<u><u>3,722</u></u>	<u><u>3,170</u></u>

## (8) EARNINGS PER SHARE

The calculation of earnings per share is based on profit attributable to shareholders and on 2,297,556,240 shares (1996 - weighted average of 2,284,987,934 shares) in issue during the year.

## (9) FIXED ASSETS

	Land and Buildings		Investment	Other Assets \$ Million	Total \$ Million
	In Hong Kong \$ Million	Outside Hong Kong \$ Million	Properties In Hong Kong \$ Million		
<b>Group</b>					
Cost or valuation					
At 1st January, 1997	1,797	11	2,229	1,742	5,779
Additions/transfers	(93)	-	141	78	126
Disposals	(1,027)	(9)	-	(1,526)	(2,562)
Surplus on revaluation	-	-	113	-	113
At 31st December, 1997	<u>677</u>	<u>2</u>	<u>2,483</u>	<u>294</u>	<u>3,456</u>
Accumulated depreciation					
At 1st January, 1997	213	1	-	708	922
Charge for the year	6	-	-	68	74
Written back on disposals/transfers	(219)	(1)	-	(614)	(834)
At 31st December, 1997	<u>-</u>	<u>-</u>	<u>-</u>	<u>162</u>	<u>162</u>
Net book value					
At 31st December, 1997	<u><u>677</u></u>	<u><u>2</u></u>	<u><u>2,483</u></u>	<u><u>132</u></u>	<u><u>3,294</u></u>
Net book value					
At 31st December, 1996	<u><u>1,584</u></u>	<u><u>10</u></u>	<u><u>2,229</u></u>	<u><u>1,034</u></u>	<u><u>4,857</u></u>

Certain properties in Hong Kong with a total net book value of \$2,678 million (1996 - Nil) are held under medium term leases. All other properties are held under long leases.



	<b>Other Assets \$ Million</b>
<b>Company</b>	
Cost	
At 1st January, 1997	136
Additions	9
Disposals	(2)
	<hr/>
At 31st December, 1997	143
	<hr/>
Accumulated depreciation	
At 1st January, 1997	87
Charge for the year	19
Written back on disposals	(2)
	<hr/>
At 31st December, 1997	104
	<hr/>
Net book value at 31st December, 1997	<b>39</b>
	<hr/> <hr/>
Net book value at 31st December, 1996	49
	<hr/> <hr/>

Analysis of cost and valuation of the Group's fixed assets at 31st December, 1997:

	<b>Land and Buildings</b>		<b>Investment</b>	<b>Other Assets \$ Million</b>	<b>Total \$ Million</b>
	<b>In Hong Kong \$ Million</b>	<b>Outside Hong Kong \$ Million</b>	<b>Properties In Hong Kong \$ Million</b>		
At 1994 professional valuation	220	-	-	-	220
At 1997 professional valuation	-	-	2,483	-	2,483
At cost	457	2	-	294	753
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	677	2	2,483	294	3,456
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Investment properties of the Group have been revalued at 31st December, 1997 by C.Y. Leung & Company Limited, professional valuers, on an open market value basis. Gross rental income derived from investment properties during the year was \$216 million (1996 - \$125 million).

Land and buildings in Hong Kong represent properties under redevelopment transferred from investment properties in 1995 at their 1994 valuation.



## (10) INTEREST IN SUBSIDIARIES

	Company	
	1997 \$ Million	1996 \$ Million
Unlisted shares	2,313	1,540
Amounts due from subsidiaries	26,188	22,876
Amounts due to subsidiaries	(9,326)	(7,142)
	<u>19,175</u>	<u>17,274</u>

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

## (11) INTEREST IN ASSOCIATED COMPANIES

	Group		Company	
	1997 \$ Million	1996 \$ Million	1997 \$ Million	1996 \$ Million
Listed associated company (see note below)	47,787	34,062	-	-
Unlisted associated companies	4,675	4,037	1,736	1,764
	<u>52,462</u>	<u>38,099</u>	<u>1,736</u>	<u>1,764</u>
Amounts due from associated companies	16,645	10,552	1,433	1,770
Amounts due to associated companies	(1,586)	(696)	(444)	(457)
	<u>67,521</u>	<u>47,955</u>	<u>2,725</u>	<u>3,077</u>
Note:				
Market value of shares in associated company listed in Hong Kong	94,019	99,689	-	-

Particulars regarding the principal associated companies are set out in Appendix II.



**(12) OTHER INVESTMENTS**

	<b>Group</b>		<b>Company</b>	
	<b>1997</b> \$ Million	1996 \$ Million	<b>1997</b> \$ Million	1996 \$ Million
Listed securities (see note (a) below)				
Hong Kong	<b>1,584</b>	1,114	-	-
Foreign	<b>1,619</b>	1,386	-	-
Unlisted securities	<b>304</b>	529	<b>27</b>	27
Unlisted convertible notes	-	67	-	-
Investments in the Mainland (see note (b) below)	<b>3,427</b>	7,779	-	-
	<b>6,934</b>	10,875	<b>27</b>	27
Amounts due from investee companies	<b>737</b>	977	<b>16</b>	16
Amounts due to investee companies	<b>(35)</b>	(61)	<b>(1)</b>	(12)
	<b>7,636</b>	11,791	<b>42</b>	31
Long term loan (see note (c) below)	<b>143</b>	199	<b>143</b>	199
Other loans	<b>39</b>	65	<b>37</b>	57
	<b>7,818</b>	12,055	<b>222</b>	287
Notes:				
(a) Market value of listed securities				
Hong Kong	<b>1,840</b>	2,407	-	-
Foreign	<b>1,646</b>	1,498	-	-
	<b>3,486</b>	3,905	-	-

- (b) Investments in the Mainland are carried at cost less repayment and amortisation where appropriate and represent the Group's interests in infrastructure, hotel and property projects in the Mainland through joint ventures and other profit sharing or guaranteed return arrangements. Income from these investments are included in the profit and loss account in accordance with the terms and conditions of the relevant contracts.
- (c) Pursuant to certain agreements and supplemental agreement entered into on 26th November, 1988 and 30th July, 1991, the Group has made loans to a subsidiary of China Resources (Holdings) Company Limited which is the majority shareholder of Mightycity Company Limited ("Mightycity"). Mightycity is a 48.25% owned associated company of the Group and, through its subsidiary, is the owner of the land at Tin Shui Wai Town Lot Nos. 1 to 7. Under the terms of the agreements, the Group has the right to develop the aforesaid land at Tin Shui Wai and the loans are repayable by instalments commencing from the date on which dividend is received by the borrower from Mightycity or on a specified due date, whichever is the earlier.



### (13) NET CURRENT ASSETS

	Group		Company	
	1997 \$ Million	1996 \$ Million	1997 \$ Million	1996 \$ Million
Current assets				
Stock of properties				
Properties for/under development	3,526	2,819	-	-
Joint development projects	18,196	14,108	-	-
Properties for sale	343	423	3	3
	<u>22,065</u>	<u>17,350</u>	<u>3</u>	<u>3</u>
Less: Customers' deposits received	5,919	-	-	-
	<u>16,146</u>	<u>17,350</u>	<u>3</u>	<u>3</u>
Other stocks	-	137	-	-
Debtors, deposits and prepayments	595	1,056	55	51
Dividends receivable	-	-	3,237	2,473
Listed securities (see note (a) below)				
Hong Kong	172	3,077	-	-
Foreign	789	2,103	-	-
Unlisted securities				
Foreign	2,094	1,441	-	-
Bank balances and deposits	8,957	5,783	4	343
	<u>28,753</u>	<u>30,947</u>	<u>3,299</u>	<u>2,870</u>
Deduct:				
Current liabilities				
Bank loans and overdrafts				
Secured	-	5	-	-
Unsecured	815	3,855	-	-
Other loans (see note (b) below)	3,585	779	-	-
Creditors and accrued expenses	1,012	2,482	133	112
Proposed final dividend	2,826	2,412	2,826	2,412
Provision for taxation	578	848	10	9
	<u>8,816</u>	<u>10,381</u>	<u>2,969</u>	<u>2,533</u>
	<u>19,937</u>	<u>20,566</u>	<u>330</u>	<u>337</u>
Notes:				
(a) Market value of listed securities				
Hong Kong	175	3,270	-	-
Foreign	863	2,150	-	-
	<u>1,038</u>	<u>5,420</u>	<u>-</u>	<u>-</u>

- (b) Other loans include US\$257,550,000 guaranteed bonds listed on the Luxembourg Stock Exchange which were issued in 1993 by Cheung Kong Finance Cayman Limited, a wholly owned subsidiary. Such bonds, which carry interest at the fixed rate of 5.5% per annum and guaranteed by the Company, will mature in September, 1998.



**(14) LONG TERM LOANS**

	<b>Group</b>		<b>Company</b>	
	<b>1997</b> \$ Million	1996 \$ Million	<b>1997</b> \$ Million	1996 \$ Million
Bank loans				
Unsecured and repayable				
after 1 year but not exceeding				
2 years	<b>1,584</b>	271	-	-
after 2 years but not exceeding				
5 years	<b>9,336</b>	4,260	-	-
Other loans (see note below)				
Unsecured and repayable				
after 1 year but not exceeding				
2 years	<b>1,217</b>	1,993	-	-
after 2 years but not exceeding				
5 years	<b>1,505</b>	5,492	-	-
	<u><b>13,642</b></u>	<u>12,016</u>	<u>-</u>	<u>-</u>

**Note:**

In 1994, Cheung Kong Finance Cayman Limited, a wholly owned subsidiary, issued US\$500 million guaranteed step-up floating rate notes in bearer form which carry interest at the rate of 0.6% above the 3 months London interbank offered rate ("LIBOR") up to January, 1997 and thereafter at the rate of 0.7% above the 3 months LIBOR. During the year, US\$100,675,000 of the said notes were redeemed. These notes, which are guaranteed by the Company and listed on the Luxembourg Stock Exchange, will mature in January, 2001 or, at the options of the noteholders giving not less than 60 days' notice, become redeemable in January of each year from 1997 to 2000.

In 1994, Cheung Kong Finance China Limited, a wholly owned subsidiary, issued US\$350 million exchangeable guaranteed floating rate notes in bearer form which carry interest at the rate of 0.5% above the 3 months LIBOR. The notes are exchangeable into shares of Cheung Kong Holdings (China) Limited, another wholly owned subsidiary, only after an initial public offering by Cheung Kong Holdings (China) Limited of its shares on a stock exchange. During the year, US\$60,500,000 of the said notes were redeemed. Since the date of issue, US\$132,500,000 of the said notes had been purchased back by the Group of which US\$93,000,000 were purchased during the year. These notes, which are guaranteed by the Company and listed on the Luxembourg Stock Exchange, will mature in August, 1999; or at the options of the noteholders giving not less than 60 days' notice, become redeemable in August, 1997 or; at the options of the noteholders giving not less than 30 days' notice, become redeemable on the first anniversary date of the listing of Cheung Kong Holdings (China) Limited.



## (15) DEFERRED ITEMS

	Group		Company	
	1997 \$ Million	1996 \$ Million	1997 \$ Million	1996 \$ Million
Deferred taxation (see note below)	7	11	3	4
Other deferred income	10	3	-	-
	<u>17</u>	<u>14</u>	<u>3</u>	<u>4</u>

Note:

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.

## (16) SHARE CAPITAL

	1997	1996	1997	1996
	No. of shares	No. of shares	\$ Million	\$ Million
Authorized:				
Shares of \$0.5 each	<u>2,800,000,000</u>	<u>2,800,000,000</u>	<u>1,400</u>	<u>1,400</u>
Issued and fully paid:				
Shares of \$0.5 each	<u>2,297,556,240</u>	<u>2,297,556,240</u>	<u>1,149</u>	<u>1,149</u>



**(17) RESERVES**

	Group		Company	
	1997 \$ Million	1996 \$ Million	1997 \$ Million	1996 \$ Million
Capital reserve				
Balance at 1st January	345	14	199	199
Goodwill on consolidation of subsidiary written back upon recognition of gain arising from dilution by minorities	-	331	-	-
Balance at 31st December	345	345	199	199
Exchange translation reserve				
Balance at 1st January	25	5	2	2
Share of translation reserve of associated companies	4	20	(1)	-
Balance at 31st December	29	25	1	2
Investment property revaluation reserve				
Balance at 1st January	1,938	1,474	799	659
Revaluation surplus				
Group	113	185	-	-
Associated companies	514	279	-	140
Realised on disposal				
Associated companies	(298)	-	-	-
Balance at 31st December	2,267	1,938	799	799
	<b>2,641</b>	<b>2,308</b>	<b>999</b>	<b>1,000</b>

At the balance sheet date, the Group's share of post-acquisition reserves in associated companies included in exchange translation reserve and investment property revaluation reserve were \$29 million (1996 - \$25 million) and \$1,421 million (1996 - \$1,205 million) respectively.





## (18) RETAINED PROFITS

	Group		Company	
	1997 \$ Million	1996 \$ Million	1997 \$ Million	1996 \$ Million
Balance at 1st January	57,250	46,655	11,015	9,467
Profit for the year retained	13,880	10,595	1,469	1,548
Balance at 31st December	<u>71,130</u>	<u>57,250</u>	<u>12,484</u>	<u>11,015</u>

At the balance sheet date, the Group's share of post-acquisition profits retained by associated companies and included in the Group's retained profits was \$21,695 million (1996 - \$18,156 million). The Company's reserves available for distribution to shareholders is \$11,603 million (1996 - \$10,108 million).

## (19) 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 5% to 10% on the employees' salary.

The Group's costs on employees retirement schemes for the year are \$34 million (1996 - \$42 million). Forfeited contributions during the year amounting to \$5 million (1996 - \$5 million) were used to reduce current year's contributions.

## (20) CHARGES ON ASSETS

At the balance sheet date, certain assets of the Group with a total book value of \$144 million (1996 - \$156 million) were pledged to secure loan facilities utilized by affiliated companies.



## (21) COMMITMENTS AND CONTINGENT LIABILITIES

At the balance sheet date:-

- (a) the Group's capital commitments not provided for in the financial statements were as follows:
- (i) Contracted for
    - Fixed assets - \$543 million (1996 - \$102 million)
    - Investments in the Mainland - \$212 million (1996 - \$2,336 million)
    - Others - Nil (1996 - \$59 million)
  - (ii) Authorized but not contracted for
    - Fixed assets - Nil (1996 - \$248 million)
    - Others - Nil (1996 - \$31 million)
- (b) the Group's operating lease commitments payable within one year were as follows:
- (i) Properties
    - leases expiring in the first year - \$34 million (1996 - \$10 million)
    - leases expiring in the second to fifth years inclusive - \$90 million (1996 - \$105 million)
    - leases expiring after the fifth year - Nil (1996 - \$2 million)
  - (ii) Other assets
    - leases expiring in the first year - Nil (1996 - \$56 million)
- (c) the Company provided guarantees for bank and other loans to the extent of \$18,030 million (1996 - \$16,634 million) utilized by the Group, and to the extent of \$3,832 million (1996 - \$347 million) utilized by associated and affiliated companies; and certain subsidiaries also provided guarantees for bank and other loans to the extent of \$37 million (1996 - Nil) utilized by associated and affiliated companies; and
- (d) the Company provided guarantees in respect of the minimum revenue to be shared by other parties for various joint development projects undertaken by the Group in the amount of \$1,749 million (1996 - \$767 million).

## (22) COMPARATIVE FIGURES

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

## (23) APPROVAL OF FINANCIAL STATEMENTS

The financial statements expressed in Hong Kong dollars and set out on pages 36 to 61 were approved by the board of directors on 26th March, 1998.



### 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.

A complete list of all the subsidiaries will be annexed to the Company's next annual return.

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
Changful Limited	HK\$ 100		100	Property development
Cheung Kong Finance Cayman Limited (Cayman Islands)	US\$ 1,000		100	Finance
Cheung Kong Finance China 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
Clover Investments Limited (British Virgin Islands)	US\$ 1		100	Securities & fund investment
Conestoga Limited	HK\$ 10,000		79.2	Property development
Dagmarko Limited	HK\$ 2		100	Securities & fund investment
Dobie Development S.A. (Panama)	US\$ 2	100		Securities & fund investment
Foo Yik Estate Company Limited	HK\$ 70,000	100		Property development
Gingerbread Investments Limited (British Virgin Islands)	US\$ 1		100	Securities & fund investment
Glass Bead Limited (British Virgin Islands)	US\$ 1		100	Property investment
Goodwell Property Management Limited	HK\$ 100,000		100	Property management



Name	Issued Ordinary Share Capital Nominal Value	Effective percentage held by the Company		Principal Activities
		Directly	Indirectly	
Great Poka Limited	HK\$ 2		100	Property development & securities investment
Gypsy Investments Limited (British Virgin Islands)	US\$ 1		100	Securities & fund investment
Haskins Investments Limited	HK\$ 2		100	Property development
Hong Kong Property Services (Agency) Holdings Limited	HK\$ 91,000		76.9	Real estate agency services
Hong Sing Investments B.V. (Netherlands)	DFL 16,341,000		80.1	Securities & fund investment
Jingcofield Limited (British Virgin Islands)	US\$ 1		100	Property investment
Kamos Limited	HK\$ 2		100	Property development
Kingswood Property Services Limited	HK\$ 2		100	Real estate agency services
Lapland Holdings Limited (British Virgin Islands)	US\$ 1		100	Securities & fund investment
Marymount Limited (British Virgin Islands)	US\$ 40,000,000		100	Securities & fund investment
Montaco Limited	HK\$ 100		85	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
Pako Wise Limited	HK\$ 2	100		Property investment
Pofield Investments Limited (British Virgin Islands)	US\$ 1		100	Property investment
Poko Shine Limited	HK\$ 2		100	Property investment
Winbest Enterprises Limited (British Virgin Islands)	US\$ 1		100	Securities & fund investment
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 Finance China Limited	Europe
Cheung Kong Holdings (China) Limited	The Mainland
Clover Investments Limited	Asia Pacific
Dobie Development S.A.	Asia Pacific
Gypsy Investments Limited	Asia Pacific
Hong Sing Investments B.V.	Europe
Marymount Limited	Asia Pacific
Nobleway Investment Limited	Asia Pacific
Winbest Enterprises Limited	Asia Pacific
Yick Ho Limited	The Mainland



## Appendix II

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

A complete list of all the associated companies will be annexed to the Company's next annual return.

Name	Effective percentage of Issued Ordinary Share Capital held by the Company		Principal Activities
	Directly	Indirectly	
Araski Limited		50	Property trading
Becogate Limited		50	Property development
Burginhal 997 Limited (United Kingdom)		45	Property development
CEF Holdings Limited	50		Loan financing & capital market services
Chesgold Limited		50	Property development
Cheung Wo Hing Fung Enterprises Limited (British Virgin Islands)		35	Property development & investment
Clayton Power Enterprises Limited		50	Property development
Concord Property Development Limited (British Virgin Islands)		50	Property development
Cosmos Wide International Limited		50	Property development
Hamford Limited		50	Property development
Harvest Fair Investment Limited		22.5	Property development
Hutchison Whampoa Limited		49.9	Telecommunications, container terminals, trading, property & investment
Japura Development Pte Limited (Singapore)		24	Property development
Marketon Investment Limited		50	Property development
Mightypattern Limited	25		Property investment
Ostani Limited		50	Finance
Perfect Idea Limited		35	Property development
Randash Investment Limited		50	Property development
Ranon Limited		50	Property development
Secan Limited		30	Property development
Shinta Limited		20	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 development
Vigour Limited		50	Property development
Wonder Pacific Investment Limited		50	Property development

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

Name	Area of Operation
Burginhal 997 Limited	United Kingdom
Chesgold Limited	The Mainland
Cheung Wo Hing Fung Enterprises Limited	The Mainland
Japura Development Pte Limited	Asia Pacific
Sinclair Profits Limited	The Mainland



**Deloitte Touche  
Tohmatsu**



**德勤·關黃陳方  
會計師行**

**Certified Public Accountants**  
26th Floor, Wing On Centre  
111 Connaught Road Central  
Hong Kong

**執業會計師**  
香港中環干諾道中111號  
永安中心26樓

**To the shareholders of Cheung Kong (Holdings) Limited  
(incorporated in Hong Kong with limited liability)**

We have audited the financial statements on pages 36 to 61 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 Company's and the Group's circumstances, 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, 1997 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, 26th March, 1998





## Extracts from Hutchison Whampoa Limited Financial Statements

The following information is extracted from the 1997 published financial statements of Hutchison Whampoa Limited, a principal associated company.

### Consolidated Profit and Loss Account

*for the year ended 31st December, 1997*

	1997 HK\$ Million	1996 HK\$ Million
Turnover	<u>44,590</u>	<u>36,662</u>
Operating profit	8,697	6,262
Share of profits less losses of associated companies	<u>3,537</u>	<u>3,631</u>
Profit before exceptional items	12,234	9,893
Exceptional items	<u>2,483</u>	<u>4,100</u>
Profit before taxation	14,717	13,993
Taxation	<u>1,179</u>	<u>1,311</u>
Profit after taxation	13,538	12,682
Minority interests	<u>1,272</u>	<u>662</u>
<b>Profit Attributable to the Shareholders</b>	12,266	12,020
Dividends	<u>6,123</u>	<u>5,703</u>
<b>Profit for the Year Retained</b>	<u>6,143</u>	<u>6,317</u>

### Consolidated Balance Sheet

*at 31st December, 1997*

	1997 HK\$ Million	1996 HK\$ Million
Fixed assets	76,439	63,188
Deferred expenditures	2,529	1,086
Associated companies	36,176	26,369
Infrastructure joint ventures	17,597	-
Managed funds and other investments	26,881	22,551
Net current assets (liabilities)	<u>11,014</u>	<u>(1,903)</u>
<b>Employment of Capital</b>	<u>170,636</u>	<u>111,291</u>
Share capital	969	905
Reserves	<u>84,620</u>	<u>67,994</u>
<b>Shareholders' Funds</b>	85,589	68,899
Minority interests	12,216	7,814
Long term liabilities	72,720	34,459
Deferred taxation	<u>111</u>	<u>119</u>
<b>Capital Employed</b>	<u>170,636</u>	<u>111,291</u>



NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of the Company will be held at the Ballroom, 1st Floor, The Harbour Plaza, 20 Tak Fung Street, Hunghom, Kowloon, Hong Kong on Thursday, 28th May, 1998 at 12:15 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, 1997.
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 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.”
- (ii) “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.”





- (iii) “THAT the general mandate granted to the Directors to issue and dispose of additional shares pursuant to Ordinary Resolution (i) 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 (ii) 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, 26th March, 1998

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, 21st May, 1998 to Thursday, 28th May, 1998, 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, Hopewell Centre, 17th Floor, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Wednesday, 20th May, 1998.
3. Concerning item 5(i) 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”).
4. Concerning item 5(ii) 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 1997 Annual Report.



**DIRECTORS**

Li Ka-shing *Chairman and Managing Director*  
Li Tzar Kuoi, Victor *Deputy Chairman and  
Deputy Managing Director*  
George Colin Magnus *Deputy Chairman*  
Kam Hing Lam *Deputy Managing Director*  
Hung Siu-lin, Katherine *Executive 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*

Leung Siu Hon *Independent Non-executive Director*  
Fok Kin-ning, Canning *Non-executive Director*  
Frank John Sixt *Non-executive Director*  
Chow Nin Mow, Albert *Non-executive Director*  
Yeh Yuan Chang, Anthony *Independent Non-executive Director*  
Chow Kun Chee, Roland *Independent Non-executive Director*  
Simon Murray *Independent Non-executive Director*  
Kwok Tun-li, Stanley *Independent Non-executive Director*

**SOLICITORS**

Woo, Kwan, Lee & Lo

**AUDITORS**

Deloitte Touche Tohmatsu

**BANKERS**

The Hongkong and Shanghai Banking  
Corporation Limited  
Canadian Imperial Bank of Commerce  
Banque Paribas  
The Chase Manhattan Bank, N.A.  
The Bank of Tokyo - Mitsubishi, Limited  
The Sumitomo Bank, Limited  
Citibank, N.A.

**COMPANY SECRETARY**

Eirene Yeung

**REGISTERED OFFICE**

China Building, 18th-22nd Floors  
29 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>

