



*Vision into Action*

CHEUNG KONG (HOLDINGS) LIMITED

Annual Report 1999

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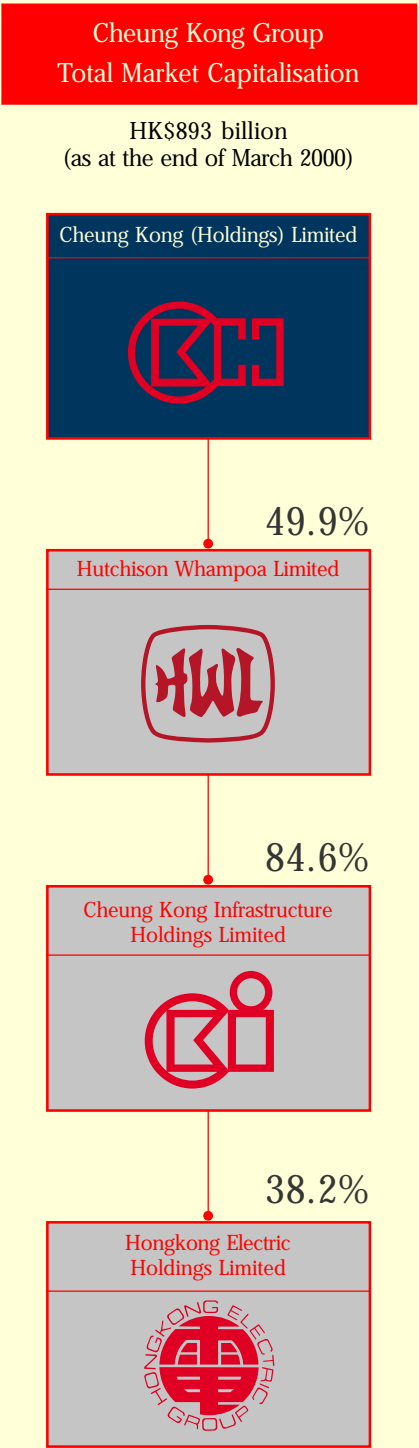
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The Cheung Kong Group is a carefully diversified multi-national group solidly based in Hong Kong with a wide spectrum of businesses spanning more than 24 countries worldwide. Its established presence both locally and abroad has proved the worth of its globalisation and diversification approach that has been pursued for many years and which will continue to guide it in the future. As a responsive and innovative conglomerate, the Cheung Kong Group will strive to be at the forefront of any future development, and is well poised to go from strength to strength by facing the challenges and seizing the opportunities ahead.

# Group Structure



# *The Portofino*

*This prestigious residential project redefines elegance and style for luxury properties with its combination of sophisticated architecture and unparalleled scenic beauty.*

Site Area: 51,120 sq. m.  
Floor Area: 20,470 sq. m.  
Land Use: Residential  
Completion: 1999



*The Portofino was launched in January 2000.*





# Group Financial Summary

## PROFIT AND LOSS ACCOUNT

(HK\$ million)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Turnover	4,413	9,990	10,278	10,693	14,841	12,309	13,202	7,857	11,865	8,193
Profit attributable to shareholders	3,600	5,289	6,218	9,781	10,113	11,125	13,765	17,602	6,112	59,373
Dividends	1,055	1,494	1,758	2,198	2,417	2,727	3,170	3,722	2,665	3,170
Profit for the year retained	2,545	3,795	4,460	7,583	7,696	8,398	10,595	13,880	3,447	56,203

## BALANCE SHEET

(HK\$ million)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Fixed assets	1,751	1,944	2,021	2,733	3,763	4,574	4,857	3,294	13,936	21,290
Investment in listed associate	10,863	12,339	16,005	21,319	26,030	28,160	34,062	47,787	49,313	104,017
Other investments	4,370	4,763	7,830	12,644	21,134	19,840	25,948	27,552	30,295	26,479
Net current assets	5,234	6,395	4,297	6,952	11,815	10,577	20,566	19,937	7,324	6,964
	22,218	25,441	30,153	43,648	62,742	63,151	85,433	98,570	100,868	158,750
Deduct:										
Long term loans	3,010	1,628	1,241	7,216	16,829	8,545	12,016	13,642	10,245	10,238
Deferred items	126	936	893	26	12	47	14	17	12	33
Minority interests	177	129	684	989	2,648	2,560	4,840	2,135	5,163	6,736
Total net assets	18,905	22,748	27,335	35,417	43,253	51,999	68,563	82,776	85,448	141,743
Representing:										
Share capital	1,099	1,099	1,099	1,099	1,099	1,099	1,149	1,149	1,149	1,149
Share premium	2,752	2,752	2,752	2,752	2,752	2,752	7,856	7,856	7,856	7,856
Reserves and retained profits	15,054	18,897	23,484	31,566	39,402	48,148	59,558	73,771	76,443	132,738
Total shareholders' funds	18,905	22,748	27,335	35,417	43,253	51,999	68,563	82,776	85,448	141,743
Net assets per share										
- book value (HK\$)	8.60	10.35	12.44	16.12	19.68	23.66	29.84	36.03	37.19	61.69
Earnings per share (HK\$)	1.64	2.41	2.83	4.45	4.60	5.06	6.02	7.66	2.66	25.84
Dividend per share (HK\$)	0.48	0.68	0.80	1.00	1.10	1.20	1.38	1.62	1.16	1.38

# Financial Highlights

## PROFIT ATTRIBUTABLE TO SHAREHOLDERS

HK\$ million

63,000

54,000

45,000

36,000

27,000

18,000

9,000

0

90 91 92 93 94 95 96 97 98 99

## EARNINGS per share

HK\$

28

24

20

16

12

8

4

0

90 91 92 93 94 95 96 97 98 99

## DIVIDEND per share

HK\$

1.75

1.50

1.25

1.00

0.75

0.50

0.25

0

90 91 92 93 94 95 96 97 98 99

## NET BOOK VALUE per share

HK\$

70

60

50

40

30

20

10

0

90 91 92 93 94 95 96 97 98 99



*The Cheung Kong Group will continue to vigorously pursue its strategy of globalisation and diversification in the new millennium.*

# Report of the Chairman and the Managing Director

## PROFIT FOR THE YEAR

The Group's audited consolidated net profit after tax for the year ended 31st December, 1999 amounted to HK\$59,373 million (1998 - HK\$6,112 million). Earnings per share were HK\$25.84 (1998 - HK\$2.66).

## DIVIDEND

The Directors have decided to recommend the payment of a final dividend of HK\$1.05 per share in respect of 1999, to shareholders whose names appear on the Register of Members of the Company on 25th May, 2000. This together with the interim dividend of HK\$0.33 per share gives a total of HK\$1.38 per share for the year (1998 - HK\$1.16 per share), up 19%. The proposed dividend will be paid on 30th May, 2000 following approval at the Annual General Meeting.

## OPERATIONS REVIEW

The following are important events that took place during 1999 :

*The Group's audited consolidated net profit after tax amounted to HK\$59,373 million.*

- Buildings completed during the year, further to those recorded in the 1999 Interim Report :

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
Villa d'Arte	Inland Lot No. 8857	5,330	90%
Tierra Verde Phase II	Tsing Yi Town Lot No. 132	141,800	Joint Venture
Harbour Plaza North Point and CEF Lend Lease Plaza	Inland Lot No. 8885	52,120	60.9%
Villa Verde Laguna Verde	Kowloon Inland Lot No. 11056	56,030	Joint Venture



**2. Developments in Progress and Scheduled for Completion in 2000 :**

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
Manhattan Heights	Marine Lot No. 245 s.E, R.P., s.B R.P., s.B ss. 1 R.P., s.B ss. 2 and s.B ss. 1 s.A	29,820	44.8%
Peninsula Heights	New Kowloon Inland Lot No. 5104	21,300	50%
Costa del Sol Laguna Verde	Kowloon Inland Lot No. 11056	95,421	Joint Venture
Shopping Arcade Laguna Verde	Kowloon Inland Lot No. 11056	25,338	Joint Venture
University Court	Section A of New Kowloon Inland Lot No. 2491	4,072	100%
Monte Vista	Sha Tin Town Lot No. 446	129,125	50%
Sheffield Villas	Lot No. 4295 in D.D. 124 Yuen Long	4,032	50%

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

- (1) In February 1999, a wholly-owned subsidiary of the Group acquired Kwun Tong Inland Lot No. 729, No. 25, Chong Yip Street, Kwun Tong. The industrial/office building on this site has now been completed and has a total gross floor area of approximately 21,900 sq. m.

(2) In March 1999, the Group implemented the joint-development plan with the owners of New Kowloon Marine Lot Nos. 13 to 16 and 22 to 23. In August, a joint venture formed by the Group and the owners entered into a Deed of Exchange with the government for the grant of Cheung Sha Wan New Kowloon Inland Lot No. 6320. The site has an area of approximately 19,470 sq. m. A composite development with a total developable gross floor area of approximately 175,700 sq. m. is planned. Completion is scheduled for 2003.

(3) In June 1999, a wholly-owned subsidiary of the Group was awarded the tender for New Kowloon Inland Lot No. 6277, Beacon Hill Road, Kowloon Tong for residential purposes. Planned for completion in 2003, the proposed development has a site area of approximately 41,570 sq. m. and a total developable gross floor area of about 72,480 sq. m.

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*Capitalising on its strong financial base, the Group will continue to actively expand its land bank with prime site acquisitions both in the rural and urban areas.*

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(4) In July 1999, the Group executed a joint-development agreement with the owners of Kowloon Inland Lot No. 4013 s.A, s.B, s.C & RP for residential and commercial purposes. The site area is approximately 14,300 sq. m. and the total developable gross floor area is about 139,120 sq. m. Completion is scheduled for 2003. The Group holds a 40% interest in the development.

(5) In August 1999, a modification letter was executed with the government in relation to the addition of approximately 105,600 sq. m. of residential gross floor area to Tung Chung Town Lot No. 5. This is a joint development between the Group, the Hutchison Whampoa Group and the Mass Transit Railway Corporation.

(6) In August 1999, a wholly-owned subsidiary of the Group acquired Inland Lot Nos. 3999 RP to 4005 RP, 80-90 Des Voeux Road West for residential and commercial use. The composite development has a site area of approximately 970 sq. m. and a total gross floor area of approximately 8,750 sq. m. Completion is scheduled for 2002.

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*Our effective control over land costs and enhanced efficiency has enabled us to sustain solid profitability.*

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- (7) In October 1999, a subsidiary of the Group successfully acquired Tin Shui Wai Town Lot No. 27 for residential purposes. The Group holds a 60% interest in the planned development on the site which has an area of approximately 14,900 sq. m. The total developable gross floor area is about 74,500 sq. m. The development is scheduled to be completed in 2003.
- (8) In December 1999, a wholly-owned subsidiary of the Group successfully acquired Kowloon Inland Lot No. 11107. With an area of approximately 6,940 sq. m., the site is designated for a residential and commercial development estimated to have a total developable gross floor area of about 52,070 sq. m. Completion is scheduled for 2003.
- (9) In January 2000, the Group, Hutchison Whampoa Limited, The Hongkong and Shanghai Banking Corporation Limited and Hang Seng Bank Limited announced the formation of a joint venture called iBusinessCorporation.com to facilitate e-commerce businesses on the Internet.
- (10) In February 2000, a joint venture company equally-owned by the Group and Hutchison Whampoa Limited acquired two properties in Cairnhill Circle, Singapore to be redeveloped together for residential purposes. The site area is approximately 14,600 sq. m. and the total gross floor area is about 40,870 sq. m. Completion is scheduled for 2003.
- (11) During the year under review, the Group continued its policy of acquiring agricultural land with potential for development. Some of these sites are under varying stages of design and planning applications.
- (12) The Group's property projects in the Mainland have been progressing on schedule, with satisfactory results both for sale and leasing.

#### 4 Major Associated Company :

The associated Hutchison Whampoa Group reported record profits after tax of HK\$117,345 million, a substantial increase over the HK\$8,706 million reported in 1998.

### PROSPECTS

Following five consecutive quarters of negative adjustment, Hong Kong resumed positive GDP growth in the second quarter of 1999. This recovery gathered momentum during the second half of the year in tandem with the strong pick-up in the stock market and tourism. However, continuing soft consumer prices and a continuing high rate of unemployment have led to a fiercely competitive local environment.

The government's land sales resumed during the year and its measures to rejuvenate the property sector have been well received by the market. Such measures should help improve market sentiment and, in the long run, achieve improved supply-and-demand equilibrium paving the way for a property market less prone to fluctuations. As only moderate interest rate rises are expected, the local property market should be able to continue its steady recovery.

Capitalising on its strong financial base, the Group will continue to actively expand its land bank with prime site acquisitions both in the rural and urban areas. The Group's existing land bank, purchased at reasonable prices, is sufficient to support its development for the next five years. Our effective control over land costs and enhanced efficiency has enabled us to sustain solid profitability. We will continue to improve the efficiency of the property development business with particular attention to introducing the latest and highest quality of contemporary designs and materials, and improving still further our property management.

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*The Group will pay particular attention to introducing the latest and highest quality of contemporary designs and materials, and improving still further our property management.*

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Our initiatives to enhance project quality based on high technology can be traced back to a few years ago, with the application of hi-tech construction technology to all property projects, and the laying of fiber-optic networks in the Group's properties where appropriate. At the same time, our dedication to environmental protection stands intact. The Group's application of environment-friendly technology to the construction of its property projects and continuing pursuit of environment-related businesses best illustrate its commitment to a better living environment in Hong Kong.

Signs of rental stabilisation are evident in the local commercial market following more than one year of adjustment. As a steady stream of rentals constitutes a good base for long-term growth of recurrent earnings, the Group will continue its strategy of recent years to focus on building up our portfolio of investment property.

We are striving to create value for our shareholders by investments not only in Hong Kong but also overseas, through the associated Hutchison Whampoa Group. 1999 was a year of solid growth for all of the core businesses of the Hutchison Whampoa Group, particularly those overseas which have become key profit earners showing remarkable performance and which have been encouraged by the governments of overseas countries. The impressive results enjoyed by its telecommunications arm are particularly encouraging, not only affirming the leading position of the Hutchison Whampoa Group in the global telecommunications market, but also bringing considerable cash flow for its global expansion. Profits from overseas businesses will support the future growth of the Group, establishing a new horizon for development.

While we continue to actively explore more investment opportunities overseas, Hong Kong will remain our base and our preferred place of investment so long as there are suitable opportunities, notwithstanding that the return rate may not be as high as elsewhere.

The new millennium will mark a new era for Hong Kong's economic development. The Chief Executive's initiatives to transform Hong Kong into a centre for innovation and technology since 1998 have guided Hong Kong in its future development. It can be seen that high technology has now become a new focal point for economic growth in Hong Kong.

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*The Group's application of environment-friendly technology to the construction of its property projects best illustrate its commitment to a better living environment.*

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In January this year, the Group formed Internet joint-venture tom.com with other parties to provide China-related information to both Chinese and global audiences, and another joint-venture iBusinessCorporation.com with the Hutchison Whampoa Group, HSBC and Hang Seng. Spearheading our Internet development in Hong Kong, the Mainland and the globe, such joint-ventures will place the Group in a favourable position to benefit from the global hi-tech revolution.

The Mainland's impending admission to the WTO will be accompanied by an unprecedented level of investment opportunities. Hong Kong is well positioned to benefit from the course of the Mainland's promising development given its many inter-links with the Mainland. Our confidence in the future prospects for Hong Kong and the Mainland is total.

The Cheung Kong Group is a carefully diversified multi-national group solidly based in Hong Kong. To cope with the local economic transformation and the Mainland's entry to the WTO, the Cheung Kong Group will vigorously pursue its strategy of globalisation and diversification. While continuing to strengthen and rationalise our existing core businesses, we are branching out into exciting new areas particularly to tap the potential of co-ordinating and integrating emerging businesses such as e-commerce, the Internet, communications, new technology and high technology. Based on exciting new opportunities, a good reputation for well managed professional operations and a strong financial background, we can look forward to a new era of substantial growth in the new millennium.

Our innovative and dedicated staff have been a major force supporting our solid growth. We take this opportunity to extend our thanks to our colleagues on the Board and the staff members of the Group for their hard work, loyal service and continuing support during the year.

Li Ka-shing  
Chairman

Li Tzar Kuoi, Victor  
Managing Director

Hong Kong, 23rd March, 2000

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*The Group is branching out into exciting new areas particularly to tap the potential of co-ordinating and integrating emerging businesses.*

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# Sheffield Villas

*This residential project situated along the proposed West Rail offers a quiet but convenient way of life blending harmoniously with the green surroundings.*

Site Area: 3,200 sq. m.  
Floor Area: 4,032 sq. m.  
Land Use: Residential  
Completion: 2000



## Directors' Biographical Information

**LI Ka-shing**, CBE, JP, aged 71, is the founder of the Company. He has been the Chairman since 1971 and acted as the Managing Director from 1971 to 1998. Mr. Li has also been the Chairman of Hutchison Whampoa Limited since 1981. He has been engaged in many major commercial developments in Hong Kong for more than 40 years. Mr. Li served as a member of the Hong Kong Special Administrative Region's Basic Law Drafting Committee, Hong Kong Affairs Adviser, the Preparatory Committee, and the Selection Committee for the First Government of the Hong Kong Special Administrative Region. He is also an Honorary Citizen of Beijing, Shantou, Guangzhou, Shenzhen, Nanhai, Foshan, Chaozhou and Zhuhai respectively. Mr. Li is a keen supporter of community service organizations, and has served as honorary chairman of many such groups over the years. Mr. Li has received Honorary Doctorates from Beijing University, University of Hong Kong, Hong Kong University of Science and Technology, Chinese University of Hong Kong, City University of Hong Kong, Open University of Hong Kong, University of Calgary in Canada and Cambridge University in the United Kingdom. Mr. Li Ka-shing is the father of Mr. Li Tzar Kuoi, Victor, the Managing Director and Deputy Chairman of the Company.

**LI Tzar Kuoi, Victor**, aged 35, joined the Group in 1985 and acted as Deputy Managing Director from 1993 to 1998. He has been Deputy Chairman since 1994 and Managing Director since 1999. Mr. Victor Li is also the Chairman of Cheung Kong Infrastructure Holdings Limited, Deputy Chairman of Hutchison Whampoa Limited, an Executive Director of Hongkong Electric Holdings Limited and a Director of The Hongkong and Shanghai Banking Corporation Limited. He is a member of the Chinese People's Political Consultative Conference, the Commission on Strategic Development and the Business Advisory Group. He holds a Bachelor of Science degree in Civil Engineering and a Master of Science degree in Structural Engineering.

**George Colin MAGNUS**, aged 64, 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 53, has been Deputy Managing Director since 1993. He is also the Group Managing Director of Cheung Kong Infrastructure Holdings Limited, and an Executive Director of Hutchison Whampoa Limited and Hongkong Electric Holdings Limited. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration.

**HUNG Siu-lin, Katherine**, aged 52, joined the Cheung Kong Group in 1972 and has been an Executive Director since 1985.

**CHUNG Sun Keung, Davy**, aged 49, has been an Executive Director since 1993. He is a Registered Architect.

**IP Tak Chuen, Edmond**, aged 47, has been an Executive Director since 1993. He is also an Executive Director of Cheung Kong Infrastructure Holdings Limited and a director of tom.com limited. He holds a Master of Science degree in Business Administration and a Bachelor of Arts degree in Economics.

**PAU Yee Wan, Ezra**, aged 44, joined the Cheung Kong Group in 1982 and has been an Executive Director since 1993.



**WOO Chia Ching, Grace**, aged 43, 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 68, has been a Director since 1984. He holds a B.A. Law (Honours) (Southampton) degree and is a solicitor of the High Court of the Hong Kong Special Administrative Region and an attesting officer appointed by the PRC. He is the senior partner of Messrs. S.H. Leung and Co., Solicitors.

**FOK Kin-ning, Canning**, aged 48, has been a Director since 1985. Mr. Fok is currently the Group Managing Director of Hutchison Whampoa Limited, Deputy Chairman of Cheung Kong Infrastructure Holdings Limited and the Deputy Chairman of Hongkong Electric Holdings Limited. He is also the Chairman of Partner Communications Company Ltd. and Hutchison Telecommunications (Australia) Limited, a director of VoiceStream Wireless Corporation and Global Crossing Ltd., and a member of the supervisory board of Mannesmann AG. He holds a Bachelor of Arts degree and is a member of the Australian Institute of Chartered Accountants.

**Frank John SIXT**, aged 48, has been a Director since 1991. He is the Chairman of tom.com limited, Group Finance Director of Hutchison Whampoa Limited, an Executive Director of Cheung Kong Infrastructure Holdings Limited and Hongkong Electric Holdings Limited. He is also a Director of Hutchison Telecommunications (Australia) Limited, Partner Communications Company Ltd., VoiceStream Wireless Corporation and Husky Oil Ltd. Mr. Sixt holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

**CHOW Nin Mow, Albert**, aged 50, has been a Director since 1983. He is also a Director of Hing Kong Holdings Limited.

**YEH Yuan Chang, Anthony**, aged 76, 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 62, has been a Director since 1993. He is a solicitor of the High Court of the Hong Kong Special Administrative Region and until 31st December, 1999 was 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 60, has been a Director since 1993. He is currently the Chairman of General Enterprise Management Services Limited, a private equity fund management company sponsored by Simon Murray And Associates 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 73, has been a Director since 1989. He holds a Bachelor's degree in Science (Architecture) from St. John's University, Shanghai, China, and an A.A. Diploma from the Architectural Association School of Architecture, London, England. He is also presently a Director of Amara International Investment Corporation, Crystal Square Development Corp., Crystal Square Management Inc., CTC Bank of Canada, Husky Oil Limited and Stanley Kwok Consultants Inc.

# Laguna Verde

*A top-grade residential and commercial project acclaimed for its contemporary design and advanced facilities. Its tradition of excellence is demonstrated again by Laguna Grande, Phase IV of the development which is scheduled for launch in 2000.*

Site Area: 64,150 sq. m.  
Floor Area: 419,400 sq. m.  
Land Use: Residential & Commercial  
Completion: Phase I – 1998  
Phase II – 1999  
Phase III – 2000  
Phase IV – 2001  
Shopping Arcade – 2000



Site Area: 7,400 sq. m.  
Floor Area: 62,450 sq. m.  
Land Use: Residential & Commercial  
Completion: 2001

## Harbourfront Landmark

*This sky-high development in a harbourfront setting represents a new benchmark for residential and commercial projects, featuring the latest building technology and an innovative design.*

# Report of the Directors

The Directors have pleasure in presenting to shareholders their annual report together with the audited financial statements of the Company and of the Group for the year ended 31st December, 1999.

## 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 before taxation for the year are as follows:

	Turnover		Contribution	
	1999 HK\$Million	1998 HK\$Million	1999 HK\$Million	1998 HK\$Million
Property sales				
Company and subsidiaries	2,320	5,239	391	1,917
Jointly controlled entities*	5,051	5,745	914	3,151
Property rental	336	280	156	184
Real estate agency and management	486	601	70	62
Investment and finance	-	-	1,589	562
Provision for property projects	-	-	(1,263)	(2,450)
Others	-	-	6	3
	8,193	11,865	1,863	3,429
Interest expenses			(667)	(839)
Share of results of jointly controlled entities (excluding results from property sales) and associates				
- listed			57,860	4,864
- unlisted			209	(132)
Group profit before taxation			59,265	7,322

- \* The Group's proportionate share of turnover and contribution from property sales of jointly controlled entities.

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, 1999 are set out in the consolidated profit and loss account on page 28.

The Directors recommend the payment of a final dividend of HK\$1.05 per share which, together with the interim dividend of HK\$0.33 per share paid on 20th October, 1999, makes a total dividend of HK\$1.38 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 (18) 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 24 to 27.



## DIRECTORS

The Directors of the Company are listed on page 57. The Directors' biographical information is set out on pages 12 to 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. George Colin Magnus, Mr. Kam Hing Lam, Ms. Hung Siu-lin, Katherine, Mr. Leung Siu Hon, Mr. Fok Kin-ning, Canning and Mr. Frank John Sixt retire from office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

## DIRECTORS' INTERESTS

As at 31st December, 1999, the interests of the Directors in the shares or debentures of the Company and its associated corporations as required to be recorded in the register maintained under Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:-

### (a) Interests in the Company

Name of Director	Number of Ordinary Shares				Total
	Personal Interest	Family Interest	Corporate Interest	Other Interest	
Li Ka-shing	-	-	32,133,000	771,705,406 (Note 1)	803,838,406
Li Tzar Kuoi, Victor	220,000	100,000	-	771,705,406 (Note 1)	772,025,406
George Colin Magnus	56,000	10,000	-	150,000 (Note 3)	216,000
Kam Hing Lam	10,000	-	-	-	10,000
Hung Siu-lin, Katherine	20,000	-	-	-	20,000
Leung Siu Hon	598,100	64,500	-	-	662,600
Yeh Yuan Chang, Anthony	-	384,000	-	-	384,000
Chow Kun Chee, Roland	65,600	-	-	-	65,600

(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	-	-	-	1,944,547,978 (Note 2)	1,944,547,978
Li Tzar Kuoi, Victor	-	-	610,000	1,944,547,978 (Note 2)	1,945,157,978
George Colin Magnus	800,000	9,000	-	-	809,000
Leung Siu Hon	10,000	26,000	-	-	36,000
Fok Kin-ning, Canning	875,089	-	-	-	875,089
Chow Nin Mow, Albert	89	-	-	-	89
Chow Kun Chee, Roland	45,392	-	-	-	45,392

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

## Report of the Directors (continued)

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). Mr. Li Ka-shing is also deemed to be interested in 3 shares of Tosbo Limited, a subsidiary of the Company, by virtue of his interest through his private company.

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 1,944,547,978 shares in Hutchison Whampoa Limited ("HWL") relate to the same block of shares comprising:
  - (a) 1,936,547,978 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 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 a company controlled by a trust under which Mr. George Colin Magnus 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.

As at 31st December, 1999, Mr. Li Tzar Kuoi, Victor had a corporate interest in a notional amount of HK\$8,000,000 in the 8.15% Notes due 2002 issued by Cheung Kong Finance Cayman Limited held through a company in which he is entitled to control one-third or more of the voting rights at its general meetings.

As at 31st December, 1999, Mr. Fok Kin-ning, Canning had a personal interest in 100,000 ordinary shares in Hutchison Telecommunications (Australia) Limited, and a corporate interest in a notional amount of US\$7,500,000 in the 6.95% Notes due 2007 issued by Hutchison Whampoa Finance (CI) Limited held through a company which is equally owned by him and his wife.

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

Apart from the above, as at 31st December, 1999 there was 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.

## SUBSTANTIAL SHAREHOLDERS

As at 31st December, 1999, 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.

## MAJOR CUSTOMERS AND SUPPLIERS

During the year, 84% of the Group's purchases were attributable to the Group's five largest suppliers with the largest supplier accounting for 73% 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, 1999, the Group's borrowings amounted to HK\$17.7 billion, an increase of HK\$2.6 billion from the amount outstanding at the end of the last financial year. With cash and marketable securities at the year end date 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 7 years. Of the total borrowings, HK\$7.4 billion is repayable within 1 year, HK\$9 billion is repayable within 2 to 4 years and HK\$1.3 billion is repayable within 5 to 7 years. It is expected that the maturity profile of the Group's debt will be lengthened in the future as a result of the Group having arranged a US\$1 billion medium term note program during the year. Since the balance sheet date, 5, 7 and 10 years notes have already been issued under the program. 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. Almost all of the Group's borrowings are in HK\$ (being approximately 97% of the total at year end) with the balance either in US\$ or RMB.

The Group's borrowings are principally on a floating rate basis. 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 associates, employs approximately 4,380 employees. Employees' cost (excluding directors' emoluments) amounted to approximately HK\$934 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\$1,474,000.

## 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.

## AUDIT COMMITTEE

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

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



## MILLENNIUM ISSUE

The Group is well aware of the importance of taking appropriate steps to address the financial and operating system risks posed by the Year 2000. Since 1997, the Group has developed and implemented a Year 2000 compliance programme (the "Programme") to ensure all major systems, computer applications, software and hardware devices owned or developed by the Group will accurately calculate date/time data prior to, through and beyond the year 2000.

A steering committee has been established by the Group in 1997 to monitor the Programme and to implement necessary remedial and contingency measures. Progress on the Programme has been reported regularly to the Directors by the steering committee.

The Programme has now been completed on schedule with all the critical systems of the Group being Year 2000 compliant. However, the Group still relies upon and interfaces with systems of third parties such as major suppliers, contractors, sub-contractors and business partners. The Group has been actively assessing the commitment of such third parties in achieving Year 2000 compliance.

Extensive contingency plans have been prepared by the Group with a view to responding to any interruption in a speedy and organised manner. These plans include measures mitigating the effects of any future disruption to critical business systems and business resumption contingency plans to address the perceived risks associated with the Year 2000 issue.

Over the millennium change and various relevant dates in the year 2000, the steering committee carried out various tests on and closely monitored the performance of all major systems. No business disruption has been encountered by the Group before, during and after the millennium change.

Budget for the Programme is approximately HK\$8,000,000. All works on assessment, programme modification and related procedures to achieve Year 2000 compliance have been completed within budget.

## 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, 23rd March, 2000



PROPERTY DEVELOPMENT

# *New Kowloon Inland* *Lot No. 6277*

*Prestigiously located at Beacon Hill Road, this prime site is earmarked for a deluxe development with quality materials and unique fittings.*

Site Area: 41,570 sq. m.  
Floor Area: 72,480 sq. m.  
Land Use: Residential  
Completion: 2003





# Schedule of Major Properties

Dated the 31st day of December, 1999

## A. Properties for/under Development

Location	Lot Number	Group's Interest	Approx. Site Area (sq. m.)
<b>Hong Kong</b>			
Manhattan Heights, Western District	M.L. 245 Sec. E & R.P. & others	44.8%	2,962
No. 1 Star Street, Wanchai	I.L. 2837 Sec. A	100.0%	1,300
A site at Des Voeux Road West, Sheung Wan	R.P. of I.L. 3999 - 4005	100.0%	972
<b>Kowloon &amp; New Territories</b>			
Monte Vista, Ma On Shan	S.T.T.L. 446	50.0%	25,825
Sheffield Villas, Hung Shui Kiu	Lot 4295 in D.D. 124	50.0%	3,200
Peninsula Heights, Kowloon Tong	N.K.I.L. 5104	50.0%	4,727
University Court, Kowloon	N.K.I.L. 2491 Sec. A	100.0%	1,357
Villa Esplanada Phase 3, Tsing Yi	T.Y.T.L. 129	22.5%	11,200
Harbourfront Landmark, Hung Hom	K.I.L. 11055	50.0%	7,402
A site at Ma On Shan	S.T.T.L. 461	51.0%	8,000
A site at Canton Road	K.I.L. 11086	42.5%	10,486
A site at Lai King Hill Road	K.C.T.L. 474	50.0%	8,920
A site at Kowloon City	Sec. A, B, C & R.P. of K.I.L. 4013	40.0%	14,315
A site at Tin Shui Wai	T.S.W.T.L. 27	60.0%	14,901
A site at Tsing Yi	T.Y.T.L. 140	30.0%	24,900
A site at Beacon Hill Road	N.K.I.L. 6277	100.0%	41,578
A site at West Kowloon Reclamation Area	K.I.L. 11107	100.0%	6,943
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%	192,806
A site at Tai Po	Various lots	90.0%	98,650
Various sites at Tai Po	Various lots	100.0%	93,979
A site at North District	Various lots	100.0%	182,526
<b>The Mainland</b>			
Sheraton Chengdu Lido Hotel	-	70.0%	4,615
Sheraton Shenyang Lido Hotel	-	70.0%	14,449
Oriental Plaza, Beijing	-	33.4%	94,624
Le Parc (Huangpu Yayuan), Futian, Shenzhen	-	50.0%	156,011
Tang Jia Bay, Zhuhai	-	50.0%	445,672
San Fang Qi Xiang, Fuzhou City	-	89.0%	23,931
Pacific Plaza Phase 2, Qingdao	-	15.3%	6,240
Laguna Verona, Dongguan	-	43.7%	12,135
Walton Plaza Phase 2 & 3, Xuhui, Shanghai	-	39.2%	6,374
Huangsha MTR Station, Guangzhou	-	50.0%	740,202
Pudong Huamu, Site 1, Shanghai	-	39.2%	29,709
Pudong Huasi Lu, Site 2, Shanghai	-	50.0%	34,287
Xuedairenzhuang Village, Shunyi County, Beijing	-	50.0%	172,633
	-	31.0%	458,643
	-	35.0%	1,270,500
<b>Overseas</b>			
Montevetro, London, United Kingdom	-	22.5%	6,703
Belgravia Place, London, United Kingdom	-	42.5%	4,389
Albion & Bridge Wharves, London, United Kingdom	-	45.0%	12,869
Costa del Sol, Bayshore Road, Singapore	-	24.0%	39,702

Approx. Floor Area Attributable to the Group  (sq. m.)	Land Use	Stage of Completion	Estimated Date of Completion
13,345	Residential/Commercial	Interior finishing	February, 2000
9,318	Residential	Superstructure in progress	March, 2001
8,752	Residential/Commercial	Planning	June, 2002
54,613	Residential	Interior finishing	February, 2000
9,950	Residential	Interior finishing	March, 2000
2,016	Residential	Interior finishing	February, 2000
10,651	Residential	Interior finishing	March, 2000
4,072	Residential	Superstructure in progress	December, 2000
17,921	Residential	Superstructure in progress	August, 2001
31,222	Residential/Commercial	Superstructure in progress	October, 2001
28,560	Hotel	Foundation work	January, 2002
41,027	Residential/Commercial	Foundation work	June, 2002
26,023	Residential/Commercial	Foundation work	September, 2002
55,651	Residential/Commercial	Planning	February, 2003
44,703	Residential	Planning	March, 2003
70,959	Commercial/Hotel	Planning	June, 2003
72,480	Residential	Planning	July, 2003
52,072	Residential/Commercial	Planning	December, 2003
-	Agricultural land	Planning	-
-	Agricultural land	Planning	-
-	Agricultural land	Planning	-
-	Agricultural land	Planning	-
-	Agricultural land	Planning	-
39,446	Hotel	Interior finishing	June, 2000
56,000	Hotel	Interior finishing	December, 2000
63,417	Commercial	Interior finishing	October, 2000
108,811	Commercial/Hotel	Superstructure in progress	October, 2001
15,687	Hotel	Superstructure in progress	June, 2002
53,500	Residential	Superstructure in progress	March, 2001
150,500	Residential	Planning	2002 - 2005
35,000	Residential	Site formation	March, 2001
187,836	Residential	Planning	December, 2006
96,613	Residential/Commercial	Superstructure in progress	June, 2001
5,102	Commercial	Planning	December, 2001
32,484	Residential/Commercial	Planning	December, 2004
3,514	Residential	Foundation work	December, 2001
107,893	Residential	Planning	December, 2001
58,268	Residential	Site investigation	December, 2002
45,381	Residential/Commercial	Planning	December, 2002
41,423	Residential	Planning	June, 2003
38,063	Residential	Foundation work	March, 2004
49,763	Residential	Site investigation	December, 2005
229,289	Residential	Site formation	December, 2008
2,277	Residential	Interior finishing	July, 2000
4,596	Residential	Superstructure in progress	March, 2001
17,141	Residential/Commercial	Planning	November, 2003
33,349	Residential	Foundation work	2002 - 2004

## Schedule of Major Properties (continued)

Dated the 31st day of December, 1999

### B. Properties for Investment

Location	Lot Number	Group's Interest	Approx. Site Area (sq. m.)
<b>Hong Kong</b>			
The Center (Portion), Central	-	100.0%	-
United Centre (Portion), Admiralty	-	100.0%	-
CEF Lend Lease Plaza, North Point	I.L. 8885	60.9%	-
Harbour Plaza North Point	I.L. 8885	60.9%	-
<b>Kowloon &amp; New Territories</b>			
Harbour Plaza Resort City, Tin Shui Wai	T.S.W.T.L. 4	98.5%	-
Kingswood Ginza, Tin Shui Wai	T.S.W.T.L. 4	98.5%	-
Ma On Shan Plaza, Ma On Shan	-	100.0%	-
East Asia Gardens (Portion), Tsuen Wan	-	100.0%	-
Centre De Laguna, Kwun Tong	-	100.0%	-
Jubilee Garden (Portion), Fo Tan	-	68.5%	-
Modern Warehouse, Kwun Tong	K.T.I. L. 62	100.0%	1,858
Prosperity Center (Portion), Kwun Tong	-	100.0%	-
8 Tung Yuen Street, Yau Tong	Y.T.M.L. 69	100.0%	2,108
<b>The Mainland</b>			
Metropolitan Plaza, Chongqing	-	49.0%	-
		50.0%	-
Westgate Mall, Shanghai	-	21.0%	-
The Four Seasons, Pudong, Shanghai	-	50.0%	-

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

Location	Lot Number	Approx. Site Area (sq. m.)	Approx. Floor Area of the Development (sq. m.)
<b>Hong Kong</b>			
Sites at Queen Street, Sheung Wan	I.L. 8897	7,964	17,822 43,099
<b>Kowloon &amp; New Territories</b>			
Laguna Verde, Hung Hom	K.I.L. 11056	50,133	95,421 25,338 186,685
The Metropolis, Hung Hom Bay	K.I.L. 11077	50,058	132,218
Tung Chung Station Package Three	T.C.T.L. 5	67,901	121,415 96,795 122,252 71,838
Cheung Sha Wan Shipyards	N.K.I.L. 6320	19,473	175,724

#### Notes for Schedule of Major Properties:

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

Approx. Floor Area Attributable to the Group  (sq. m.)	Existing Use	Lease Term
113,947	Commercial	Medium Term Lease
3,509	Commercial	Long Lease
12,332	Commercial	Medium Term Lease
19,410	Hotel	Medium Term Lease
60,591	Hotel	Medium Term Lease
45,795	Commercial	Medium Term Lease
29,278	Commercial	Medium Term Lease
11,478	Commercial	Medium Term Lease
3,995	Commercial	Medium Term Lease
2,115	Commercial	Medium Term Lease
22,296	Industrial/Office	Medium Term Lease
16,902	Industrial/Office	Medium Term Lease
7,170	Godown	Medium Term Lease
21,976	Hotel	Medium Term Lease
70,212	Commercial	Medium Term Lease
20,554	Commercial	Medium Term Lease
20,899	Residential	Medium Term Lease

Land Use	Stage of Completion	Estimated Date of Completion
Residential	Foundation work	October, 2001
Residential/Commercial	Foundation work	March, 2002
Residential	Interior finishing	April, 2000
Commercial	Superstructure in progress	September, 2000
Residential	Superstructure in progress	June, 2001
Commercial/Hotel	Superstructure in progress	March, 2001
Residential	Foundation work	June, 2002
Residential/Commercial	Foundation work	October, 2002
Residential	Foundation work	March, 2003
Residential	Foundation work	September, 2003
Composite Development	Planning	September, 2003



Awards

Presented by	Awards
PricewaterhouseCoopers	World's Most Respected Property/Construction Company
HKMA/TVB	HKMA/TVB Award for Marketing Excellence-Silver
The Community Chest	One of Top Five Donors in 1999
Hong Kong Economic Times	HKET The Best Housing Estate Award - Laguna Verde & DeerHill Bay



Mr. Victor Li (Right) received the award of “World’s Most Respected Property/Construction Company” presented by PricewaterhouseCoopers.



Mrs. Betty H.P. Tung, JP (Left), President of The Community Chest, presented to Ms. Katherine Hung (Right) an antithetical couplet as a token of thank for the Group’s continuing support.

Rankings

Published by	Categories	Rank
Far Eastern Economic Review – Review 200: Asia’s Leading Companies	Hong Kong’s Leading Company	1
	Management Has Long Term Vision	1
	Company Others Try to Emulate	1
Asia Money	The Best Managed Company	8
	The Companies with the Best Overall Strategies	5
Yazhou Zhoukan	Top 500 Chinese Entrepreneurs in 1999 (一九九九年度五百大華商)	3
	Top 20 Chinese Entrepreneurs with Highest Earnings Before Tax (二十家税前盈利最高的華商企業)	3
	Top 20 Chinese Entrepreneurs with Highest Total Asset Value (二十家資產總值最高的華商企業)	13
	Top 10 Chinese Entrepreneurs in Hong Kong (香港十大華商企業)	3
	Top 10 Property Developers (房地產業十大排名)	2
CFO Asia Magazine	Top 100 Wealth Creators in Seven Markets in Asia	8
The Asset	Management Excellence – Asia	13
	Management Excellence – Hong Kong	4



Dr. Supachai Panitchpakdi (Left), Deputy Prime Minister and Minister of Commerce, Thailand, WTO Director General-Designate, presented to Mr. Victor Li (Right) the awards won by the Group in “Review 200: Asia’s Leading Companies” organised by Far Eastern Economic Review.

# Consolidated Profit and Loss Account

For the year ended 31st December, 1999

	Note	1999 \$ Million	1998 \$ Million
<b>Turnover</b>	(2)		
Group activities		3,142	6,120
Share of property sales of jointly controlled entities		5,051	5,745
		8,193	11,865
<b>Group turnover</b>	(2)	3,142	6,120
Other revenue		1,993	904
<b>Operating costs</b>			
Property and related costs		(2,144)	(3,394)
Salaries and related expenses		(590)	(646)
Lease and depreciation charges		(139)	(215)
Interest expenses		(667)	(839)
Other expenses		(141)	(123)
		(3,681)	(5,217)
Share of results of jointly controlled entities		1,077	3,261
Provision for property projects		(1,263)	(2,450)
<b>Operating profit</b>		1,268	2,618
Share of results of associates	(3)	57,997	4,704
<b>Profit before taxation</b>	(4)	59,265	7,322
Taxation	(5)	(774)	(1,169)
<b>Profit after taxation</b>		58,491	6,153
Minority interests		882	(41)
<b>Profit attributable to shareholders</b>	(6)	59,373	6,112
Dividends	(7)	(3,170)	(2,665)
<b>Profit for the year retained</b>		56,203	3,447
<b>Earnings per share</b>	(8)	\$25.84	\$2.66

# Consolidated Balance Sheet

As at 31st December, 1999

	Note	1999 \$ Million	1998 \$ Million
Non-current assets			
Fixed assets	(9)	21,290	13,936
Associates	(11)	105,642	50,857
Jointly controlled entities	(12)	23,106	25,430
Investments in securities	(13)	1,229	2,443
Long term loans		519	878
		151,786	93,544
Current assets			
Investments in securities	(13)	2,773	2,297
Stock of properties	(14)	13,961	10,723
Debtors, deposits and prepayments		1,773	2,181
Bank balances and deposits		3,337	4,313
		21,844	19,514
Current liabilities			
Bank and other loans	(15)	7,428	4,814
Creditors and accrued expenses		4,628	4,766
Proposed final dividend		2,412	2,022
Provision for taxation		412	588
Net current assets		6,964	7,324
Non-current liabilities			
Bank and other loans	(15)	10,238	10,245
Deferred items	(16)	33	12
Minority interests		6,736	5,163
		17,007	15,420
<b>Total net assets</b>		<b>141,743</b>	<b>85,448</b>
Representing:			
Share capital	(17)	1,149	1,149
Share premium		7,856	7,856
Reserves	(18)	1,958	1,866
Retained profits	(19)	130,780	74,577
<b>Total shareholders' funds</b>		<b>141,743</b>	<b>85,448</b>

Directors

Li Ka-shing

Ip Tak Chuen, Edmond

# Balance Sheet

As at 31st December, 1999

	Note	1999 \$ Million	1998 \$ Million
Non-current assets			
Fixed assets	(9)	65	20
Subsidiaries	(10)	16,000	16,663
Associates	(11)	1,090	1,122
Jointly controlled entities	(12)	5,885	4,715
Investments in securities	(13)	14	27
Long term loans		51	63
		23,105	22,610
Current assets			
Stock of properties	(14)	3	3
Debtors, deposits and prepayments		114	140
Dividend receivable		1,930	622
Bank balances and deposits		1,299	1,778
		3,346	2,543
Current liabilities			
Creditors and accrued expenses		159	91
Proposed final dividend		2,412	2,022
Provision for taxation		-	17
Net current assets		775	413
Non-current liabilities			
Deferred items	(16)	3	1
Total net assets		23,877	23,022
Representing:			
Share capital	(17)	1,149	1,149
Share premium		7,856	7,856
Reserves	(18)	800	800
Retained profits	(19)	14,072	13,217
Total shareholders' funds		23,877	23,022

Directors

Li Ka-shing

Ip Tak Chuen, Edmond

# Consolidated Statement of Recognised Gains and Losses

For the year ended 31st December, 1999

	1999 \$ Million	1998 \$ Million
Exchange gains/(losses) on translation of financial statements of subsidiaries, jointly controlled entities and associates	(2)	2
Surplus/(deficits) on revaluation of investment properties	202	(777)
Deficit on completion of properties previously transferred from investment properties for development	(108)	-
Net gains/(losses) not recognised in the consolidated profit and loss account	92	(775)
Net profit for the year	59,373	6,112
Total recognised gains and losses	59,465	5,337

# Consolidated Cash Flow Statement

For the year ended 31st December, 1999

	Note	1999 \$ Million	1998 \$ Million
Net cash inflow/(outflow) from operating activities	(a)	(2,648)	10,148
Returns on investments and servicing of finance			
Dividends from jointly controlled entities		1,063	1,430
Dividends from associates		2,917	2,908
Dividends from investments in securities		31	117
Interest received		1,026	1,378
Interest paid		(1,055)	(1,403)
Dividends paid to shareholders		(2,780)	(3,469)
Dividends paid to minorities		(8)	(148)
Net cash inflow from returns on investments and servicing of finance		1,194	813
Taxation			
Profits tax paid		(223)	(137)
Investing activities			
Reduction of interest in subsidiaries		-	108
Investment in jointly controlled entities		(486)	(2,443)
Purchase of associates		(2)	(58)
Disposal of associates		91	-
Advance to jointly controlled entities		(1,942)	(3,972)
Advance to associates		(248)	(172)
Purchase of investments in securities		(382)	(181)
Disposal/redemption of investments in securities		2,154	1,106
Repayment/(advance) of long term loans		43	(25)
Addition of fixed assets		(3,638)	(8,938)
Disposal of fixed assets		6	1
Decrease in fixed deposits with maturity dates beyond 3 months		1,000	-
Net cash outflow from investing activities		(3,404)	(14,574)
Net cash outflow before financing		(5,081)	(3,750)
Financing			
Borrowing of bank loans		2,594	635
Borrowing/(repayment) of other loans		13	(3,618)
Funding from minorities		2,498	2,089
Net cash inflow/(outflow) from financing	(b)	5,105	(894)
Increase/(decrease) in cash and cash equivalents		24	(4,644)
Cash and cash equivalents at 1st January		3,313	7,957
Cash and cash equivalents at 31st December	(c)	3,337	3,313



Notes:

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

	1999 \$ Million	1998 \$ Million
Profit before taxation	59,265	7,322
Interest income	(1,054)	(1,364)
Interest expenses	667	839
Dividend income	58,878	6,797
Share of results of jointly controlled entities	(31)	(105)
Share of results of associates	(1,077)	(3,261)
Provision for property projects	(57,997)	(4,704)
Gain/loss on investments	1,263	2,450
Depreciation	(915)	931
(Increase)/decrease in stock of properties	46	52
Increase/(decrease) in customers' deposits received	(3,062)	8,903
(Increase)/decrease in debtors, deposits and prepayments	165	(3,134)
Increase/(decrease) in creditors and accrued expenses	559	(1,545)
Exchange difference and other items	(481)	3,819
	4	(55)
Net cash inflow/(outflow) from operating activities	(2,648)	10,148

( b ) Analysis of changes in financing during the year

	Other loans \$ Million	Bank loans \$ Million	Minority interests \$ Million	1999 Total \$ Million	1998 Total \$ Million
Balance at 1st January	2,689	12,370	5,163	20,222	20,177
Net cash inflow/(outflow) from financing	13	2,594	2,498	5,105	(894)
Minority shareholders' share of profits and reserves	-	-	(917)	(917)	30
Increase in minority interests	-	-	-	-	1,057
Dividends paid to minorities	-	-	(8)	(8)	(148)
Balance at 31st December	2,702	14,964	6,736	24,402	20,222

( c ) Cash and cash equivalents

	1999 \$ Million	1998 \$ Million
Bank balances and deposits	3,337	4,313
Less: Fixed deposits with maturity dates beyond 3 months	-	(1,000)
	3,337	3,313

# Notes to Financial Statements

## 1. PRINCIPAL ACCOUNTING POLICIES

### (a) Basis of preparation

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

The presentation in the current year's financial statements has been modified in order to comply with the requirements of the SSAP 1 (Revised) "Presentation of Financial Statements", SSAP 2 (Revised) "Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies" and SSAP 24 "Accounting for Investments in Securities" which became effective during the year. Comparative figures have been reclassified to conform with the current year's presentation.

### (b) Consolidation

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

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

### (c) Subsidiaries

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

### (d) Jointly controlled entities

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

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

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

## 1. PRINCIPAL ACCOUNTING POLICIES (*continued*)

### (e) Associates

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

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

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

### (f) Investments in securities

In previous years, long term investments in securities were carried at cost less provision for diminution in value where appropriate and short term investments in securities were stated at the lower of cost and net realisable value.

In order to comply with SSAP 24 "Accounting for Investments in Securities" which became effective during the year, the accounting policy for investments in securities has been changed to adopt the benchmark treatment as stated therein. The change in accounting policy has no material effect on the profit attributable to shareholders and retained profits for 1998 and 1999.

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

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

### (g) Fixed assets

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

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

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(g) Fixed assets (continued)

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

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

Leasehold land is amortised over the remaining term of the lease on a straight-line basis. Buildings on the leasehold land are depreciated at the annual rates of 2% to 4% on the cost of the respective building. Other fixed assets are depreciated on a straight-line basis at the annual rates of 5% to 33 $\frac{1}{3}$ % based on their respective estimated useful lives.

(h) Stock of properties

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

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

(i) Revenue recognition

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

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

(j) Foreign exchange

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

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

## 1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### (k) 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 at the applicable local rates on the estimated assessable profits of the individual company concerned.

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

### (l) Borrowing costs

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

## 2. TURNOVER

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

Turnover of the Group recognised during the year was as follows:-

	1999 \$ Million	1998 \$ Million
Proceeds from property sales	2,320	5,239
Gross rental income	336	280
Income from real estate agency and management	486	601
	3,142	6,120

In addition, the Group also accounts for its proportionate share of the proceeds from property sales of jointly controlled entities. Turnover of jointly controlled entities (save for proceeds from property sales shared by the Group) and turnover of listed and unlisted associates are not included.

## 3. SHARE OF RESULTS OF ASSOCIATES

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

## 4. PROFIT BEFORE TAXATION

	1999 \$ Million	1998 \$ Million
Profit before taxation is arrived at after charging:		
Interest expenses		
Bank and other loans repayable within 5 years	1,007	1,439
Other loans not repayable within 5 years	1	-
	1,008	1,439
Less: Interest capitalised (see note (a) below)	(341)	(600)
	667	839
Directors' emoluments (see note (b) below)		
Salaries, allowances and benefits in kind	75	73
Contribution to retirement scheme	7	7
Discretionary bonus	41	29
	123	109
Less: Amount paid back	(11)	(11)
	112	98
Auditors' remuneration	5	4
Costs of properties sold	1,595	2,782
Operating lease charges - properties	93	163
Depreciation	46	52
Impairment losses on investment securities	28	116
and after crediting:		
Net rental income	187	211
Interest income from banks	201	317
Income from listed investments		
Share of results of associate	57,860	4,864
Dividend from investments in securities	19	101
Interest from investments in securities	28	50
Income from unlisted investments		
Share of results of jointly controlled entities	1,077	3,261
Share of results of associates	137	(160)
Dividend from investments in securities	12	4
Interest from jointly controlled entities	669	937
Interest from investments in securities	111	60
Net holding gains/(losses) on other investments	1,022	(761)



#### 4. PROFIT BEFORE TAXATION *(continued)*

Notes:

- (a) Interest was capitalised to property development projects at the average annual rate of approximately 7% (1998 - 7%).
- (b) Directors' emoluments included directors' fee of \$85,000 (1998 - \$85,000). Other than a director's fee of \$5,000 each, no other emoluments was paid to the Chairman, Mr. Li Ka-shing, and the independent non-executive directors, save for those who acted as members of the Audit Committee, an additional \$5,000 each was paid. Certain directors received directors' remuneration from associates of which \$11 million (1998- \$11 million) was paid back to the Company.

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

	1999 Number of Directors	1998 Number of Directors
Nil - \$1,000,000	9	9
\$7,500,001 - \$8,000,000	-	1
\$9,000,001 - \$9,500,000	1	2
\$10,000,001 - \$10,500,000	1	1
\$10,500,001 - \$11,000,000	1	-
\$11,000,001 - \$11,500,000	1	-
\$12,000,001 - \$12,500,000	-	1
\$13,000,001 - \$13,500,000	1	1
\$15,000,001 - \$15,500,000	1	-
\$17,500,001 - \$18,000,000	-	1
\$19,500,001 - \$20,000,000	1	-
\$28,500,001 - \$29,000,000	-	1
\$32,500,001 - \$33,000,000	1	-

## 5. TAXATION

	1999 \$ Million	1998 \$ Million
Company and subsidiaries		
Hong Kong profits tax	47	143
Overseas tax	-	4
Deferred tax	8	(5)
Jointly controlled entities		
Hong Kong profits tax	145	458
Overseas tax	34	38
Associates		
Hong Kong profits tax	409	392
Overseas tax	131	139
	774	1,169

Hong Kong profits tax is provided for at the rate of 16% (1998 - 16%).

## 6. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Profit attributable to shareholders dealt with in the profit and loss account of the Company is \$4,025 million (1998 - \$3,398 million).

## 7. DIVIDENDS

	1999 \$ Million	1998 \$ Million
Interim dividend paid at \$0.33 (1998 - \$0.28) per share	758	643
Proposed final dividend at \$1.05 (1998 - \$0.88) per share	2,412	2,022
	3,170	2,665

## 8. EARNINGS PER SHARE

The calculation of earnings per share is based on profit attributable to shareholders and on 2,297,556,240 shares (1998 - 2,297,556,240 shares) in issue during the year.

## 9. FIXED ASSETS

	Land and buildings in Hong Kong \$ Million	Land and buildings outside Hong Kong \$ Million	Investment properties in Hong Kong \$ Million	Hotel properties in Hong Kong \$ Million	Other assets \$ Million	Total \$ Million
<b>Group</b>						
Cost or valuation						
At 1st January, 1999	3,050	2	10,805	-	233	14,090
Additions/transfers	(2,857)	7,811	1,160	2,264	133	8,511
Disposals	-	-	-	-	(25)	(25)
Deficits on revaluation	-	-	(205)	-	-	(205)
At 31st December, 1999	193	7,813	11,760	2,264	341	22,371
Accumulated depreciation/provision						
At 1st January, 1999	-	-	-	-	154	154
Depreciation	-	-	-	-	46	46
Diminution in value	372	-	-	891	-	1,263
Written back on disposals/transfers	(372)	-	-	-	(10)	(382)
At 31st December, 1999	-	-	-	891	190	1,081
Net book value						
At 31st December, 1999	193	7,813	11,760	1,373	151	21,290
Net book value						
At 31st December, 1998	3,050	2	10,805	-	79	13,936

At the balance sheet date:

- certain properties in Hong Kong with aggregate carrying value of \$12,941 million (1998 - \$13,462 million) and certain properties outside Hong Kong with aggregate carrying value of \$7,811 million (1998 - Nil) were held under medium term leases, all other properties were held under long leases; and
- certain properties with aggregate carrying value of \$391 million (1998 - Nil) were pledged as securities for bank loans.

## 9. FIXED ASSETS (continued)

	Other assets \$ Million
<b>Company</b>	
<b>Cost</b>	
At 1st January, 1999	97
Additions	69
Disposals	(10)
At 31st December, 1999	156
<b>Accumulated depreciation</b>	
At 1st January, 1999	77
Depreciation	19
Written back on disposals	(5)
At 31st December, 1999	91
Net book value at 31st December, 1999	65
Net book value at 31st December, 1998	20

Analysis of cost and valuation of the Group's fixed assets at 31st December, 1999:

	Land and buildings in Hong Kong \$ Million	Land and buildings outside Hong Kong \$ Million	Investment properties in Hong Kong \$ Million	Hotel properties in Hong Kong \$ Million	Other assets \$ Million	Total \$ Million
At 1999 professional valuation	-	-	11,760	-	-	11,760
At cost	193	7,813	-	2,264	341	10,611
	193	7,813	11,760	2,264	341	22,371

Investment properties of the Group have been revalued at 31st December, 1999 by DTZ Debenham Tie Leung, professional valuers, on an open market value basis. Gross rental income derived from investment properties during the year amounted to \$269 million (1998 - \$210 million).

## 10. SUBSIDIARIES

	1999 \$ Million	Company 1998 \$ Million
Unlisted investments in subsidiaries	2,267	2,267
Amounts due from subsidiaries	24,579	22,820
Amounts due to subsidiaries	(10,846)	(8,424)
	16,000	16,663

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

## 11. ASSOCIATES

	Group 1999 \$ Million	1998 \$ Million	Company 1999 \$ Million	1998 \$ Million
Listed investments in an associate	104,017	49,313	-	-
Unlisted investments in associates	1,257	1,358	1,045	1,330
	105,274	50,671	1,045	1,330
Amounts due from associates	397	469	48	48
Amounts due to associates	(29)	(283)	(3)	(256)
	105,642	50,857	1,090	1,122
Market value of investments in an associate - listed in Hong Kong	218,830	106,026	-	-

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

## 12. JOINTLY CONTROLLED ENTITIES

	Group 1999 \$ Million	1998 \$ Million	Company 1999 \$ Million	1998 \$ Million
Unlisted investments in jointly controlled entities	5,764	9,925	145	145
Amounts due from jointly controlled entities	20,304	17,134	5,891	4,721
Amounts due to jointly controlled entities	(2,962)	(1,629)	(151)	(151)
	23,106	25,430	5,885	4,715

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

## 13. INVESTMENTS IN SECURITIES

	Group 1999 \$ Million	1998 \$ Million	Company 1999 \$ Million	1998 \$ Million
Investment securities				
Equity securities - unlisted	348	229	14	27
Equity securities - listed in Hong Kong	54	58	-	-
Debt securities - listed in Hong Kong	106	35	-	-
	508	322	14	27
Other investments				
Equity securities - unlisted	71	-	-	-
Debt securities - unlisted	1,993	1,904	-	-
Equity securities - listed in Hong Kong	1,029	1,138	-	-
Debt securities - listed in Hong Kong	1	81	-	-
Equity securities - listed overseas	30	1,022	-	-
Debt securities - listed overseas	370	273	-	-
	3,494	4,418	-	-
Less: Amounts classified under current assets	2,773	2,297	-	-
	721	2,121	-	-
Amounts classified under non-current assets	1,229	2,443	14	27
Market value of investment securities				
- listed in Hong Kong	160	94	-	-
Market value of other investments				
- listed in Hong Kong	1,030	1,323	-	-
- listed overseas	400	1,320	-	-
	1,590	2,737	-	-

#### 14. STOCK OF PROPERTIES

	Group		Company	
	1999 \$ Million	1998 \$ Million	1999 \$ Million	1998 \$ Million
Properties for/under development	8,940	4,346	-	-
Joint development projects	5,764	8,585	-	-
Properties for sale	2,207	577	3	3
	16,911	13,508	3	3
Less: Customers' deposits received	2,950	2,785	-	-
	13,961	10,723	3	3

At the balance sheet date, certain stock of properties amounting to \$1,140 million (1998 - \$511 million) were carried at net realisable value.

#### 15. BANK AND OTHER LOANS

	Group		Company	
	1999 \$ Million	1998 \$ Million	1999 \$ Million	1998 \$ Million
Bank loans repayable				
within 1 year	7,408	2,476	-	-
after 1 year but not exceeding 2 years	4,376	6,168	-	-
after 2 years but not exceeding 5 years	3,180	3,726	-	-
Other loans repayable				
within 1 year	20	2,338	-	-
after 1 year but not exceeding 2 years	332	-	-	-
after 2 years but not exceeding 5 years	1,850	351	-	-
after 5 years	500	-	-	-
	17,666	15,059	-	-
Less: Amounts classified under current liabilities	7,428	4,814	-	-
Amounts classified under non-current liabilities	10,238	10,245	-	-



## 15. BANK AND OTHER LOANS (continued)

At the balance sheet date:

- (a) bank loans amounting to \$188 million (1998 - Nil) were secured by fixed assets; and
- (b) other loans included US\$45,340,000 floating rate notes issued in 1994 which carry interest at the rate of 0.7% above the 3 months LIBOR and will mature in January, 2001 (at the options of the floating rate noteholders, US\$2,550,000 was redeemed after the balance sheet date), and the following fixed rate notes and bonds issued during the year:

\$1,250,000,000	8.15% notes due February 2002
\$300,000,000	7.88% bonds due November 2004
\$300,000,000	7.75% bonds due December 2004
\$500,000,000	7.88% bonds due December 2006

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

## 16. DEFERRED ITEMS

	Group 1999 \$ Million	1998 \$ Million	Company 1999 \$ Million	1998 \$ Million
Deferred taxation	10	2	3	1
Other deferred income	23	10	-	-
	33	12	3	1

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

## 17. SHARE CAPITAL

	1999 No. of shares	1998 No. of shares	1999 \$ Million	1998 \$ Million
Authorised:				
Shares of \$0.5 each	2,800,000,000	2,800,000,000	1,400	1,400
Issued and fully paid:				
Shares of \$0.5 each	2,297,556,240	2,297,556,240	1,149	1,149

## 18. RESERVES

	Group 1999 \$ Million	1998 \$ Million	Company 1999 \$ Million	1998 \$ Million
Capital reserve				
Balance at 1st January and 31st December	345	345	199	199
Exchange translation reserve				
Balance at 1st January	31	29	1	1
Company and subsidiaries	11	-	-	-
Share of translation reserve				
Jointly controlled entities	(14)	3	-	-
Associates	1	(1)	-	-
Balance at 31st December	29	31	1	1
Investment property revaluation reserve				
Balance at 1st January	1,490	2,267	600	799
Revaluation surplus/(deficits)				
Company and subsidiaries	(155)	(583)	-	-
Jointly controlled entities	351	13	-	-
Associates	6	(207)	-	(199)
Deficit on completion of properties previously transferred from investment properties for development	(108)	-	-	-
Balance at 31st December	1,584	1,490	600	600
	1,958	1,866	800	800

## 19. RETAINED PROFITS

	Group 1999 \$ Million	1998 \$ Million	Company 1999 \$ Million	1998 \$ Million
Balance at 1st January	74,577	71,130	13,217	12,484
Profit for the year retained	56,203	3,447	855	733
Balance at 31st December	130,780	74,577	14,072	13,217

At the balance sheet date, retained profits of the Group included \$77,558 million (1998 - \$21,607 million) retained by associates and \$2,679 million (1998 - \$2,696 million) retained by jointly controlled entities, and the Company's reserves available for distribution to shareholders amounted to \$13,537 million (1998 - \$12,397 million).

## 20. 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 were \$42 million (1998 - \$44 million). Forfeited contributions during the year amounting to \$6 million (1998 - \$2 million) were used to reduce current year's contributions.

## 21. CHARGES ON ASSETS

At the balance sheet date, certain assets of the Group with aggregate carrying value of \$586 million (1998 - \$158 million) were pledged to secure loan facilities utilised by subsidiaries and affiliated companies.

## 22. COMMITMENTS AND CONTINGENT LIABILITIES

At the balance sheet date:

- (a) the Group had capital commitments as follows:
  - (i) contracted but not provided for
    - fixed assets - \$1,010 million (1998 - \$417 million)
    - investment in jointly controlled entities - Nil (1998 - \$3,942 million)
  - (ii) authorised but not contracted for
    - fixed assets - \$61 million (1998 - Nil)

## 22. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

- (b) the Group's share of capital commitments of the jointly controlled entities were as follows:
  - (i) contracted but not provided for - \$56 million (1998 - \$437 million)
  - (ii) authorised but not contracted for - \$827 million (1998 - \$1,471 million)
- (c) the Company provided guarantees for bank and other loans as follows:
  - (i) utilised by subsidiaries - \$17,466 million (1998 - \$15,047 million)
  - (ii) utilised by jointly controlled entities - \$2,030 million (1998 - \$2,722 million)
  - (iii) utilised by associates and affiliated companies - \$168 million (1998 - \$235 million)and certain subsidiaries provided guarantees for bank and other loans utilised by jointly controlled entities amounted to \$448 million (1998 - \$104 million), and utilised by associates and affiliated companies amounted to \$2 million (1998 - \$27 million);
- (d) the Company provided guarantees for the minimum revenue to be shared by the other parties of various joint development projects undertaken by subsidiaries and jointly controlled entities amounted to \$1,222 million (1998 - \$1,353 million) and \$125 million (1998 - \$125 million) respectively; and
- (e) the Group provided guarantee for the total payment of \$4,606 million, being the Group's attributable share of the guaranteed return receivable by the other party of a co-operative joint venture, to be made in the next 50 years.

## 23. RELATED PARTY TRANSACTIONS

During the year and in the ordinary course of business, the Group undertook various transactions with related parties on normal commercial terms, including advances made to, repayments received from, and guarantees provided for associates and jointly controlled entities. The outstanding balances with associates and jointly controlled entities at the balance sheet date were disclosed in notes (11) and (12), interest received on such advances during the year were disclosed in note (4), and guarantees provided for bank and other loans utilised by associates and jointly controlled entities were disclosed in note (22). Other than the aforementioned, there were no other significant related party transactions required for disclosure in the financial statements.

## 24. APPROVAL OF FINANCIAL STATEMENTS

The financial statements reported in Hong Kong dollars and set out on pages 28 to 53 were approved by the board of directors on 23rd March, 2000.

# Principal Subsidiaries

## Appendix I

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

Name	Issued Ordinary Share Capital Nominal Value	Effective percentage held by the Company		Principal Activities
		Directly	Indirectly	
Able Success International Limited (British Virgin Islands)	US\$ 1		100	Securities & fund investment
Agrila Limited	HK\$ 2		100	Property development
Arenal Limited	HK\$ 2		100	Property development
Bandick Limited	HK\$ 2		100	Property investment
Biro Investment Limited	HK\$ 10,000		100	Property development
Bonder Way Investment Limited	HK\$ 2		100	Property development
Champful Limited	HK\$ 100		100	Property development
Cheung Kong Finance Cayman Limited (Cayman Islands)	US\$ 1,000		100	Finance
Cheung Kong Finance Company Limited	HK\$ 2,500,000	100		Treasury operation
Cheung Kong Holdings (China) Limited	HK\$ 2		100	Investment holding in the Mainland projects
Cheung Kong International Limited	HK\$ 20	100		Investment holding
Cheung Kong Investment Company Limited	HK\$ 20	100		Investment holding
Cheung Kong Property Development Limited	HK\$ 2	100		Project management
Cheung Kong Real Estate Agency Limited	HK\$ 2		100	Real estate agency services
Citybase Property Management Limited	HK\$ 100,000		100	Property management
Conestoga Limited	HK\$ 10,000		60.9	Property investment
Foo Yik Estate Company Limited	HK\$ 70,000	100		Property development
Gingerbread Investments Limited (British Virgin Islands)	US\$ 1		100	Property development
Glass Bead Limited (British Virgin Islands)	US\$ 1		100	Property investment
Global Coin Limited	HK\$ 2		100	Property development
Goodwell Property Management Limited	HK\$ 100,000		100	Property management
Great Poka Limited	HK\$ 2		100	Property development
Haskins Investments Limited	HK\$ 2		100	Property development
Hong Kong Property Services (Agency) Holdings Limited	HK\$ 100,000		88.8	Real estate agency services
Hui Xian Investment Limited	US\$ 10,000		33.4	Investment in property project
Jingcofield Limited (British Virgin Islands)	US\$ 1		100	Property investment
Kamos Limited	HK\$ 2		100	Property development
Marymount Limited (British Virgin Islands)	US\$ 40,000,000		100	Securities & fund investment

Name	Issued Ordinary Share Capital Nominal Value	Effective percentage held by the Company Directly Indirectly	Principal Activities
Match Power Investment Limited	HK\$ 2	100	Property development
Million Rise Investments Limited	HK\$ 2	100	Property development
Montaco Limited	HK\$ 100	87	Property development
Mutual Luck Investment Limited	HK\$ 30,000	51.3	Property development
Nobleway Investment Limited (British Virgin Islands)	US\$ 1	100	Securities & fund investment
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
Quick Switch Limited (British Virgin Islands)	US\$ 1	100	Property investment
Randash Investment Limited	HK\$ 110	60.9	Property investment
Super Winner Development Limited	HK\$ 2	100	Property development
The Center (Holdings) Limited (British Virgin Islands)	US\$ 1	100	Property investment
Towerich Limited	HK\$ 2	51	Property development
Winbest Enterprises Limited (British Virgin Islands)	US\$ 1	100	Securities & fund investment
Winchesto Finance Company Limited	HK\$ 15,000,000	100	Finance
Winrise Champion Limited (British Virgin Islands)	US\$ 1	100	Property investment
Wisdom Choice Investment Limited	HK\$ 2	60	Property development
Yee Pang Realty Limited	HK\$ 10,000	68.5	Property investment
Yick Ho Limited	HK\$ 6,000,000	100	Investment in hotel projects

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

Name	Area of Operation
Able Success International Limited	Europe
Cheung Kong Finance Cayman Limited	Europe
Cheung Kong Holdings (China) Limited	The Mainland
Hui Xian Investment Limited	The Mainland
Marymount Limited	Asia Pacific
Nobleway Investment Limited	Asia Pacific
Winbest Enterprises Limited	Asia Pacific
Yick Ho Limited	The Mainland

# Principal Associates

## Appendix II

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

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

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

Name	Area of Operation
Hong Kong Concord Holdings Limited	The Mainland



# Principal Jointly Controlled Entities

## Appendix III

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

Name	Effective percentage of Ownership Interest held by the Company		Principal Activities
	Directly	Indirectly	
Albion Properties Limited (United Kingdom)		45	Property development
Bayswater Developments Limited (British Virgin Islands)		50	Property development
Central More Limited		50	Property development
Chesgold Limited		50	Property investment
Cheung Wo Hing Fung Enterprises Limited (British Virgin Islands)		35	Property 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
Harvest Fair Investment Limited		22.5	Property development
Japura Development Pte Limited (Singapore)		24	Property development
Konorus Investment Limited		42.5	Property development
Marketon Investment Limited		50	Property development
Matrica Limited		30	Property development
Nanyang Brothers Properties Limited		50	Property development
Ostani Limited		50	Finance
Roboton Limited		50	Property development
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 investment
Vigour Limited		50	Property development
Wonder Pacific Investment Limited		50	Property development

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

Name	Area of Operation
Albion Properties Limited	United Kingdom
Bayswater Developments Limited	The Mainland
Chesgold Limited	The Mainland
Cheung Wo Hing Fung Enterprises Limited	The Mainland
Japura Development Pte Limited	Singapore
Sinclair Profits Limited	The Mainland

# Report of the Auditors

**Deloitte Touche  
Tohmatsu**



Certified Public Accountants  
26/F, Wing On Centre  
111 Connaught Road Central  
Hong Kong

德勤·關黃陳方會計師行  
香港中環干諾道中111號  
永安中心26樓

## **To the Members of Cheung Kong (Holdings) Limited**

*(incorporated in Hong Kong with limited liability)*

We have audited the financial statements on pages 28 to 53 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

## **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

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

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

## **BASIS OF OPINION**

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

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

## **OPINION**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st December, 1999 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, 23rd March, 2000

## Extracts from Hutchison Whampoa Limited Financial Statements

The following information is extracted from the 1999 published financial statements of Hutchison Whampoa Limited, a principal associate.

### Consolidated Profit and Loss Account for the year ended 31st December, 1999

	1999 HK\$ Million	1998 HK\$ Million
Turnover	55,442	51,383
Cost of inventories sold	26,196	22,023
Staff costs	6,873	6,269
Depreciation and amortisation	3,314	3,405
Other operating expenses	5,681	6,899
Total operating expenses	42,064	38,596
Operating profit	13,378	12,787
Finance costs	5,081	5,008
Profit on disposal of investments less provisions	109,532	566
Share of profits less losses of associated companies	2,209	2,257
Share of profits less losses of jointly controlled entities	(52)	513
Profit before taxation	119,986	11,115
Taxation	1,251	1,140
Profit after taxation	118,735	9,975
Minority interests	1,390	1,269
Profit Attributable to the Shareholders	117,345	8,706
Dividends	6,318	4,962
Profit for the Year Retained	111,027	3,744

Consolidated Balance Sheet  
at 31st December, 1999

	1999 HK\$ Million	1998 HK\$ Million
<b>ASSETS</b>		
Non-current assets		
Fixed assets	83,687	76,927
Deferred expenditures	2,048	3,109
Associated companies	26,832	21,246
Interests in joint ventures	34,966	40,050
Managed funds and other investments	176,167	25,291
Total non-current assets	323,700	166,623
Current assets	51,921	26,839
Current liabilities	38,771	26,481
Net current assets	13,150	358
Total assets less current liabilities	336,850	166,981
Non-current liabilities		
Long term liabilities	80,662	71,880
Deferred taxation	139	203
Total non-current liabilities	80,801	72,083
Minority interests	10,099	10,534
Net assets	245,950	84,364
<b>CAPITAL AND RESERVES</b>		
Share capital	969	969
Reserves	244,981	83,395
Shareholders' funds	245,950	84,364

# Corporate Information

## DIRECTORS

LI Ka-shing *Chairman*

LI Tzar Kuoi, Victor *Managing Director and  
Deputy Chairman*

George Colin MAGNUS *Deputy Chairman*

KAM Hing Lam *Deputy Managing Director*

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

Bank of China

Canadian Imperial Bank of Commerce

Banque Nationale de Paris

The Chase Manhattan Bank

Bank of America

The Bank of Tokyo - Mitsubishi, Limited

The Sumitomo Bank, Limited

Citibank, N.A.

## COMPANY SECRETARY

Eirene YEUNG

## REGISTERED OFFICE

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

## SHARE REGISTRARS AND TRANSFER OFFICE

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

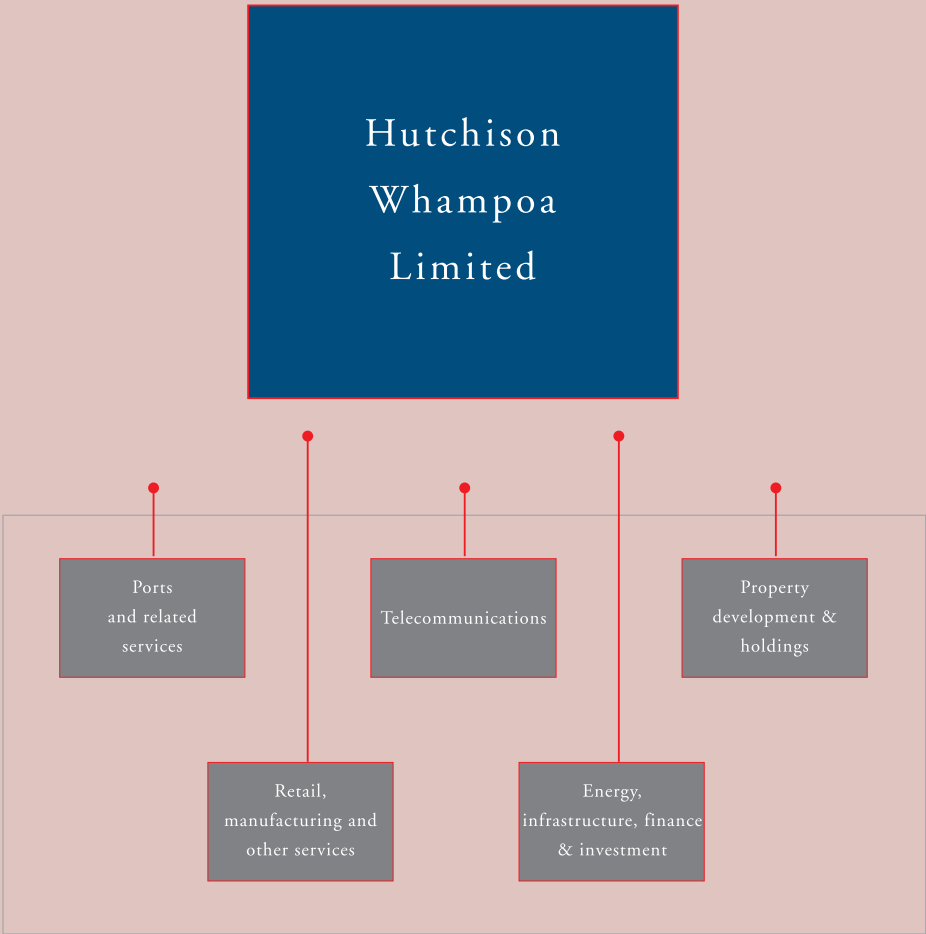
## INTERNET ADDRESS

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





Hutchison Whampoa has been the main driver in spearheading the globalisation and diversification initiatives of the Cheung Kong Group. 1999 was a fruitful year for Hutchison Whampoa, particularly its overseas operations which significantly contributed to Hutchison Whampoa's record high profits and enhanced its portfolio of liquid assets, equity reserves and financial strength. These unique advantages permit Hutchison Whampoa to benefit from strategic initiatives in new information technology and e-commerce growing out of existing core businesses.



Geographic spread of Hutchison Whampoa's investments now reaches 24 countries, all performing well.





As a committed participant in the infrastructure industry, CKI is dedicated to building on its existing core infrastructure businesses, while at the same time, capturing new business opportunities around the globe and in other infrastructure-related arenas. On the back of its strong financial base, sound management approach and extensive industry experience, CKI is well positioned to further strengthen its international presence, deepening and widening its business portfolio to include electronic, technology and environmental initiatives.

Cheung Kong  
Infrastructure  
Holdings Limited

CKI  
Transportation

CKI  
Materials

CKI  
Energy



*As a leading infrastructure  
player, CKI's businesses span  
across Hong Kong, the  
Mainland and Australia.*







Hongkong Electric has more than 100 years of experience in providing safe and reliable electricity in Hong Kong. Its traditional pursuit of operational excellence and customer satisfaction has guaranteed steady growth and secure returns over the years. This emphasis, coupled with its proven technical expertise and sound financial position, will place it in a favourable position to venture into other power-related businesses overseas.

Hongkong Electric  
Holdings Limited

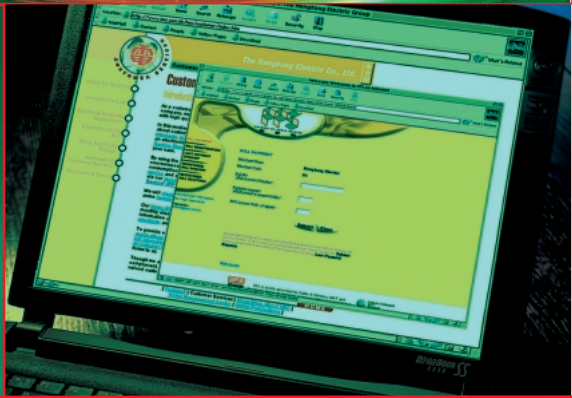
Generation,  
Transmission  
and  
Distribution of  
Electricity

International  
Investment  
in  
Power Industries  
and Infrastructure

Engineering  
Consultancy  
Services



*Hongkong Electric is responsible for the generation, transmission and distribution of power to Hong Kong Island, Ap Lei Chau and Lamma Island.*



# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of the Company will be held at the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hunghom, Kowloon, Hong Kong on Thursday, 25th May, 2000 at 2:20 p.m. for the following purposes:

1. To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31st December, 1999.
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, 23rd March, 2000

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, 18th May, 2000 to Thursday, 25th May, 2000, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all share certificates with completed transfer forms either overleaf or separately, must be lodged with the Company's Registrars, Central Registration Hong Kong Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Wednesday, 17th May, 2000.
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 1999 Annual Report.

OUR PEOPLE, OUR ENVIRONMENT

*The Cheung Kong Group  
strives to lead with quality  
operations and quality  
management while embracing  
the principle of sustainable  
growth through care for our  
environment and our people.*



The Cheung Kong Group is dedicated to improving the quality way of life, with an emphasis on environmental protection as one of many examples. This commitment is and will continue to be reflected in all of its businesses which cover every aspect of daily life.



**CHEUNG KONG (HOLDINGS) LIMITED**

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2 Queen's Road Central, Hong Kong

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