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Hutchison Whampoa Limited

business highlights

In October, the Group sold to Mannesmann its remaining shares in Orange plc (44.8%) for approximately HK$113 billion comprised of cash, loan notes and a 10.2% shareholding in Mannesmann. Together with the 4.2% disposed earlier in the year, the sale of the Group's 49.0% interest in Orange plc resulted in a profit of HK$118 billion. The Group subsequently accepted Vodafone AirTouch's general offer to buy Mannesmann shares. In return, the Group received an approximate 5% shareholding in Vodafone.

In November, the Group acquired an effective 31.5% interest in Europe Combined Terminals in Rotterdam, the largest port in Europe and the fifth largest in the world. The acquisition represents the Group's first port development in continental Europe.

In June, the Group agreed to increase its investment in VoiceStream Wireless Corporation ("VoiceStream") of the United States to support VoiceStream's proposed merger with Omnipoint and Aerial. Hutchison Whampoa will hold approximately 23% in the merged entity, which will be the largest GSM operator in the USA.

In December, the Group announced that NTT DoCoMo would acquire a 19% equity interest in Hutchison Telephone Company. Through this transaction, the Group forms a strategic alliance with one of the world's leaders in the development of mobile multimedia services.

Hutchison Telecommunications (Australia) ("HTA") and Partner Communications in Israel respectively completed their IPOs in August and November. HTA is listed on the Australia stock exchange and Partner is quoted on the Nasdaq Stock Market and listed on the London stock exchange.

In November, the Group announced the formation of a 50/50 joint venture with Global Crossing. The joint venture, Hutchison Global Crossing, will offer high quality broadband services to high volume customers and to other telecom operators.

In December, Hutchison Whampoa announced the formation of a joint venture multilingual mega Internet portal TOM.COM to target both PRC and global audiences to "bring China to the world and the world to China". Early this year, TOM.COM successfully completed an IPO on the Growth Enterprise Market in Hong Kong.

In December, Hutchison Whampoa announced that it will buy 49% of the equity shares in Sterling Cellular in India. Sterling Cellular is one of the two licensees offering cellular services in Delhi, with about 120,000 subscribers.

Hutchison Whampoa Limited

HWL

Ports and related services

Hutchison Port Holdings ("HPH") is an independent port investor, developer and operator with interests in Asia, Europe and the Americas. Today, HPH operates a total of 120 berths in 18 ports along with a number of transportation related service companies.

Telecommunications

Hutchison Telecom operates a wide range of integrated telecommunications services worldwide and is one of the world's major providers of mobile communications. It has also expanded into the Internet and e-commerce arena.

Property development and holdings

Hutchison Whampoa Property develops residential and commercial properties for sale and lease. The Group's hotel division manages and operates hotels and restaurants under the name Harbour Plaza Hotels and Resorts.

Retail, manufacturing and other services

A S Watson operates three of Asia's most established retail chains: PARKnSHOP supermarkets; Watson's personal care stores; and Fortress, selling consumer electronics goods.

The manufacturing division produces and distributes a wide range of water and beverages throughout Asia and Europe.

Energy, infrastructure, finance and investment

The Group has major shareholdings in Cheung Kong Infrastructure, a diversified infrastructure company; Hongkong Electric, the sole supplier of electricity to Hong Kong and Lamma islands; and Husky Oil, one of Canada's largest, privately owned oil and gas companies.

Contents

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Group Finance Director
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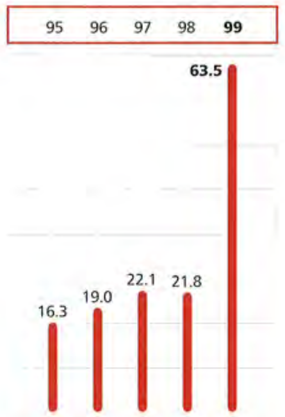
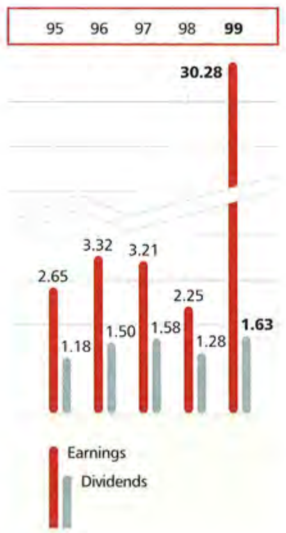
Financial highlights

Net assets per share
HK dollars



Earnings and dividends per share
HK dollars



	1999 HK$ millions	1998 HK$ millions	Percentage change
Turnover			
Company and subsidiary companies	**55,442**	51,383	+ **8%**
Share of associated companies and jointly controlled entities	**16,930**	13,635	+ **24%**
	72,372	65,018	+ **11%**
Earnings before interest expense and taxation			
Company and subsidiary companies	**10,316**	8,416	+ **23%**
Share of associated companies and jointly controlled entities	**3,363**	3,628	– **7%**
Interest income, including share of associated companies and jointly controlled entities	**2,786**	4,339	– **36%**
Total earnings before interest expense and taxation (EBIT)	**16,465**	16,383	+ **1%**
Profit on disposal of investments less provisions	**109,532**	566	+ **19,252%**
Finance costs, including share of associated companies and jointly controlled entities	**6,011**	5,834	+ **3%**
Profit before taxation	**119,986**	11,115	+ **979%**
Taxation	**1,251**	1,140	+ **10%**
Profit after taxation	**118,735**	9,975	+ **1,090%**
Minority interests	**1,390**	1,269	+ **10%**
Profit attributable to the shareholders	**117,345**	8,706	+ **1,248%**

Total assets	**375,621**	193,462	+ **94%**
Net debt	**842**	42,803	– **98%**
Shareholders' funds	**245,950**	84,364	+ **192%**
Net assets per share – book value (HK$)	**63.5**	21.8	+ **192%**
Earnings per share (HK$)	**30.28**	2.25	+ **1,248%**
Dividends per share (HK$)	**1.63**	1.28	+ **27%**
Dividend cover	**18.6**	1.8	+ **933%**
Net debt / net total capital	**1.0%**	31.2%	– **97%**
Return on average shareholders' funds	**71.1%**	10.2%	+ **597%**

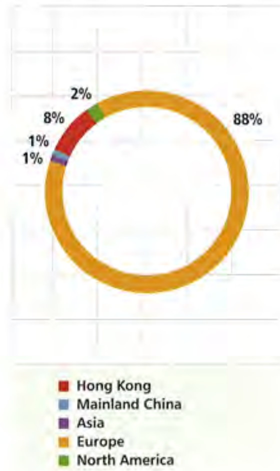
Analysis by core business of group turnover, ebit and profit

	1999 HK$ millions	1998 HK$ millions	Percentage change
Turnover			
Ports and related services	**12,121**	10,754	+ **13%**
Telecommunications	**8,491**	7,388	+ **15%**
Property development and holdings	**11,225**	9,192	+ **22%**
Retail, manufacturing and other services	**23,805**	21,580	+ **10%**
Infrastructure	**6,729**	6,668	+ **1%**
Energy	**7,179**	5,351	+ **34%**
Finance and investment	**2,822**	4,085	– **31%**
Total	**72,372**	65,018	+ **11%**
Earnings before interest expense and taxation			
Ports and related services	**4,823**	4,540	+ **6%**
Telecommunications	**563**	474	+ **19%**
Property development and holdings	**2,334**	2,851	– **18%**
Retail, manufacturing and other services	**1,313**	845	+ **56%**
Infrastructure	**3,728**	3,518	+ **6%**
Energy	**714**	579	+ **23%**
Finance and investment	**2,990**	3,576	– **16%**
Total	**16,465**	16,383	+ **1%**
Profit attributable to the shareholders			
Ports and related services	**2,989**	3,080	– **3%**
Telecommunications	**116,736**	551	+ **21,086%**
Property development and holdings	**(198)**	(1,479)	+ **87%**
Retail, manufacturing and other services	**32**	3,318	– **99%**
Infrastructure	**2,629**	2,408	+ **9%**
Energy	**372**	315	+ **18%**
Finance and investment	**(5,215)**	513	– **1,117%**
Total	**117,345**	8,706	+ **1,248%**

The above information includes the Company, its subsidiary companies and its proportionate share of associated companies' and jointly controlled entities' amounts. The graph of EBIT by geographical area includes EBIT shown above plus the profit on disposal of Orange plc and the profit from the IPO of Partner Communications Company Ltd.

Turnover by geographical area 1999

EBIT by geographical area 1999



Chairman's statement

The Group achieved a record high audited consolidated net profit for the year ended 31 December 1999 of HK$117,345 million. In 1998 the net profit was HK$8,706 million. The result includes HK$109,532 million (1998 – HK$566 million) which comprised of HK$118,000 million profit from the disposal of the Group's 49.01% interest in Orange plc in the United Kingdom, a gain of HK$1,392 million realised from the Initial Public Offering ("IPO") of shares of Partner Communications in Israel, partially offset by provisions of HK$2,060 million against the accumulated capitalised costs of acquiring new Hong Kong cellular subscribers and HK$7,800 million against certain investments in joint venture and other projects. Earnings per share were HK$30.28 compared to HK$2.25 in 1998.

Your Directors will recommend a final dividend of HK$1.15 at the forthcoming Annual General Meeting. This, together with the interim dividend of HK$0.48 paid on 15 October 1999 gives a total dividend of HK$1.63 per share and represents a 27% increase to the HK$1.28 paid in respect of 1998.

> Record high profit of HK$117,345 million.

> Final dividend per share of HK$1.15 making a total dividend of HK$1.63 per share for the year.

BONUS ISSUE

The Directors will also recommend at the Annual General Meeting that the sum of HK$96.9 million be capitalised out of the share premium account for the issue of 387,579,161 new ordinary shares of HK$0.25 each for distribution by way of a bonus issue of one new ordinary share for every ten ordinary shares held by holders of ordinary shares of the Company on the register of members on 25 May 2000. These new ordinary shares will not rank for the final dividend in respect of the year ended 31 December 1999, but will rank pari passu with the existing issued ordinary shares of the Company in all other respects.

OVERALL REVIEW

Overall the Group's profit from its core businesses was satisfactory and in line with the previous year, although the Hong Kong and Asian economies continued to be affected by recession and price deflation pressures that began in 1998. While these pressures eased in the middle of the year and the economy began to recover, the Group's Hong Kong operations reported net profit before provisions 22% below the previous year's comparable net profit. The Group's overseas operations performed exceptionally well and accounted for 97% of the Group's net profit before provisions and significantly increased the Group's portfolio of liquid assets, equity reserves and financial strength.

The Group's ports and related services division reported EBIT of HK$4,823 million, a 6% increase over the previous year. The combined throughput of its worldwide operations increased 30% over the previous year. In Hong Kong, HIT's operations at Kwai Chung experienced throughput growth of 7%, reflecting an encouraging recovery in the volume of trade in the second half of the year. The Group's Mainland container terminal operations overall reported strong growth with combined throughput up 31% over 1998. Throughput at Shanghai Container Terminal grew over 28% and the facility is reaching its capacity. Construction of the second phase at the Yantian facility was completed during the year, more than doubling its annual throughput capacity to approximately two million TEUs. Rapid take up of this capacity contributed to throughput growth of over 50%. The Group's container terminals in the United Kingdom, the Port of Felixstowe and Thamesport, reported combined throughput growth of 10% and increased earnings. The Group expanded its Asian port interests with the acquisition in April of a 51% interest in Jakarta International Container Terminal, a 1.6 million TEUs capacity facility. In November the Group established a continental European presence with the acquisition of an effective 31.5% interest in Europe Combined Terminals ("ECT") in Rotterdam, the largest port in Europe and the fifth largest port in the world. Expansion of the Group's Grand Bahama container port was completed and new capacity take up contributed to its 16% throughput growth, while development work to expand the Balboa facility in Panama is expected to be completed in the second quarter of this year.

The Group's telecommunications businesses reported EBIT totalling HK$563 million, 19% higher than the comparable 1998 earnings mainly due to increased contributions from the international division which partially offset the adverse effects of the continuing intense competition for subscribers in Hong Kong. These earnings exclude the gains realised on the disposal of Orange plc and the successful IPO of Partner Communications and the provisions against the costs of acquiring new Hong Kong cellular subscribers. The sale of the Group's 49.01% interest in Orange plc in two tranches during the year resulted in a profit of HK$118,000 million. The aggregate consideration was comprised of HK$26,400 million in cash, the equivalent of HK$21,400 million in three year Euro denominated floating rate notes issued by Mannesmann, and a 10.2%

Bonus issue of one new share for every 10 shares held by shareholders.

shareholding in Mannesmann, a company listed on the Frankfurt stock exchange. In February this year, the Board of Mannesmann recommended to its shareholders to accept a general offer for its shares by Vodafone AirTouch, a company listed on the London stock exchange. Last month, the Group accepted this offer and exchanged its Mannesmann shares for an approximate 5% holding in Vodafone AirTouch, realising further profits of approximately HK$50,000 million which will be reported in this year's interim results.

HK$118,000 million received from disposal of Orange plc.

Strategic initiatives in new information technology and e-commerce growing out of existing core businesses.

The Hong Kong cellular operations increased its subscriber base during the year by 55% to establish itself as the largest cellular operator in Hong Kong with currently over 1,410,000 subscribers and an approximate 34% market share. Early this year, the Group completed the sale of a 19% equity interest in the Hong Kong cellular operation to NTT DoCoMo, a company listed on the Tokyo stock exchange. This transaction forms a strategic alliance with one of the world's leaders in the development of innovative mobile multimedia services which will provide next generation products and services to our customers. Early this year the Group also completed the sale of a 50% interest in its fixed line telecommunications business to Global Crossing, a company quoted on the Nasdaq Stock Market. This strategic joint venture, named Hutchison Global Crossing, will provide significant technological expertise, global connectivity and a variety of web hosting, Internet applications and data centre services. The profit, realised from these two transactions of HK$2,200 million and HK$1,720 million respectively, will be reported in this year's interim results. Hutchison Global Crossing won the contract to supply the Hong Kong SAR Government with its Electronic Service Delivery ("ESD") system and upon implementation later this year it will enable the people of Hong Kong to conduct a wide variety of online transactions with 10 government departments for 37 electronic public services. Hutchison Global Crossing's 0080 IDD service, which was formally awarded an international gateway license at the beginning of this year, generated increased call minutes and more than doubled its activated subscribers and its HutchCity branded Internet service provider business experienced strong growth in its subscriber base which currently totals over 122,000. All these businesses are continuing to focus on increasing their subscriber bases and market share by providing innovative next generation products and services.

As mentioned in our interim report, Hutchison Telecommunications Australia ("HTA") completed its successful IPO of shares on the Australian stock exchange in August. HTA has made steady progress to construct its CDMA networks in the greater Sydney and Melbourne areas, soft launching its Home Zone concept under the Orange brand in December, and is continuing to enlarge its subscriber base. HTA's GSM cellular service provider and paging businesses performed in line with the comparable period last year. The GSM network in Mumbai in India reported improved results compared to those of the previous year. In Israel, Partner Communications completed its IPO in November which resulted in a profit of HK$1,392 million and raised US$500 million for the repayment of Partner's shareholders' loans and the further development of its business. During the year the subscriber base grew rapidly and currently the company has over 390,000 subscribers. The merger of VoiceStream Wireless Corporation ("VoiceStream") and Omnipoint Corporation was completed in February this year. In 1999 VoiceStream announced a proposed merger with Aerial Communications Inc to further expand its GSM footprint in the Eastern United States. Upon completion of this merger, which is expected in April this year, the Group will increase its effective equity interest in the merged entity to approximately 23%. This entity would be the largest GSM wireless telecommunications network operator in the United States, covering a population of approximately 220 million people in 23 of the 25 largest markets and a combined subscriber base of approximately 1.73 million. The Group's international operations will continue to explore expansion opportunities in underdeveloped wireless telecommunications markets.

Pursuing investment opportunities in telecommunications projects overseas.

The property development and holdings division's EBIT amounted to HK$2,334 million, 18% below the previous year mainly due to reduced carpark and other investment property sales. Rental income from the Group's investment properties in Hong Kong rose marginally over 1998 with the adverse effects of difficult economic conditions and over capacity of office space more than offset by the completion of the Cheung Kong Center office tower which is substantially fully let. All units of the second phase of the Tierra Verde residential development at Tsing Yi were presold and the related property development profits were recorded on the completion of this project in the second half of the year. The Group's portfolio of seven hotels generally reported improved occupancy compared to 1998 as the number of international travellers has steadily increased with the recovering economies in Asia. The Group is focusing on developing its existing portfolio of development properties.

The retail, manufacturing and other services division reported EBIT of HK$1,313 million, 56% above last year. These results reflect the increased contribution from the Group's Mainland joint ventures with Procter & Gamble and the sale of the Group's ice cream businesses, partially offset by

> 97% of profit before provisions was generated outside of Hong Kong.

> Geographic spread of investments now reaches 24 countries, all performing well.

the effects of price competition and generally weak consumer demand throughout Asia. PARKnSHOP Hong Kong has met the challenge of new competition aggressively, increasing both sales and market share through competitive pricing and new customer services, although earnings were reduced compared to last year. PARKnSHOP in the Mainland had another difficult year and reported losses. A restructuring exercise has been implemented under new management to close all loss making stores, reduce costs, and return the business to a profitable position. A full provision for all losses and costs of this exercise and certain other retail businesses totalling HK$706 million was made during the year. The Fortress consumer electronics store chain in Hong Kong increased sales in 1999 although earnings continued to be affected by weak consumer spending. Watson's The Chemist in Hong Kong and the South East Asia region reported sales and earnings growth in 1999 and continued to expand its network of retail outlets. Watson's The Chemist in Taiwan continued with another successful year of expanded retail outlets and increased earnings.

After disposing of its ice cream businesses in 1999, the manufacturing division has focused on its water and beverage businesses in Hong Kong and the Mainland which were adversely affected by the slow economies and price competition from imported products. The home and office water operations expanded overseas in 1999 with acquisitions in the United Kingdom and continental Europe and further opportunities are being pursued.

The energy, infrastructure, finance and investment division reported EBIT of HK$7,432 million, a decrease of 3% compared to the previous year's amount. Cheung Kong Infrastructure announced a profit attributable to shareholders of HK$3,141 million for the year ended 31 December 1999, an increase of 10%. In 1999 CKI focused on completing its investment programme in its existing infrastructure projects in the Mainland as well as making new investments in Hong Kong and Australia. Hongkong Electric (Holdings) performed well in 1999 with a 6% increase in profit attributable to the shareholders over 1998. Husky Oil in Canada contributed EBIT 23% above the previous year reflecting the increase in oil prices during the second half of the year. Development of the Terra Nova oil field offshore the east coast of Canada is continuing on schedule for commencement of production early next year. Exploration and delineation activities in the promising White Rose oil field in the same area are continuing with encouraging results.

During the year the Group continued to build on its existing e-commerce operations. The Group's strategy is to focus and coordinate the e-commerce operations and initiatives of each of its core businesses under an innovative management team to benefit from the opportunities in each business. Alliances are being formed with strategic partners to invest in e-commerce enablement, business to consumer ("B2C") and business to business ("B2B") enterprises. The current B2B initiatives will benefit from the Group's extensive business network, resources and telecommunications networks in Hong Kong and further investments are planned in Hong Kong and overseas to capture the tremendous potential of B2B commerce in Asia.

TOM.COM, a joint venture multilingual mega Internet portal, successfully launched its services in January this year with a vision to target both PRC and global audiences to "bring China to the World and the World to China". In March this year TOM.COM was the first Internet company to list on Hong Kong's newly established Growth Enterprise Market and raised HK$876 million to fund its development. The Group currently holds a 31.2% interest in TOM.COM.

OUTLOOK

In 1999 the economies of Asia were still recovering from a recession and the Group's results from Hong Kong and Asia were adversely affected by reduced consumer and capital spending and increased competition in all its core businesses. The Group's overseas operations performed very well in 1999 and the telecommunication businesses in particular contributed record profits and value creation. Although the Asian economies have not fully recovered, there are encouraging signs of a return to GDP growth and 2000 is anticipated to be a year of paced economic recovery.

During the year the Group enhanced its already strong financial position with the receipt of cash and marketable loan notes received as partial consideration from the restructuring of its telecommunications investments in Europe. The Group has a large pool of liquid assets and a solid long term debt capital structure, which combined with strong recurring cash flows from its geographically diverse, professionally managed operations, and good reputation provides a solid base for the Group to expand its core businesses as opportunities arise. The Group will continue its strategy of making investments overseas in telecommunications projects to further enhance shareholders' value.

The Group is a diversified, multinational conglomerate based in Hong Kong with operations in its core businesses of ports, properties, telecommunications, retail and manufacturing, energy and infrastructure in 24 countries. As we enter this new millennium, potential opportunities for development and expansion have increased, particularly in the coordination and integration of information technology, e-commerce, telecommunications and Internet applications. With the advent of this New Economy in Hong Kong and the PRC entering the World Trade Organisation, the Group will continue to be adaptable and innovative in order to take advantage of the opportunities ahead. While the Group will continue to develop its existing core businesses, opportunities to capitalise on the benefits of new information technology and the growth of B2B and B2C e-commerce will also be a major focus. The Group continues to be committed to a strategy of controlled expansion while maintaining stability. While Hong Kong will remain the Group's principal base of operations, it will continue to expand overseas and in the Mainland. It is expected that overseas operations will continue to make substantial contributions to the Group. I am very confident and optimistic about the Group's future development and performance.

I wish to thank the Board of Directors and all the Group's employees for their hard work throughout the year and for their continuing support and dedication.

LI Ka-shing
Chairman

Hong Kong, 23 March 2000

operations review

The Group's activities are concentrated on five core businesses:

- Ports and related services
- Telecommunications
- Property development and holdings
- Retail, manufacturing and other services and
- Energy, infrastructure, finance and investments

Although each of the Group's five core businesses was affected to varying degrees by the recovering economic conditions in Asia and increased competition, all the Group's core businesses reported positive earnings before interest and tax ("EBIT") during the year. EBIT for the year was HK$16,465 million, 1% ahead of the previous year's EBIT of HK$16,383 million.

Ports and related services

With the experience gained as the operator of Hongkong International Terminals, one of the world's largest independently owned container terminals, the Group has continued to extend its expertise by **expanding to strategic locations** in other countries **around the world**.

BAHAMAS

The Phase II development of Freeport Container Port in the Bahamas has been completed and the annual handling capacity of the port has increased to 950,000 TEUs.

ports
and related
services

Hongkong International Terminals Limited

Yantian International Container Terminals Limited

上海集装箱码头有限公司 SHANGHAI CONTAINER TERMINALS LIMITED

The Hutchison Port Holdings' flagship company, Hongkong International Terminals, recorded stable growth in throughput in 1999.

EBIT from the Group's ports and related services **increased 6%** in 1999, totalling HK$4,823 million (1998 – HK$4,540 million). The Group expanded its international network of port facilities with **investments in Jakarta and Rotterdam,** and continues to actively pursue other attractive investment opportunities. Combined **throughput** for the year of all operations **rose 30% to 17.9 million TEUs** (twenty foot equivalent units).

HONG KONG

Hongkong International Terminals ("HIT") in which the Group holds an 89% interest, is one of the world's largest privately owned container port facilities, operating Terminals 4, 6 and 7 at Kwai Chung and COSCO-HIT, in which the Group has an effective 44.5% interest, operates Terminal 8 East. Combined throughput increased by 6% over 1998 to six million TEUs, reflecting a general recovery in the volume of trade in the latter part of the year, and EBIT was in line with the previous year. HIT is a member of a consortium which is at a preliminary stage in the construction of a six berth facility, Container Terminal 9. HIT has the right to own and operate two of the six berths at this facility which is scheduled to be fully completed in 2004.

During the year, the Group commenced an e-commerce initiative to build a comprehensive transportation portal covering road, rail, air and maritime transport, ports and logistics industries to provide value added services.

Mid-Stream Holdings had a satisfactory year handling over one million TEUs in 1999, representing 6% growth over 1998.

The River Trade Terminal Company (33% owned) will have an annual handling capacity of 1.3 million TEUs and 900,000 tonnes of breakbulk cargo when fully completed this year and will principally serve the water borne trade between the Pearl River Delta and Hong Kong. The terminal's operations continue to be affected by strong competition and it is currently performing below expectations.

MAINLAND CHINA

Throughput at the Group's 40% owned Shanghai Container Terminals rose an impressive 28% to 2.6 million TEUs and EBIT increased 44% over the previous year. Further productivity enhancements to effectively expand capacity at this 10 berth facility are planned for 2000 to meet increasing demand.

Yantian International Container Terminals ("YICT") recorded another year of strong growth with total throughput of 1.6 million TEUs, an increase of 53% over 1998 and EBIT rose 91%. The three new berths of the second phase development were commissioned during the year and YICT is now one of the largest deep water container terminals in Southern China with an annual capacity of approximately two million TEUs. During the year, the Group increased its effective interest in YICT from 49.95% to 50.5%.

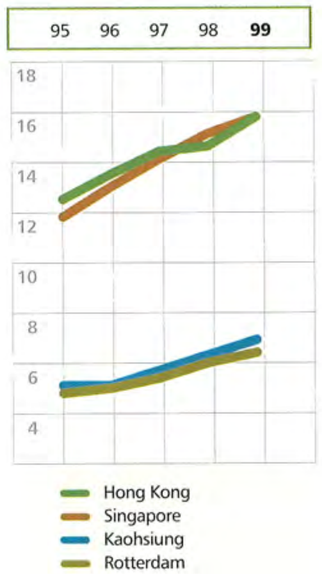
Hutchison Delta Ports' six joint venture ports in the Mainland handled a total of 542,000 TEUs, similar to 1998 and 2.8 million tonnes of general cargo, an increase of 29% over 1998.

Yantian International Container Terminals handled 1.6 million TEUs in 1999, up 53% over 1998.

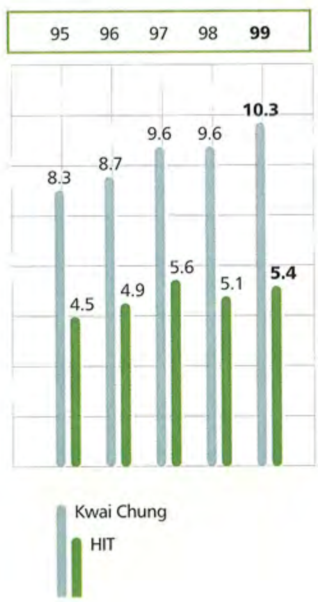
Nanhai International Container Terminals is one of the river ports of Hutchison Delta Ports.

HPH completed the purchase of a 51% stake in Jakarta International Container Terminal.

Comparison of container throughputs
Millions TEUs



Kwai Chung container throughputs
Millions TEUs



INDONESIA

In March, the Group entered into a joint venture (51% interest) to operate the Jakarta International Container Terminal, at Tanjung Priok Port, Jakarta, under a 20 year concession agreement. During the period from April to December, the terminal handled over 1.16 million TEUs and made a positive contribution to the Group's earnings. Expansion plans for the terminal are in progress and are scheduled to be carried out over the next five years. When completed, the terminal's annual handling capacity of 3.1 million TEUs will be virtually doubled.

MYANMAR

The container port facility at Thilawa, Yangon, in which the Group has an 84.95% interest, achieved satisfactory throughput growth in difficult market conditions. New offdock depot, barge shuttle and trucking services were introduced during the year, providing customers with a wider range of services.

EUROPE

The Group's United Kingdom ("UK") ports, in which the Group has an effective 90% interest, reported EBIT 11% ahead of 1998. The Port of Felixstowe reported an increase in throughput of 10% to 2.7 million TEUs. Felixstowe remains the largest container port in the UK and is one of the busiest terminals in terms of roll-on roll-off traffic. The growth in throughput reflects the commissioning of major new capital equipment and additional capital expenditures are planned in this year to enhance productivity and satisfy increasing demand. Thamesport reported throughput growth of 12% to 490,000 TEUs partly due to the take up of additional capacity created with the completion of a new quay and an extension of its container park. The Group's Harwich International Port, which serves Northern European and Scandinavian routes with regular passenger and freight roll-on roll-off services, recorded a 15% increase in cruise ship traffic. Its general cargo and roll-on roll-off traffic also showed encouraging growth.

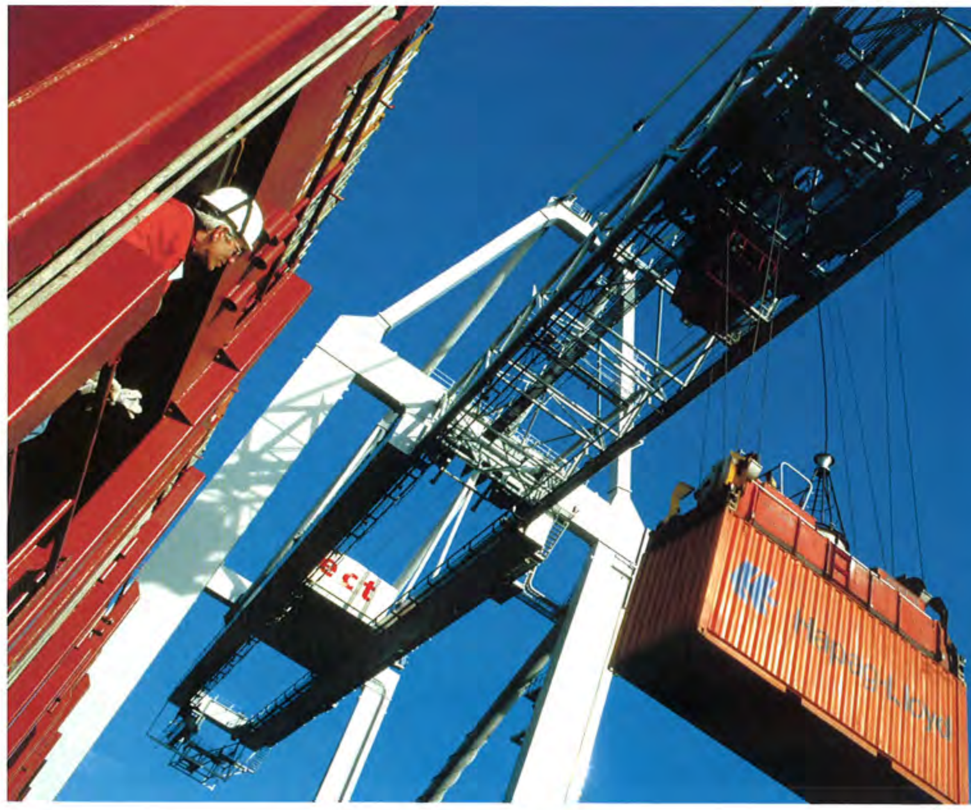
On 1 November, the Group acquired an effective 31.5% stake in Europe Combined Terminals B V ("ECT"), a 16 berth facility in Rotterdam. ECT is the largest container port in Europe and the fifth largest in the world and the acquisition represents the Group's first port investment in continental Europe. ECT handled a total throughput of 4.5 million TEUs during the year and it is expected that throughput will increase this year as new capacity comes on stream.

With the new equipment installed, Port of Felixstowe will become the UK's first 3 million TEUs port.

THE AMERICAS AND THE CARIBBEAN

The Group has a 72% interest in a company that was awarded the concession to operate the ports of Balboa and Cristobal, located on the Pacific Ocean and Atlantic Ocean ends of the Panama Canal respectively. These ports provide hub facilities to the transatlantic and transpacific trade for strategic access to the east and west coasts of the Americas. Redevelopment of the Balboa facility, which is on schedule for phased completion in the first half of this year, will double the combined annual throughput to 650,000 TEUs.

With the completion of the second phase expansion of Freeport Container Port on Grand Bahama Island (45% interest) in December, the port's capacity increased from 560,000 TEUs to 950,000 TEUs per year and throughput reached a record 544,000 TEUs, 16% higher than in 1998.



ECT handles almost three quarters of all containers in the port of Rotterdam.

Telecommunications

The Group has continued to build on its recognised telecommunications expertise as the leading mobile telecommunications operator and has formed **strategic alliances with world leaders** in telecommunications to increase its competitive advantage in Hong Kong. The Group will continue to pursue investment opportunities in telecommunications projects overseas and in addition, e-commerce opportunities in Hong Kong and throughout Asia.

A U S T R A L I A

HTA was successfully listed on the Australia stock exchange in August. It is now one of the top 100 listed companies in Australia in terms of market capitalisation.

telecom-
munications

The Hutchison Telecom one stop Customer Services Centres bring together the convenience of maintenance, servicing, payment and sales to meet our customers' needs. A "Kids" corner is specially designed to allow kids to access Internet, play computer games and try video conferencing.

EBIT from the Group's telecommunications division totalled HK$563 million, a 19% increase over the HK$474 million in 1998. The amount recorded for the year excludes profits totalling HK$116,916 million (1998 – HK$684 million) realised on the disposal of Orange plc and from the IPO of Partner Communications in Israel less provisions totalling of HK$2,476 million mainly against the accumulated capitalised cost of acquiring new Hong Kong cellular subscribers.

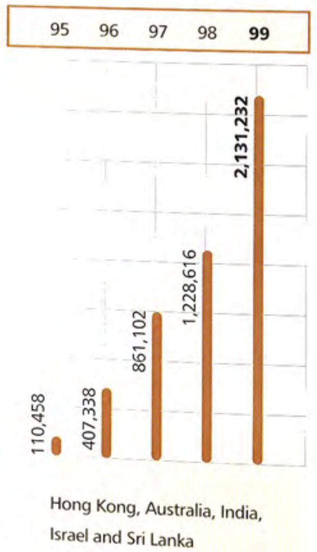
Hutchison Telecom

HONG KONG OPERATIONS

Hutchison Telecommunications in Hong Kong, which provides mobile telephony services through Hutchison Telephone and fixed line, Internet and data services through Hutchison Global Crossing, recorded positive earnings before interest and tax, although lower than the previous year reflecting the highly competitive mobile market and losses from start up businesses. However, the Group has continued to experience strong growth in its cellular subscriber base and has benefited from cost control measures.

A Hutchison Telecom staff explaining the handset features to a customer.

Cellular telephone subscribers



During the year, Hutchison Telephone continued to focus on increasing its cellular subscriber base and market share and succeeded in becoming the leading mobile operator with a subscriber base currently exceeding 1.4 million. Subscribers grew an impressive 55% and Hutchison Telephone's leading market share is approximately 34%. Further investment has been made in the wireless networks and coverage has been increased to over 98% of Hong Kong's population utilising over 2,000 cell sites on its Orange dual band and CDMA networks. Our subscribers are now being served by four service centres and an extensive distribution network leveraging off the Group's retail outlets and over 200 authorised dealer outlets carrying the Orange and Hutchison brand handsets. The appeal of the Everyday Card which is offered to the Group's qualified subscribers has been enhanced by increasing the number of participating retailers that offer a variety of discounts to over 1,500 retail outlets.

The alliance with NTT DoCoMo will enable Hutchison Telephone to further expand its mobile Internet capability.

Early this year, the Group completed the sale of a 19% interest in Hutchison Telephone to NTT DoCoMo and also restructured the company's capital. After the sale and restructuring, the Group holds a 55.9% interest, Motorola Inc holds a 25.1% interest and NTT DoCoMo a 19% interest. The profit realised from this transaction of HK$2,200 million will be reported in this year's interim results. NTT DoCoMo is currently the largest mobile operator in Japan with approximately 29 million subscribers, representing a market share of approximately 60%, and is a world leader in the development and implementation of mobile multimedia services. With NTT DoCoMo's technology and vision, Motorola's strength in mobile communications and Hutchison Telephone's leading market position, this strategic alliance is well positioned to expand its technical and commercial capabilities not only for voice telephony but also for data communications, Internet access and e-commerce transactions.

1999 marked a milestone for the Group's fixed line business with the completion of the basic fibre optic network backbone which currently comprises over 700 kilometers of duct work. Good progress has been made to expand the voice and data client base. At the end of the year, the 0080 international direct dialling service had over 1,460,000 activated lines, more than double the previous year, despite strong competition. An International Gateway Facility licence was formally awarded to the Group at the beginning of this year facilitating directly placed international calls and the direct provision of IDD services to customers and other network operators. The HutchCity branded Internet service provider business experienced rapid growth since its launch in November 1998 and currently has over 122,000 subscribers on its bilingual service.

Hutchison Global Crossing

Early this year, the Group completed the sale of a 50% interest in its fixed line, Internet and data services telecommunications business to Global Crossing, a company quoted on the Nasdaq Stock Market, realising a profit of HK$1,720 million, which will be recorded this year. Global Crossing is building and offering a broad range of telecommunications services over the world's first global fibre optic network and this strategic alliance will provide Hutchison Global Crossing ("HGC") with international cable capacity and global data centre capabilities. HGC will build on its position as the largest full service alternative fixed line operator in Hong Kong and, using the network's infrastructure, offer high quality broadband services to high volume customers, including multinational corporations, government bodies, and other telecommunication operators. This will provide the foundation for HGC to pursue fixed line opportunities in the Greater China region as and when regulations permit. In November, a joint venture company held by HGC (85% interest) and Compaq Computer (15% interest) won the contract to build and operate a public Electronic Service Delivery ("ESD") system in Hong Kong which will initially enable users to conduct a wide variety of online transactions with various government departments when it is launched in October this year. HGC will expand this platform to facilitate other private sector e-commerce activities. In addition, HGC plans to establish a global data centre in Hong Kong, connected to other Global Crossing centres around the world to provide state of the art web hosting, application services and other Internet facilities management services.

HGC provides a broad range of communications services including voice, data and broadband internet access.

The Group is one of the largest shareholders in Vodafone, a leading telecom company in Europe.

EUROPE OPERATIONS

During the year the Group disposed of its entire holding in Orange plc in two tranches for a total consideration of HK$118,000 million comprised of HK$26,400 million of cash, HK$21,400 million equivalent of three year Euro denominated notes issued by Mannesmann and a 10.2% shareholding in Mannesmann, a company listed on the Frankfurt stock exchange. As a result of this disposal, the Group realised a profit of HK$118,000 million and substantially enhanced the Group's pool of liquid assets, equity reserves and its financial position. Subsequent to this transaction, Vodafone AirTouch ("Vodafone"), a company listed on the London stock exchange, made a general offer to purchase the shares of Mannesmann. In February this year, the Board of Mannesmann recommended its shareholders to accept the general offer. The Group tendered its entire shareholding in Mannesmann in exchange for an approximate 5% shareholding in Vodafone and realised a gain of approximately HK$50,000 million which will be reported in this year's interim results. This transaction significantly further enhanced the Group's equity reserves and financial strength. Vodafone is one of the largest companies in the world with leading telecommunication businesses in many countries in Europe, the United States and other parts of the world.

ASIA PACIFIC OPERATIONS

The Group's subsidiary in Australia, Hutchison Telecommunications (Australia) ("HTA"), recorded strong subscriber growth in its GSM cellular service provision business during the year and currently has approximately 250,000 cellular subscribers. Steady progress was made in the construction of its CDMA network in Sydney and Melbourne and its Home Zone service was soft launched in December under the Orange brand name. HTA sucessfully completed its IPO in August, and is listed on the Australia stock exchange. The IPO raised approxmiately A$235 million to fund the build out of the network and start up losses. As a result of the IPO, the Group realised a profit of HK$300 million and its shareholding was reduced to a 54% interest.

The launching of the Orange brand in 2000 will ensure business growth and expansion in India.

The Group's operation in Israel continued its strong growth after the successful IPO of Partner's shares on the Nasdaq Stock Market and the London stock exchange in November.

Hutchison Max Telecom ("HMT") in India, owned 49% by the Group, recorded slower than expected subscriber growth due to the uncertainty surrounding a number of regulatory issues including the delayed implementation of calling-party-pays rules. HMT reported a 10% increase in its subscriber base compared to the previous year end and currently it has approximately 145,000 GSM cellular subscribers.

REST OF THE WORLD

The Group's associated company, Partner Communications Company ("Partner"), launched Israel's first GSM network in January 1999 under the Orange brand name and had an outstanding year of growth achieving 96% population coverage and approximately 355,000 subscribers at the end of the year. An IPO of its shares in November raised net proceeds of approximately US$500 million for Partner which was partially used to repay shareholders loans and the balance will be used to finance the continued development of the business. As a result of the IPO, the Group's equity interest in Partner was reduced to 35% and a profit of HK$1,392 million was realised. Partner is quoted on the Nasdaq Stock Market and the London stock exchange.

VoiceStream Wireless Corporation ("VoiceStream"), a PCS operator in the United States quoted on the Nasdaq Stock Market, had a successful year more than doubling its subscriber base by the end of 1999. VoiceStream's merger with Omnipoint Corporation was completed in February this year. In 1999 VoiceStream announced a proposed merger with Aerial Communications to further expand its GSM footprint in the Eastern United States. Upon completion of this merger, which is expected in April this year, the Group will hold an approximately 19% interest in the common shares of the merged entity and convertible preference shares, which if converted would increase the Group's equity interest to approximately 23%. The merged entity's licences would cover a population of approximately 220 million people and it would be the largest GSM telecommunications operator in the United States with a combined subscriber base of approximately 1.73 million.

VoiceStream, after its planned merger with Omnipoint and Aerial Communications, will be the largest GSM operator in the United States.

Property development and holdings

The Group's property activities include the **development and sale** of high quality residential, commercial, office, hotel and recreational projects in Hong Kong, the Mainland and overseas. **An investment portfolio comprising** approximately **12.2 million sq ft** of commercial, office, industrial and residential premises and the Group's portfolio of premium quality hotels provide steady flows of recurrent income.

CHINA

The clubhouse of the Group's prestigious residential complex in Shanghai offers various amenities that appeal to residents.

property development and holdings

Tierra Verde, located above the Airport Railway Tsing Yi Station, commands a panoramic harbour view of Rambler Channel and is an ideal home for modern families.

EBIT from the property division, which arose mainly from **rental income and development profits** from the sale of the second phase of Tierra Verde in Tsing Yi, amounted to **HK$2,334 million** (1998 – HK$2,851 million). No specific provisions were made during the year against the Group's property developments (1998 – HK$2,450 million).

HONG KONG – PROPERTY SALES

Phase two of the Tierra Verde residential development at Tsing Yi (60% interest), which comprises seven towers with approximately 1.53 million sq ft, was completed in the second half of the year and the related profit from this fully presold development was recorded in December.

HONG KONG – PROPERTIES UNDER DEVELOPMENT

Steady progress was made on the Group's projects under development in Hong Kong. The occupation permit for the second phase of the 1.25 million sq ft Cheung Kong Center was obtained in March 1999 and substantially all of the premises are occupied pursuant to long term leases. The Group's 39% owned CEF Lend Lease Plaza in North Point was completed during the year comprising 212,000 sq ft of office and commercial space. A leasing campaign has been conducted successfully and the property is already fully let. Adjacent to this building, construction of the Harbour Plaza North Point hotel was also completed during the year and is scheduled to open for business this spring with 566 hotel rooms and suites.

The Group has launched the presale of its residential units in Peninsula Heights, Broadcast Drive (229,000 sq ft) and Monte Vista, Ma On Shan (1.39 million sq ft) and to date over 60% of the units have been presold. The Group has a 50% interest in both these developments which are on schedule for completion this year.

Superstructure work commenced on a 672,000 sq ft residential and commercial project at Wan Hoi Street in Hung Hom adjacent to the Harbour Plaza Hotel. The Group has a 50% interest in this development which is on schedule for completion in 2001. Work is progressing satisfactorily on the 1.4 million sq ft development "Metropolis" above the Kowloon Canton Railway terminus in Hung Hom which is on schedule for completion in 2001. The Group has a joint venture interest with a profit sharing arrangement for this project, which when completed will comprise an office tower, hotel and two serviced apartment towers.

Foundation work is on schedule for a one million sq ft residential and commercial complex on Canton Road in Kowloon. The Group has a 42.5% interest in this development which is expected to be completed in 2002.

At Tung Chung, the Group has a joint venture interest with a profit sharing arrangement in a multiphase

The newly renovated Home World Provident Centre at North Point offers a wide selection of household products, electrical appliances, furniture and interior designs for home makers.

residential and commercial development totalling approximately 4.4 million sq ft. Phased completion of the development is scheduled for 2002 and 2003. The planning phase is almost completed for a proposed commercial, hotel and serviced suites complex of approximately 2.5 million sq ft on Tsing Yi Island. The Group has a 70% interest in this project which is planned for completion in 2003.

HONG KONG – RENTAL PROPERTIES

The Group's portfolio of approximately 12.2 million sq ft of commercial, office, industrial and residential investment properties provides a strong recurrent earnings base. Gross rental income of HK$1,988 million overall was 1% higher than 1998 with the effect of lower rental rates on scheduled lease renewals offset by rental income generated from the occupation of premises in the newly completed Cheung Kong Center. Despite the current office over supply situation, all of the Group's premises remain substantially fully let with satisfactory rental levels.

MAINLAND CHINA – PROPERTIES UNDER DEVELOPMENT

In the Mainland, the Group has interests in a number of joint ventures to develop properties in phases over the next five years. In Beijing,

The newly renovated four level shopping mall, The Elegance at Sheraton, has become a new shopping focus in Tsim Sha Tsui.

Located in Dongguan, the 27 hole Harbour Plaza Golf Club offers superb facilities to golf enthusiasts.

The clubhouse of our Shanghai residential development is fascinating by night.

construction and fitting out work is well advanced for the Beijing Oriental Plaza in which the Group has an 18% interest. The entire project will provide over six million sq ft of office and retail space, a hotel and serviced apartments when fully completed in 2002.

In Shanghai, the Group has a 50% interest in a low density housing development in the Huamu district of Pudong. The first phase of the project has already been completed and over 70% of the units have been leased. The second and third phases of the development comprising both villas and apartments are expected to be completed this year. At a nearby site, the Group has a 31% interest in a joint venture for the staged development, over the next five years, of a 1.7 million sq ft villa and apartment complex. The Group also has a 39% interest in a residential development in Xuhui in Shanghai which will provide over one million sq ft of both low and high rise accommodation when completed in 2002.

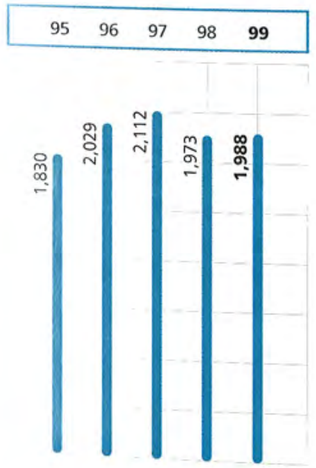
In Qingdao, over 60% of the high rise residential units of the two completed towers were sold during the year and the remaining three high rise residential towers are expected to be completed in 2001. The Group has an effective 15% interest in this project.

During the year, the Group increased its interest, from 9.5% to 46%, in a site of approximately 32 million sq ft near Houjie, Dongguan. Planning is at an advanced stage for the first phase of this extended development of deluxe residential accommodation covering 2.7 million sq ft. The 27 hole Harbour Plaza Golf Club in which the Group has a 42% interest, was completed and opened for play during the year.

In Shenzhen, superstructure work has commenced on the first phase of a residential development, Le Parc, near the Futian central district. A marketing programme to launch presale activity commenced during the latter part of the year and over 300 purchasers have subscribed for units. The first phase of the development is targeted for completion in 2001 with completion of the final phase expected in 2005.

The Group also has a 50% interest in a project to develop a 4.8 million sq ft estate of low rise apartments and villas in Zhuhai. Phased completion of this project is planned for 2001 to 2006.

Gross rental income
(includes intra group rental)
HK$ millions



ROYAL GATE KENSINGTON

HARBOUR PLAZA

Situated at Battersea, London, Montevetro is an upscale residential complex commanding a spectacular view of River Thames.

Planning work for a development above the Guangzhou Huangsha Underground Railway Station is progressing and the first phase is scheduled for completion in 2002. When completed, the project will consist of approximately 1.3 million sq ft of residential and 0.5 million sq ft of commercial space.

MAINLAND CHINA – RENTAL PROPERTIES

The Group has a 50% interest in 957,000 sq ft of retail space and 554,000 sq ft of office space above the shopping arcade at Metropolitan Plaza in Chongqing and they are 83% and 34% occupied respectively. The Group also has a 21% interest in 687,000 sq ft of retail space (94% leased) and 367,000 sq ft of office space (99% leased) in the Westgate Mall in Shanghai. These developments are generating rental income in line with current expectations.

OVERSEAS – PROPERTIES UNDER DEVELOPMENT

Grand Bahama Island

The redevelopment in phases of the 1,350 room resort hotel complex and two USGA championship rated golf courses is progressing satisfactorily and completion is scheduled for December 2000.

London

Construction of the Group's 42.5% owned 116,000 sq ft Belgravia Place residential development near Sloane Square is on schedule for completion in 2001. Over 75% of the units were presold during the year. At the Montevetro site on the bank of the Thames river (22.5% interest), three blocks were completed during the year and the remaining two blocks will be completed this year. Over 90% of the flats in this 164,000 sq ft residential development have been presold. The Group also owns a 45% interest in a site at the Albion and Bridge Wharves which will be developed into a residential / commercial development of 410,000 sq ft. Construction is expected to commence next year and completion is scheduled for 2003.

Earlier this year, the Group acquired a 22.5% interest in a 96,000 sq ft site on Lots Road in London with the intention to build an approximate 720,000 sq ft residential / commercial development for completion in 2005.

Tokyo

The Group has an effective 38% interest in a 784,000 sq ft high rise office tower adjacent to the Tokyo Station in the Marunouchi district, which is under construction and due for completion in 2001.

HOTELS

The Group owns and operates hotels in Hong Kong, the Mainland and the Bahamas.

The market in Hong Kong remained highly competitive during the year with the economy still in a state of recovery. Despite lower room rates, the wholly owned Harbour Plaza Hong Kong reported an improved overall performance. The earnings of Sheraton Hong Kong Hotel and Tower, in which the Group has 39% interest, also increased in comparison to 1998 mainly due to higher occupancy levels.

The Harbour Plaza Beijing (95% interest) and Great Wall Sheraton (49% interest) both faced another year of strong competition which resulted in lower average room rates for the year. The Harbour Plaza Chongqing (49% interest), one of the highest quality hotels in the city, was affected by the slowing Mainland economy and competition from new hotels. The Harbour Plaza Kunming (95% interest) opened in April on time to accommodate the visitors to the International Horticultural Exposition held in Kunming during the period from May to October. Its performance was, however, affected by an over supply of rooms from new and existing hotels.

The Lucayan, Grand Bahama Island completed its Phase I (Reef Village) redevelopment in April and the entire resort is scheduled for completion by the end of this year.

Four other hotels are currently in various phases of development. Harbour Plaza North Point (39% interest) with 566 guest rooms and suites will be opened this spring, and the Harbour Plaza Metropolis in Hung Hom (25% interest), which will have 653 rooms and suites, is expected to open in mid 2001. The Oriental Harbour Plaza Beijing (18% interest) plans to offer 1,650 deluxe rooms and suites on completion in early 2002. Also scheduled to open in mid 2002 is the Harbour Plaza Ma On Shan with 831 rooms and suites.

Located in North West Hong Kong, Harbour Plaza Resort City features serviced suites and guest rooms, themed restaurants and a wide range of recreational facilities.

The Sugar Mill Pool of The Lucayan in The Bahamas is equipped with waterfalls, aqueducts, and a waterslide.

Retail, manufacturing and other services

The Group's A S Watson division is **one of Asia's largest retailers**, operating three major retail chains with more than 820 stores in the region which provide high quality personal care products, food and household items, and electrical consumer goods. The division also **manufactures and distributes** various water and other beverage products in Hong Kong and the Mainland as well as water products in Europe. The Hutchison Whampoa (China) division invests in ventures in the Mainland.

UNITED KINGDOM

Under the brand names of Crystal Spring and Braebourne, and with a national distribution capability, Watsons Water is now the leading water supplier to offices throughout the UK.

retail, manufacturing and other services

Watson's Personal Care Stores in Thailand are part of a 500 store chain operating in seven Asian countries.

EBIT from the retail, manufacturing and other services division **totalled HK$1,313 million** (1998 – HK$845 million), excluding a provision of HK$706 million for restructuring costs of the Group's Mainland operation and other retail businesses (1998 – profit of HK$3,332 million).

A S WATSON

Despite continued weak consumer demand which significantly reduced the retail industry's overall sales in Asia in 1999, the A S Watson division performed better than the industry average due to the division's focus on essential consumer goods, which are less subject to the cyclical volatility of the overall economy, and to its successful promotion campaigns.

The 182 store PARKnSHOP supermarket chain in Hong Kong reported an increased and currently leading market share, increased sales and positive EBIT for the year, although EBIT was lower than 1998 due to an extremely competitive market. PARKnSHOP continued to expand its successful "wet market" concept for fresh foods and larger format superstores during the year increasing its trading area by 12% to 1,498,000 sq ft. In addition, PARKnSHOP relaunched its "Shop and Drop" service to allow its customers the convenience of personal choice shopping combined with home delivery and continued to increase the product range offered on its Internet shopping website.

PARKnSHOP provides a wide range of high quality food at unbeatable prices for every family in Hong Kong.

Multimedia products are now a core business of Fortress.

PARKnSHOP's chain store operation in the Mainland continued to be adversely affected by the slowing economy, reduced consumer spending and competition from local and international supermarkets. A restructuring exercise is underway with a new management team closing poorly performing and loss making stores, reducing costs and focusing on providing a more competitive product range and enhancing the store format to return the business to a profitable position. A full provision has been made for all losses and costs of this exercise.

Watson's The Chemist ("WTC") is a leading retail chain of personal care products with strong brand name recognition in Hong Kong, Taiwan and other countries in South East Asia. Despite recessionary pressures WTC out performed the market and reported combined sales and EBIT ahead of 1998 levels. WTC successfully expanded the total number of its outlets in the region to 488 at the end of the year.

Despite difficult market conditions, the 61 store Fortress electrical consumer goods store chain in Hong Kong increased its sales and its market share although EBIT declined from the year before due to competitive pricing pressures.

A S Watson, together with its 50% joint venture partner Nuance International Holdings, recorded improved results from its concessions for the sale of perfume, cosmetics and general merchandise at the new Hong Kong International Airport as a result of higher tourist traffic.

During the year, the manufacturing division disposed of its ice cream businesses in Hong Kong and the Mainland profitably. This division is focusing on its beverage operations which are comprised of well known brands of distilled water, soft drinks and fruit juices being manufactured and distributed in Hong Kong and the Mainland. Earnings declined marginally during the year, due to margin pressure from consumer down trading and an aggressive soft drinks market in the Mainland. Expansion of the home and office water business in the United Kingdom and continental Europe has continued, and to date sales volume and earnings have been better than expected.

OTHER SERVICES

During the year the Group continued to build on its existing e-commerce operations. The Group's strategy is to focus the e-commerce operations and initiatives of each of its core businesses under an innovative management team to benefit from the opportunities in each business. Alliances are being formed with strategic partners to

TOM.COM introduced TOMCAST, a device to provide desktop infotainment services in Chinese. It offers personalised instantaneous infotainment news services tailored to users' needs and preferences.

invest in e-commerce enablement, business to consumer ("B2C") and business to business ("B2B") enterprises. The current B2B initiatives will benefit from the Group's available resources, including its extensive business and telecommunications network in Hong Kong, and further investments are planned in Hong Kong and overseas to capture the tremendous potential of B2B commerce in Asia.

In January this year, the recently formed TOM.COM, a joint venture with Cheung Kong (Holdings), Pacific Century CyberWorks and other strategic partners, launched a unique and personalised multilingual China related new media megaportal. In March TOM.COM successfully completed an IPO of 16.7% of its shares on the Growth Enterprise Market in Hong Kong and raised HK$876 million for its captial expenditure and other funding requirements. Subsequent to the IPO the Group holds a 31% interest in TOM.COM. This portal will provide "Lifestyle for Chinese" content and e-commerce to the world wide Chinese population in both the Greater China region and overseas Chinese speaking communities. In its first month of operations approximately 70,000 members registered and daily page views were 2.5 million. The hit rate is expected to increase significantly as new content currently being developed is added, such as travel, culture, science, learning, art, fashion, games and fun, news, sports and other infotainment items.

Watsons Water operates one of the fastest and most modern bottling facilities in the UK.

Hutchison Whampoa (China) invests in ventures in the Mainland and currently has investments in a number of successful consumer product, aviation and agricultural projects.

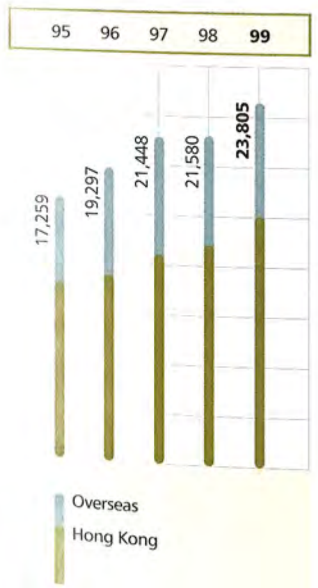
The Group has a 20% interest in Procter & Gamble-Hutchison ("PGH") which manufacturers and distributes a range of haircare, skincare, soap, detergent, dental hygiene and paper products throughout the Mainland. PGH contributed increased profits to the Group and is continuing to expand its operations and manufacturing facilities.

The Guangzhou Aircraft Maintenance Engineering Company ("GAMECO") in which the Group has a 25% interest, reported lower earnings due to reduced demand for maintenance services. China Aircraft Services Limited ("CASL"), a joint venture with China National Aviation Company, British Airways, and United Airlines in which the Group has a 20% interest, had a successful first full year of operation providing line maintenance and cabin cleaning services at the new Hong Kong International Airport.

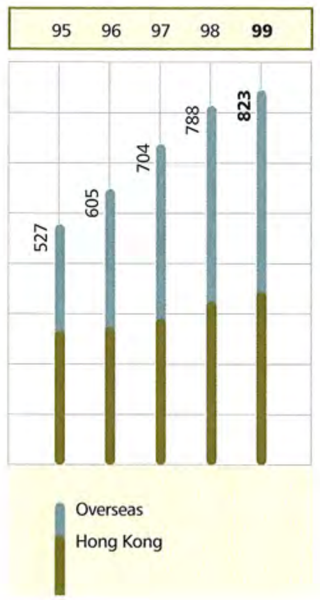
The Group's rice farming project in Heilongjiang Province had its first harvest in the autumn of 1999. The yield and quality were satisfactory and marketing efforts are being directed at Southern China and Hong Kong consumers.

Watson's Wine Cellar lists over 1,500 wines, beers and spirits from around the world.

Retail, manufacturing and other services turnover
HK$ millions



Number of retail outlets

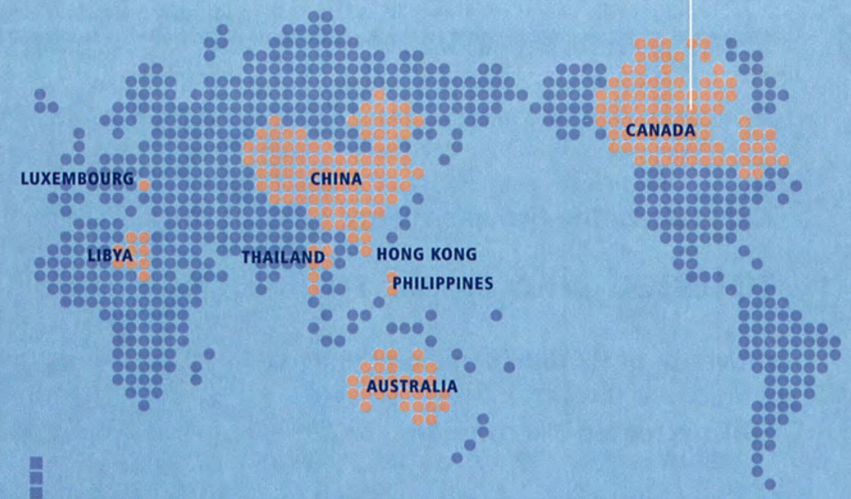


Energy, infrastructure, finance and investments

The Group is one of the largest private investors in the **Mainland's infrastructure sector** and is a leading **cement and concrete** manufacturer in Hong Kong and Southern China. Investments in Hongkong Electric Holdings ("HEH") and Husky Oil in Canada reflect the Group's geographic and sectoral diversification into **power** generation and distribution as well as **oil and gas**.

CANADA

Husky Oil was recognised by the Canadian Government as a 1999 Vision Award winner for its leading edge strategies in workforce diversity.



energy, infrastructure, finance and investments

Hongkong Electric's new control centre acts as the nerve centre of the electricity supply system.

EBIT from the Group's energy, infrastructure, finance and investment division **totalled HK$7,432 million** (1998 – HK$7,673 million), excluding a provision of HK$6,678 million (1998 – HK$1,000 million) against certain investments. EBIT decreased 3% compared to 1998 mainly due to reduced finance and investment income, which is primarily derived from interest earned on surplus cash and dividends received, as a result of lower interest rates and also due to effects of investments and capital expenditures in early 1999 and a replenishment of cash on hand in the latter part of the year.

CHEUNG KONG INFRASTRUCTURE

The Group has an 84.58% interest in Cheung Kong Infrastructure ("CKI"), which is listed on the Hong Kong stock exchange ("HKSE"). CKI reported an increase in profit attributable to shareholders of 10% compared with the previous year and successfully acquired several investments which further diversified its portfolio.

CKI's energy division accounted for 64% of total earnings with the major contribution coming from its 37.63% interest in Hongkong Electric ("HEH"). HEH, which is listed on the HKSE and is the sole provider of electricity to Hong Kong and Lamma islands, reported a profit attributable to shareholders of HK$5,286 million, a 6% increase compared with HK$4,967 million in 1998. CKI currently has joint venture interests in power plants in four provinces in the Mainland with a total capacity of 2,539 MW, including a 1,400 MW power plant in Zhuhai which is expected to be fully operational this year. In July, CKI acquired a 19.97% interest in Envestra, a company listed on the Australian stock exchange, and became one of the largest shareholders of Australia's largest natural gas distributors. In December, CKI formed a 50:50 joint venture with HEH and entered into an agreement with the government of the state of South Australia to lease for 200 years the power distribution network operated by ETSA Utilities. The acquisition was completed in January this year for a consideration of A$3.25 billion (approximately HK$16.7 billion) and both CKI and HEH successfully raised Australian dollar denominated syndicated bank financing to fund this investment.

Advanced engineering and construction technologies were applied in the construction of the Ya Ji Sha Bridge.

CKI and HEH have been successful in the acquisition of the right to manage and operate ETSA Utilities in South Australia for the next 200 years.

Mastic asphalt was laid on the deck of the Tsing Ma Bridge in Hong Kong.

CKI's transportation division recorded a steady increase in its profits from projects completed in the previous year. CKI currently has joint venture interests in toll roads and bridges with a total length of approximately 660 kilometers in five provinces in the Mainland. During the year a 50% interest in Hong Kong Eastern Harbour Crossing Rail Tunnel was acquired and contributed to the profits of the Group. In December, CKI entered into a contract to purchase a 40% interest in a joint venture to construct and operate a toll bridge in Panyu, a key transportation hub in Guangdong Province.

CKI's cement, concrete, asphalt and aggregates businesses in Hong Kong recorded a decline in profits during the year due to reduced demand after the completion of the airport and related infrastructure projects in Hong Kong. CKI continued to expand these activities in Southern China, focusing on the manufacture and distribution of cement and concrete. CKI has a majority interest in a cement plant in Yunfu and commissioned a new cement grinding plant in Shantou during the year.

In December, CKI acquired a 50% interest in a company engaged in the manufacture and marketing of energy saving devices and will continue to seek out opportunities for investment in environmental protection and high technology projects in 2000.

HUSKY OIL

Husky Oil, the Group's 49% owned Canada based integrated oil and gas company, reported EBIT attributable to the Group of HK$714 million, an increase of 23% over the previous year. The upstream sector performed well, benefiting from improved oil and gas prices, while the midstream sector maintained earnings in an environment of lower heavy / light oil price differentials. The downstream sector, while experiencing lower retail and asphalt margins, achieved improved light oil refined product sales.

Husky Oil's production averaged 93,650 BOE (barrels of oil equivalent) and its reserves replacement rate was 131%. At the end of the year, Husky Oil had estimated proved reserves of crude oil, liquids and natural gas of 401 million BOE. Husky Oil has continued to grow its upstream sector with its development and exploration activities off the east coast of Canada. The development of the Terra Nova oil field is approximately 75% complete with oil production scheduled to commence in 2001. A three well delineation programme undertaken at the White Rose oil field was successfully completed during the year with encouraging results. Husky Oil is one of the largest working interest holders in the Jeanne d'Arc basin off the east coast of Canada. The development of these offshore fields has the potential to provide significant growth to Husky's light oil production and reserves.

Husky Oil has continued to expand its midstream segment, which includes upgrading, pipeline systems, marketing and commodity trading and infrastructure projects. Construction of the 50% owned 215MW natural gas cogeneration facility located on the site of the Husky Lloydminster upgrader was completed and the facility was commissioned in early January this year.

The downstream segment comprises the wholesale, commercial and retail marketing of a range of refined petroleum products, including unleaded gasoline, through a network of more than 600 branded retail outlets, as well as the marketing of asphalt products.

During the year, Husky Terra Nova Finance, a wholly owned subsidiary of Husky Oil, issued US$250 million in senior secured bonds due in 2012 and bearing interest at 8.45% per annum to fund its share of the development costs of the Terra Nova oil field.

Husky Oil's heavy oil upgrader in Lloydminster, Saskatchewan, achieved record processing volumes of synthetic crude oil in 1999.

GROUP LIQUIDITY AND FINANCIAL RESOURCES

At 31 December 1999, the Group's cash, managed funds and other listed investments (excluding strategic equity investments in Mannesmann and VoiceStream) totalled HK$89,800 million (1998 – HK$39,363 million) of which 55% (1998 – 51%) were denominated in US dollars and 28% (1998 – nil) were in Euro. Also at the year end, the Group's borrowings, net of cash, managed funds and other listed investments were HK$842 million (1998 – HK$42,803 million). Approximately 41% of the Group's total borrowings were denominated in HK dollars, 46% in US dollars, 7% in Pounds Sterling, 4% in Euro and the remaining 2% in other currencies. The non-HK dollar and non-US dollar denominated loans are either directly tied in with the Group's businesses in the countries of the currencies concerned, or the loans are balanced by assets in the same currencies. Approximately 35% of the Group's total borrowings is at fixed interest rates. At the year end the net debt to net capital ratio was approximately 1% (1998 – 31%) and the earnings before interest, taxation and depreciation covered the gross interest expense for the year 3.6 times (1998 – 3.8 times). The Group's capital expenditures for the year, excluding expenditures for properties under development and for sale, totalled HK$7,565 million (1998 – HK$9,633 million), and were funded primarily from cash on hand, internal cash generation, and to the extent required, by borrowings. Excluding non interest bearing loans from minority shareholders, the Group's borrowings at the year end were repayable as shown below.

	Denominated					
	HK$	US$	£	Euro	Others	Total
Within 1 year	7%	2%	–	–	1%	10%
In years 2 to 4	32%	22%	–	–	1%	55%
In year 5	2%	4%	1%	–	–	7%
In years 6 to 10	–	7%	2%	4%	–	13%
In years 11 to 20	–	7%	4%	–	–	11%
Beyond 20 years	–	4%	–	–	–	4%
	41%	46%	7%	4%	2%	100%

Committed borrowing facilities available to Group companies, but not drawn at 31 December 1999, amounted to the equivalent of HK$11,982 million.

During the year, all bilateral borrowings that matured were renewed at satisfactory rates and terms. A HK$2,830 million three year syndicated bank loan that matured during the year was repaid on maturity. Loan notes issued during the year were as follows:

(i) In February the Group issued HK$1,500 million principal amount, three year, 7.88% fixed interest rate notes which are listed on the Hong Kong and Luxembourg stock exchanges.

(ii) In March the Group was one of the first Asian companies to successfully enter the European bond market with a Euro 500 million, seven year, 5.5% fixed interest rate note issue. The issue is listed on both the Hong Kong and Frankfurt stock exchanges.

(iii) Also in March the Group issued a £325 million, 6.75% fixed interest rate bond due in 2015 to refinance existing Sterling dominated borrowings and provide general working capital for the UK port operations. The bond is listed on the Luxembourg stock exchange.

(iv) In August the Group issued HK$1,500 million of five year floating rate notes that are listed on the Hong Kong stock exchange.

(v) In September the Group issued HK$500 million principal amount, three year, 7.82% fixed interest rate notes which are listed on the Luxembourg stock exchange.

TREASURY POLICIES AND CAPITAL STRUCTURE

The Group's overall treasury and funding policy focuses on controlled management of risks, with transactions being directly related to the underlying businesses of the Group. For synergies, efficiency and control, the Group operates a central cash management system for all its unlisted subsidiaries in Hong Kong. Bank arrangements and long term borrowing requirements for all unlisted subsidiaries are monitored and approved at the holding company level. The Group endeavors to hedge its non-HK and non-US dollar denominated assets and investments located in other countries with the appropriate level of borrowings in the currencies of those countries. Forward foreign exchange contracts and interest and currency swaps are utilised when suitable opportunities arise and, when considered appropriate, to hedge against major non-HK and non-US dollar exposures as well as to assist in managing the Group's interest rate exposures. At the year end the Group had no significant exposure under foreign exchange contracts, interest or currency swaps or financial derivatives.

The Hong Kong Federation of Youth Groups recruited two thousand Chinese youths from all over the world to perform a 10,000 ft long dragon dance on the Great Wall to commemorate the Millennium early this year.

COMMUNITY RELATIONS

Through active participation and financial assistance, the Group consistently endeavors to support various activities and organisations, which benefit people from all walks of life in the community. In particular, the Group joined forces with Cheung Kong (Holdings) to sponsor "Knowledge Changes Fate", a television documentary that focuses on the importance of knowledge to individuals and the community. The series proved widely popular with audiences in Hong Kong and the Mainland and has also won several awards in the communications industry.

With regard to environmental conservation, the Group's Husky Oil operations in Canada received an award in recognition of its ongoing commitment to proactively reduce greenhouse gas emissions. In Hong Kong, the Group is also a sponsor of numerous green projects.

During the year, the Group assisted a number of charities including the Community Chest, which provides funds to more than 140 member agencies. Some of the other organisations that received assistance from the Group included The Hong Kong Federation of Youth Groups for the Dragon Foundation, the Stanford University Medical Centre, the Hong Kong Arts Festival and several arts related programmes.

EMPLOYEE RELATIONS

Excluding associated companies, the Group employs 42,510 people (1998 – 39,860 people) of whom 20,858 (1998 – 19,015) are employed in Hong Kong. Employee costs, excluding Directors' emoluments, totalled HK$7,036 million (1998 – HK$6,522 million). All of the Group's subsidiary companies are equal opportunity employers, with the selection and promotion of individuals being based on suitability for the position offered. The pay levels of the Group's employees are kept at a competitive level and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system which is reviewed annually. A wide range of benefits including medical coverage, provident funds and retirement plans and long service awards are also provided to employees.

The Group sponsored the Corporate Afforestation Scheme, a three year tree planting and management project.

Many social, sporting and recreational activities were arranged during the year for employees on a Group-wide basis. Group employees regularly participated in charity walks as well as other community oriented events. In addition, training and development programmes are provided on an ongoing basis throughout the Group. Financial assistance is also available to qualifying employees who wish to further their education through part time diploma or degree courses.

OUTLOOK

The economies of Hong Kong and the Asian region benefited from the beginnings of an economic recovery during the year and although the Group will continue to benefit from the anticipated paced recovery of the Asian economies, 2000 is expected to be another challenging year. In 2000 and beyond we anticipate benefiting from the strategic alliances that have recently been forged with a number of key industry leaders in telecommnications, e-commerce and Internet fields. With China's anticipated entry into the World Trade Organisation and with the rapid development in information technology and related businesses, the Group's investment opportunities in Hong Kong, the Mainland and globally have increased. In addition to the continuing development of our core businesses, we are actively pursuing investments overseas in new telecommunications projects and also B2B and other e-commerce opportunities in Hong Kong and throughout Asia.

Staff members from Hutchison Whampoa's overseas operations also join in the fun at the Group's annual sports and family day.

The Group's financial position is very solid with a net debt to net total capital ratio of 1%, a large balance of cash and liquid investments, a long term debt profile and geographically and sectorally diverse core businesses which continue to generate healthy recurrent cash flows. From this strong position, the Group is well placed to not only to meet the challenges of 2000, but also to take advantage of attractive investment and expansion opportunities.

The results for 1999 were achieved in a very competitive and difficult economic environment due to the efforts and dedication of the Group's employees and I would like to join our Chairman in thanking them for their support and hard work throughout the year.

FOK Kin-ning, Canning
Group Managing Director

Hong Kong, 23 March 2000

Biographical details of directors

LI Ka-shing, CBE, JP, aged 71, has been an Executive Director since 1979 and the Chairman since 1981. He is the founder and the Chairman of Cheung Kong (Holdings) Limited ("Cheung Kong"), a substantial shareholder of the Company under the Securities (Disclosure of Interests) Ordinance, and 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 SAR. 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 organisations, and has served as honorary chairman of many such groups over the years. Mr Li has received Honorary Doctorates from Beijing University, University of Hong Kong, Hong Kong University of Science and Technology, Chinese University of Hong Kong, City University of Hong Kong, The 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 Deputy Chairmen, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard.

LI Tzar Kuoi, Victor, aged 35, has been an Executive Director since 1995 and Deputy Chairman since 1999. He is the Chairman of Cheung Kong Infrastructure Holdings Limited ("Cheung Kong Infrastructure") and the Managing Director and Deputy Chairman of Cheung Kong. He is also an Executive Director of Hongkong Electric Holdings Limited ("Hongkong Electric") 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.

LI Tzar Kai, Richard, aged 33, has been an Executive Director since 1992 and Deputy Chairman since 1993. He is also a Director of Hongkong Electric. He is the founder of Satellite Television Asian Region Limited (STAR TV) and Chairman and Chief Executive of the Pacific Century Group.

FOK Kin-ning, Canning, aged 48, has been an Executive Director since 1984 and Group Managing Director since 1993. He is the Chairman of Hutchison Telecommunications (Australia) Limited ("HTAL") and Partner Communications Company Ltd ("Partner Communications") and the Deputy Chairman of Cheung Kong Infrastructure and Hongkong Electric. He is also a Director of Cheung Kong, VoiceStream Wireless Corporation ("VoiceStream") 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.

CHOW WOO Mo Fong, Susan, aged 46, has been an Executive Director since 1993 and Deputy Group Managing Director since 1998. She is a solicitor and holds a Bachelor's degree in Business Administration. She is also an Executive Director of Cheung Kong Infrastructure and a Director of Hongkong Electric, Partner Communications, tom.com limited ("TOM.COM") and VoiceStream.

Frank John SIXT, aged 48, has been an Executive Director since 1991 and Group Finance Director since 1998. He is the Chairman of TOM.COM. He is also an Executive Director of Cheung Kong Infrastructure and Hongkong Electric and a Director of Cheung Kong, HTAL, Partner Communications and VoiceStream. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

LAI Kai Ming, Dominic, aged 46, was appointed as an Executive Director on 1 February 2000. He joined the Group's A S Watson division in 1994 as Chief Operating Officer and Finance Director and was later, in 1998, appointed Group Managing Director of the Group's hotel investment, management and operation division. He is also a Director of Harbour Ring International Holdings Limited and Computer And Technologies Holdings Limited. He has over 20 years of management experience in different industries. He holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration.

George Colin MAGNUS, aged 64, has been an Executive Director since 1980. He is also Chairman of Hongkong Electric and Deputy Chairman of Cheung Kong and Cheung Kong Infrastructure. He holds a Master's degree in Economics.

KAM Hing Lam, aged 53, has been an Executive Director since 1993. He is also Deputy Managing Director of Cheung Kong, Group Managing Director of Cheung Kong Infrastructure and a Director of Hongkong Electric. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration.

The Hon Michael David KADOORIE, aged 58, has been a Director since 1995. He is also Chairman of CLP Holdings Limited and The Hongkong and Shanghai Hotels Limited as well as Heliservices (Hong Kong) Limited.

LI Fook-wo, aged 83, has been a Director since 1977. He is also a Director of The Bank of East Asia, Limited and Johnson Electric Holdings Limited.

Simon MURRAY, CBE, aged 60, has been a Director since 1984. He is the Chairman of General Enterprise Management Services Limited, a private equity fund management company sponsored by Simon Murray And Associates Limited and Deutsche Bank. He is also a Director of a number of listed companies including Cheung Kong and Orient Overseas (International) Limited.

OR Ching Fai, Raymond, aged 50, was appointed as a Director on 1 February 2000. He is a General Manager of The Hongkong and Shanghai Banking Corporation Limited, and a Director of Cathay Pacific Airways Limited, Esprit Holdings Limited, Hsin Chong Construction Group Limited and Hang Seng Bank Limited. He is also Chairman of the Hong Kong Association of Banks and a member of the Hong Kong Monetary Authority Banking Advisory Committee.

William SHURNIAK, aged 68, has been a Director since 1984. He has broad experience in banking and is also a Director and Deputy Chairman of Husky Oil Ltd. He holds an Honorary Doctor of Laws degree from the University of Saskatchewan in Canada.

Peter Alan Lee VINE, OBE, LLD, VRD, JP, aged 78, is a solicitor and has been a Director since 1977. He is also a Director of the Cross Harbour Tunnel Company Limited and a number of other listed companies in Hong Kong including International Maritime Carriers (Holdings) Limited, Liu Chong Hing Investments Limited and Liu Chong Hing Bank Limited.

WONG Chung Hin, aged 66, is a solicitor and has been a Director since 1984. He is also a Director of The Bank of East Asia, Limited and Hongkong Electric.

Report of the directors

The directors have pleasure in submitting to shareholders their report and statement of accounts for the year ended 31 December 1999.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of its principal subsidiary and associated companies and jointly controlled entities are shown on pages 94 to 99. The turnover and contribution to operating profit of the principal activities of the Company and its subsidiaries are as follows:

	Turnover		Operating profit	
	1999 HK$ millions	1998 HK$ millions	**1999 HK$ millions**	1998 HK$ millions
By activity				
Ports and related services	**10,333**	9,401	**4,127**	3,892
Telecommunications	**7,216**	6,938	**811**	532
Property development and holdings	**10,618**	8,475	**2,355**	2,809
Retail, manufacturing and other services	**21,553**	19,211	**1,388**	689
Energy, infrastructure, finance and investment	**5,722**	7,358	**4,697**	4,865
	55,442	51,383	**13,378**	12,787
By geographical area				
Hong Kong	**39,092**	37,425	**6,278**	8,544
Mainland China	**4,278**	3,815	**1,783**	709
Asia	**6,297**	5,336	**767**	1,072
Europe	**3,290**	2,771	**1,044**	709
North America	**2,485**	2,036	**3,506**	1,753
	55,442	51,383	**13,378**	12,787

GROUP PROFIT

The consolidated profit and loss account is set out on page 62 and shows the Group profit for the year ended 31 December 1999.

DIVIDENDS

An interim dividend of 48 cents per share was paid to shareholders on 15 October 1999 and the directors recommend the declaration of a bonus issue of one ordinary share for every ten ordinary shares held by the shareholders and a final dividend at the rate of HK$1.15 per share payable on 26 May 2000 to all persons registered as holders of shares on 25 May 2000.

RESERVES

Movements in the reserves of the Company and the Group during the year are set out in note 24 to the accounts.

CHARITABLE DONATIONS

Donations to charitable organisations by the Group during the year amounted to HK$50,434,000 (1998 – HK$62,195,000).

FIXED ASSETS

Particulars of the movements of fixed assets are set out in note 12 to the accounts.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 23 to the accounts.

DIRECTORS

The board of directors as at 31 December 1999 comprises Messrs Li Ka-shing, Li Tzar Kuoi, Victor, Li Tzar Kai, Richard, Fok Kin-ning, Canning, Chow Woo Mo Fong, Susan, Frank John Sixt, George Colin Magnus, Kam Hing Lam, Michael David Kadoorie, Christopher Patrick Langley, Li Fook-wo, Simon Murray, William Shurniak, Peter Alan Lee Vine and Wong Chung Hin.

Mr Christopher Patrick Langley resigned as a director with effect on 31 January 2000. Messrs Lai Kai Ming, Dominic and Or Ching Fai, Raymond were appointed as directors with effect from 1 February 2000. The directors would like to record their appreciation for the services of Mr Langley to the Group and welcome Messrs Lai Kai Ming, Dominic and Or Ching Fai, Raymond to the board of directors.

Messrs Lai Kai Ming, Dominic and Or Ching Fai, Raymond who were appointed directors subsequent to the previous annual general meeting will retire from office at the forthcoming annual general meeting under the provisions of Article 91 of the Articles of Association of the Company and, being eligible, will offer themselves for reelection.

Messrs Chow Woo Mo Fong, Susan, Simon Murray, William Shurniak and Peter Alan Lee Vine will retire by rotation at the forthcoming annual general meeting under the provisions of Article 85 of the Articles of Association of the Company and, being eligible, will offer themselves for reelection.

The Directors' biographical details are set out on pages 52 and 53.

INTEREST IN CONTRACTS

No contracts of significance in relation to the businesses of the Company and its subsidiaries to which the Company or a subsidiary was a party in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

Cheung Kong (Holdings) Limited ("Cheung Kong"), a substantial shareholder of the Company, rented under various rental agreements of varying duration, but none in excess of three years, an aggregate of approximately 64,985 sq ft of office space at Aon China Building, a building owned by the Company. All such agreements were entered into in the ordinary course of business and on normal commercial terms. Rent received during 1999 amounted to approximately HK$7,963,006. All the rented space had been surrendered by the end of 1999.

On 1 June 1999, a loan agreement (the "Loan") between Celltel Limited ("Celltel"), a company incorporated in Ghana and Certwell Limited ("Certwell") for an amount of up to US$13,000,000 (approximately HK$101 million) was entered into. Both Celltel and Certwell are subsidiaries of the Company. On the same day, Hutchison Telecommunications Limited ("HTL"), a wholly owned subsidiary of the Company granted a guarantee (the "Guarantee") in favour of Standard Chartered Bank ("SCB") to secure certain payment obligations of Celltel to SCB. Both the Loan and the Guarantee constituted the granting of financial assistance by the Company to Celltel. The other shareholder of Celltel, Kludjeson International Limited, is a connected person by virtue of it being a substantial shareholder in Celltel and an associate of certain directors of Celltel.

On 15 June 1999, Hutchison Telecommunications (Australia) Limited ("HTAL") entered into agreements with certain banks (the "Banks") whereby the Banks provided loan facilities (the "Loan Facilities") totalling A$340 million (approximately HK$1,751 million) to HTAL. At that time, HTAL was a non wholly owned subsidiary of the Company incorporated in Australia in which the Company had a 70% interest, and in which Leanrose Pty Ltd ("Leanrose") had a 30% interest. As a condition of the Loan Facilities, the Company granted a guarantee (the "HWL Guarantee") to Citisecurities Limited (the "Security Trustee"), as agent and security trustee for the Banks in respect of the payment obligations of HTAL under the Loan Facilities and had further undertaken (the "HWL Undertaking") to pay and provide credit support for the payment of up to A$57 million (approximately HK$293.55 million) to HTAL on behalf of Leanrose for Leanrose to meet its funding obligations to HTAL. Both the HWL Guarantee and the HWL Undertaking constituted connected transactions between the Company and Leanrose. Leanrose is a connected person by virtue of it being a substantial shareholder of a non wholly owned subsidiary of the Company and of it being an associate of certain directors of HTAL.

On 15 June 1999, an agreement for the sale and purchase (the "Agreement") of 90% of the issued share capital of Eastern Harbour Crossing Company Limited ("EHCC") at an aggregate consideration of approximately HK$248 million was entered into between (i) Kumagai Gumi Company Limited and Kumagai International Limited as sellers (the "Sellers") and (ii) Eastway Venture Limited (a wholly owned subsidiary of Cheung Kong Infrastructure Holdings Limited ("Cheung Kong Infrastructure"), a subsidiary of the Company) and (iii) Prime Star Enterprises Limited ("Prime Star"), a wholly owned subsidiary of CITIC Pacific Limited both as purchasers (the "Purchasers"). A deed of tax covenant (the "Tax Deed") was also entered into at completion of the Agreement between the Sellers, the Purchasers and EHCC whereby the Sellers covenant to indemnify the Purchasers and EHCC against certain tax liabilities. The Agreement and the Tax Deed constituted connected transactions of the Company as Prime Star was a connected person by virtue of it being a wholly owned subsidiary of a substantial shareholder of another subsidiary of the Company.

CONNECTED TRANSACTIONS (continued)

On 15 March 2000, the Company has agreed to make available a short term bridging loan of A$670 million (approximately HK$3,220 million) through Hutchison Communications (Australia) Pty Ltd, a wholly owned subsidiary of the Company, to HTAL, a 54% owned subsidiary of the Company listed on the Australian Stock Exchange, upon normal commercial terms to fund the purchase of certain spectrum licences in Australia. The making of the loan was a connected transaction for the Company as Leanrose is a connected person by virtue of it being a substantial shareholder of a non wholly owned subsidiary of the Company and of it being an associate of a director of HTAL.

On 16 March 2000, Hutchison International Limited ("HIL"), a wholly owned subsidiary of the Company, entered into an agreement (the "Subscription Agreement") with Shenzhen International Holdings Limited ("SIHL") and its controlling shareholder, Shenzhen Investment Holding Corporation ("SIHC"), whereby SIHL agreed to issue and HIL agreed to subscribe or procure its subsidiary(ies) to subscribe for a convertible bond in the principal sum of HK$513,660,800 upon the terms and conditions set out in the Subscription Agreement. The Subscription Agreement constituted a connected transaction of the Company as SIHL is a connected person of the Company by virtue of the fact that it is an associate of SIHC which is indirectly a substantial shareholder of one of the Company's indirect subsidiaries.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or a subsidiary a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' SERVICE CONTRACT

There is no unexpired directors' service contract which is not terminable by the Company within one year of any director proposed for reelection at the forthcoming annual general meeting.

DIRECTORS' INTERESTS

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

(a) Interests in the Company

	No of ordinary shares				
Name	Personal interests	Family interests	Corporate interests	Other interests	Total
Li Ka-shing	–	–	–	1,944,547,978 (1)	1,944,547,978
Li Tzar Kuoi, Victor	–	–	610,000	1,944,547,978 (1)	1,945,157,978
Li Tzar Kai, Richard	100,000	–	–	1,944,547,978 (1)	1,944,647,978
Fok Kin-ning, Canning	875,089	–	–	–	875,089
George Colin Magnus	800,000	9,000	–	–	809,000
Michael David Kadoorie	–	–	–	14,530,996 (2)	14,530,996
William Shurniak	150,000	–	–	–	150,000
Peter Alan Lee Vine	30,000	–	–	–	30,000

DIRECTORS' INTERESTS (continued)

Notes:

(1) The three references to 1,944,547,978 shares relate to the same block of shares in the Company comprising:

(a) 1,936,547,978 shares held by certain subsidiaries of Cheung Kong. Li Ka-Shing Unity Trustee Company Limited ("TUT") as trustee of The Li Ka-Shing Unity Trust (the "LKS Unity Trust") and companies controlled by TUT as trustee of the LKS Unity Trust hold more than one-third of the issued share capital of Cheung Kong. All the 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 and his wife and daughter and Mr Li Tzar Kai, Richard. Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard, as directors of the Company, are taken to be interested in such shares in the Company held by the subsidiaries of Cheung Kong by virtue of their deemed interests in the shares of Cheung Kong as discretionary beneficiaries of such discretionary trusts. In accordance with the provisions of the SDI Ordinance, Mr Li Ka-shing is also taken to be interested in such 1,936,547,978 shares by virtue of his owning more than one-third of the issued share capital of Li Ka-Shing Unity Holdings Limited which in turn owns more than one-third of the issued share capital of the trustees of the LKS Unity Trust and the abovementioned discretionary trusts; 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 and his wife and daughter and Mr Li Tzar Kai, Richard and accordingly Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard, as directors of the Company, are taken to be interested in such 8,000,000 shares under the SDI Ordinance. In accordance with the provisions of the SDI Ordinance, Mr Li Ka-shing also is taken to be interested in the same 8,000,000 shares in the Company by virtue of his owning more than one-third of the issued share capital of Li Ka-Shing Castle Holdings Limited which in turn owns more than one-third of the issued share capital of the trustees of the abovementioned unit trust and discretionary trusts.

(2) The Hon Michael David Kadoorie is deemed to be interested by virtue of the SDI Ordinance in 14,530,996 shares in the Company.

(b) Interests in associated corporations

As at 31 December 1999, Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard, as directors of the Company, were deemed to be interested in (i) 1,912,109,945 shares in Cheung Kong Infrastructure of which 1,906,681,945 shares were held by a subsidiary of the Company and 5,428,000 shares were held by companies controlled by TUT as trustee of the LKS Unity Trust as described in Note (1) above under the SDI Ordinance, (ii) 784,707,677 shares in Hongkong Electric Holdings Limited ("Hongkong Electric") which shares were held by certain subsidiaries of Cheung Kong Infrastructure and (iii) all the shares of the subsidiary and associated companies of the Company held by the Company and its subsidiary companies by virtue of their interests in the shares of the Company as described in Note (1) above.

In addition, Mr Li Ka-shing had, as at 31 December 1999, corporate interests in 4,600 class C common shares in Husky Oil Holdings Limited and 13,800 common shares in Husky Oil Ltd.

(b) Interests in associated corporations (continued)

Mr Li Tzar Kai, Richard had, as at 31 December 1999, corporate interests in 11,066 shares in Marunochi N V and 55 shares in Asian Growth International Limited.

Mr Fok Kin-ning, Canning had, as at 31 December 1999, (i) a personal interest in 100,000 ordinary shares in HTAL and (ii) corporate interests in a notional amount of US$7,500,000 in the 6.95% Notes due 2007 issued by Hutchison Whampoa Finance (CI) Limited and 25,000 American Depositary Shares (each representing one ordinary share) of Partner Communications Company Ltd ("Partner Communications").

Mr George Colin Magnus had, as at 31 December 1999, a personal interest in 25,000 American Depositary Shares (each representing one ordinary share) in Partner Communications.

Mr Kam Hing Lam had, as at 31 December 1999, a personal interest in 100,000 shares in Cheung Kong Infrastructure.

Mr Peter Alan Lee Vine had, as at 31 December 1999, a personal interest in 79,650 shares in Hongkong Electric and a corporate interest in 308,000 units of the 8.875% Senior Notes due 2009 issued by Orange plc.

Save as outlined above, none of the directors had, as at 31 December 1999, any interests in the ordinary shares of the Company and its associated corporations or any right to subscribe for ordinary shares of the Company or its associated corporations which had been granted and exercised as recorded in the register required to be kept under Section 29 of the SDI Ordinance since no right to subscribe for the ordinary shares of the Company or its associated corporations had been granted to any director or his spouse or children under 18 years of age since 1 September 1991, the commencement of the SDI Ordinance.

Certain directors held qualifying shares in certain subsidiaries of the Company on trust for other subsidiaries.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 1999, the register required to be kept under Section 16(1) of the SDI Ordinance showed that the Company had been notified of the following interests in the issued ordinary share capital of the Company. These interests were in addition to those disclosed above in respect of the directors.

Name	No of ordinary shares
Cheung Kong (Holdings) Limited	1,936,547,978 (1)
Continental Realty Limited	422,969,063 (2)

SUBSTANTIAL SHAREHOLDERS (continued)

Notes :

(1) This interest represents the total number of ordinary shares of the Company held by certain subsidiaries of Cheung Kong where Cheung Kong is taken to be interested in such shares under Sections 8(2) and (3) of the SDI Ordinance.

(2) This is a subsidiary of Cheung Kong and its interests in the ordinary shares of the Company is duplicated in the interests of Cheung Kong. In addition, Li Ka-Shing Unity Holdings Limited, TUT as trustee of The LKS Unity Trust and Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust have notified the Company that each of them is to be taken as interested in the same 1,936,547,978 shares of the Company as described in Note (1)(a) above.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's ordinary shares. In addition, the Company has not redeemed any of its ordinary shares during the year.

CODE OF BEST PRACTICE

With the exception that non executive directors have no set term of office but retire from office on a rotational basis, the Company has complied throughout the year ended 31 December 1999 with Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the respective percentage of purchases attributable to the Group's five largest suppliers combined and the turnover attributable to the Group's five largest customers combined was less than 30% of the total value of Group purchases and total Group turnover.

AUDITORS

The accounts have been audited by PricewaterhouseCoopers, who retire and, being eligible, offer themselves for reappointment.

By order of the board

Edith Shih
Company Secretary

Hong Kong, 23 March 2000

Auditors' report

To the Members of Hutchison Whampoa Limited
(Incorporated in Hong Kong with limited liability)

We have audited the accounts on pages 62 to 99 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Hong Kong Companies Ordinance requires the directors to prepare accounts which give a true and fair view. In preparing accounts 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 accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

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

OPINION

In our opinion the accounts give a true and fair view, in all material respects, of the state of the affairs of the Company and the Group at 31 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 Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 March 2000

Consolidated profit and loss account

for the year ended 31 December 1999

1999 US$ millions		Note	1999 HK$ millions	1998 HK$ millions
7,135	Turnover	2	**55,442**	51,383
3,371	Cost of inventories sold		**26,196**	22,023
885	Staff costs		**6,873**	6,269
426	Depreciation and amortisation		**3,314**	3,405
731	Other operating expenses		**5,681**	6,899
5,413	Total operating expenses		**42,064**	38,596
1,722	Operating profit		**13,378**	12,787
654	Finance costs		**5,081**	5,008
14,097	Profit on disposal of investments less provisions	3	**109,532**	566
284	Share of profits less losses of associated companies		**2,209**	2,257
(7)	Share of profits less losses of jointly controlled entities		**(52)**	513
15,442	Profit before taxation	4	**119,986**	11,115
161	Taxation	7	**1,251**	1,140
15,281	Profit after taxation		**118,735**	9,975
179	Minority interests		**1,390**	1,269
15,102	**Profit Attributable to the Shareholders**	8	**117,345**	8,706
813	Dividends	9	**6,318**	4,962
14,289	**Profit for the Year Retained**	10	**111,027**	3,744
US$ 3.90	**Earnings per Share**	11	**HK$ 30.28**	HK$ 2.25

Consolidated balance sheet

at 31 December 1999

1999 US$ millions		Note	1999 HK$ millions	1998 HK$ millions
	ASSETS			
	Non-current assets			
10,771	Fixed assets	12	**83,687**	76,927
264	Deferred expenditures	13	**2,048**	3,109
3,453	Associated companies	15	**26,832**	21,246
4,500	Interests in joint ventures	16	**34,966**	40,050
22,673	Managed funds and other investments	17	**176,167**	25,291
41,661	**Total non-current assets**		**323,700**	166,623
6,682	Current assets	18	**51,921**	26,839
4,990	Current liabilities	19	**38,771**	26,481
1,692	**Net current assets**		**13,150**	358
43,353	**Total assets less current liabilities**		**336,850**	166,981
	Non-current liabilities			
10,381	Long term liabilities	20	**80,662**	71,880
18	Deferred taxation	21	**139**	203
10,399	**Total non-current liabilities**		**80,801**	72,083
1,300	**Minority interests**	22	**10,099**	10,534
31,654	**Net assets**		**245,950**	84,364
	CAPITAL AND RESERVES			
125	Share capital	23	**969**	969
31,529	Reserves	24	**244,981**	83,395
31,654	**Shareholders' funds**		**245,950**	84,364

FOK Kin-ning, Canning
Director

Frank John SIXT
Director

Balance sheet

at 31 December 1999

1999 US$ millions		Note	1999 HK$ millions	1998 HK$ millions
	ASSETS			
	Non-current assets			
8,022	Subsidiary companies	14	62,328	47,260
643	Current assets	18	5,000	3,868
619	Current liabilities	19	4,810	3,827
24	**Net current assets**		190	41
8,046	**Total assets less current liabilities**		62,518	47,301
	Non-current liabilities			
1,500	Long term liabilities	20	11,655	11,625
6,546	**Net assets**		50,863	35,676
	CAPITAL AND RESERVES			
125	Share capital	23	969	969
6,421	Reserves	24	49,894	34,707
6,546	**Shareholders' funds**		50,863	35,676

FOK Kin-ning, Canning
Director

Frank John SIXT
Director

Consolidated cash flow statement

for the year ended 31 December 1999

1999 US$ millions		Note	1999 HK$ millions	1998 HK$ millions
1,950	**Net cash inflow from operating activities**	25 (a)	15,154	16,907
	Returns on investments			
139	Dividends received from associated companies		1,079	1,026
156	Dividends received from jointly controlled entities		1,214	470
329	Interest and other dividends received		2,553	4,236
624			4,846	5,732
	Servicing of finance			
(759)	Interest paid		(5,894)	(6,575)
(157)	Dividends paid to minority shareholders		(1,220)	(602)
(678)	Dividends paid to shareholders		(5,271)	(5,813)
(1,594)			(12,385)	(12,990)
	Taxation			
(59)	Hong Kong profits tax paid		(460)	(606)
(14)	Overseas profits tax paid		(110)	(175)
(73)			(570)	(781)
	Investing activities			
33	Proceeds on disposal of fixed assets		257	377
180	Proceeds on disposal of subsidiary companies	25 (b)	1,397	215
3,631	Proceeds on disposal of and repayments from associated companies		28,212	4,082
386	Proceeds on disposal of and repayments from jointly controlled entities		2,997	218
59	Proceeds on disposal of and repayments from other joint ventures		462	–
369	Proceeds on disposal of other investments		2,870	247
(974)	Purchase of fixed assets		(7,565)	(9,633)
(325)	Additions to deferred expenditures		(2,524)	(1,404)
(311)	Purchase of subsidiary companies	25 (c)	(2,419)	(4,042)
(470)	Purchase of and advances to associated companies		(3,650)	(1,323)
(733)	Purchase of and advances to jointly controlled entities		(5,695)	(8,017)
129	Interest capitalised		1,001	1,507
–	Additions to other joint ventures		(3)	(1,578)
(1,092)	Additions to managed funds and other investments		(8,487)	(732)
882			6,853	(20,083)
1,789	**Net cash inflow (outflow) before financing activities**		13,898	(11,215)
1,137	**Net cash inflow (outflow) from financing activities**	25 (d)	8,835	(3,464)
2,926	**Increase (decrease) in cash and cash equivalents**	25 (e)	22,733	(14,679)

Consolidated statement of total recognised gains and losses

for the year ended 31 December 1999

1999 US$ millions		1999 HK$ millions	1998 HK$ millions
87	Surplus (deficit) on revaluation of investment properties	675	(2,840)
6,288	Surplus on revaluation of investments	48,861	–
(4)	Share of deficit on revaluation of investment properties of jointly controlled entities	(32)	(186)
(5)	Share of deficit on revaluation of investments in associated companies	(40)	–
96	Exchange differences on translation of financial statements of overseas subsidiary and associated companies and jointly controlled entities	742	(432)
6,462	Net gains (losses) not recognised in the profit and loss account	50,206	(3,458)
15,102	Net profit for the year	117,345	8,706
21,564	**Total recognised gains and losses**	167,551	5,248
45	Net goodwill on consolidation	353	(1,349)
21,609		167,904	3,899

Notes to the accounts

1 PRINCIPAL ACCOUNTING POLICIES

A *Basis of preparation*

The accounts have been prepared in accordance with generally accepted accounting principles in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants. The accounts are prepared under the historical cost convention as modified by the revaluation of certain investment properties and managed funds and other investments. Certain comparative figures have been reclassified to conform with the current year's presentation.

B *Basis of consolidation*

The consolidated accounts of the Group include the accounts for the year ended 31 December 1999 of the Company and of all its direct and indirect subsidiary companies and also incorporate the Group's interest in associated companies and jointly controlled entities on the basis set out in note 1D and 1E below. Results of subsidiary and associated companies and jointly controlled entities acquired or disposed of during the year are included as from their effective dates of acquisition to 31 December 1999 or up to the dates of disposal as the case may be.

Goodwill represents the excess of purchase consideration over the fair values of net assets of subsidiary companies, associated companies and joint ventures at the date of acquisition and is written off to reserves in the year of acquisition. Upon disposal, the attributable amount of goodwill previously written off to reserves is taken to the profit and loss account.

C *Subsidiary companies*

A company is a subsidiary company if more than 50% of the equity voting rights is held long term or the composition of the board of directors is controlled. Investments in subsidiary companies are carried at cost.

D *Associated companies*

A company or a joint venture is classified as an associated company if not less than 20% nor more than 50% of the equity voting rights are held as a long term investment, a significant influence is exercised over its management and there is no contractual agreement between the shareholders to establish joint control over the economic activities of the entity. Results of the associated companies are incorporated in the accounts to the extent of the Group's share of the post acquisition results calculated from their accounts made up to 31 December 1999. Investments in associated companies represent the Group's share of their net assets, after attributing fair values to their net tangible and intangible assets at the date of acquisition less provision for diminution in value.

E *Joint ventures*

A joint venture is classified as a jointly controlled entity if it is held as a long term investment and a contractual arrangement between the shareholders establishes joint control over the economic activities of the joint venture. Results of the jointly controlled entities are incorporated in the accounts to the extent of the Group's share of the post acquisition results calculated from their accounts made up to 31 December 1999. Investments in jointly controlled entities represent the Group's share of their net assets, after attributing fair values to their net tangible and intangible assets at the date of acquisition less provision for diminution in value.

A joint venture is classified as other joint venture if it is held as a long term investment and is not an associated company nor a jointly controlled entity. Other joint ventures, which give fixed rate returns, are carried at cost less repayment of capital and provision for diminution in value. Cost includes capital contributions and loans to the joint ventures, capitalised interest on related loans incurred up to the date of operations, and, in circumstances where the Group acquired the joint ventures, the purchase consideration which is attributed to their net tangible and intangible assets based upon their estimated fair value at the date of acquisition. Income is recognised on the accrual basis throughout the joint venture period.

1 PRINCIPAL ACCOUNTING POLICIES (continued)

F *Managed funds and other investments*

Effective 1 January 1999, the Group has adopted the Hong Kong Society of Accountants' Statement of Standard Accounting Practice 24, "Accounting for investments in securities". The adoption has no effect on the Group's profit. The effect on the prior year's reserves is not material and therefore prior year's amounts have not been restated. The Group's managed funds and other investments have been classified as held-to-maturity debt securities and other debt and equity securities. Held-to-maturity debt securities are carried at cost less provision for diminution in value. Other debt and equity securities are carried at fair value and represent listed and unlisted investments in companies which are not subsidiary or associated companies or joint ventures. Changes in the fair value of other debt and equity securities are dealt with as movements in the investment revaluation reserve. In circumtances where the fair value of other debt and equity securities has declined below their cost and the decline is determined not to be temporary, a provision for diminution in their value is charged to the profit and loss account. Upon disposal of other securities, the relevant revaluation surplus or deficit is dealt with in the profit and loss account. Dividends and interest income from these investments are recognised on the accrual basis.

G *Fixed assets*

Fixed assets are stated at cost or valuation less depreciation. Leasehold land is amortised over the remaining period of the lease. Buildings are depreciated on the basis of an expected life of fifty years, or the remainder thereof, or over the remaining period of the lease, whichever is less. The period of the lease includes the period for which a right of renewal is attached.

Depreciation of other fixed assets is provided at rates calculated to write off their costs over their estimated useful lives on a straight line basis at the following annual rates:

Motor vehicles	20 – 25%
Plant, machinery and equipment	$3^{1/3}$ – $33^{1/3}$%
Container terminal equipment	5 – 20%
Telecommunication equipment	5 – 10%
Leasehold improvements	Over the unexpired period of the lease or 15%, whichever is the greater

The gain or loss on disposal of a fixed asset other than investment properties is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

H *Investment properties*

Investment properties are interests in land and buildings in respect of which construction work has been completed and which are held for their investment potential. Such properties are included in fixed assets at their open market value based on existing use as determined by an annual professional valuation. Changes in the value of investment properties are dealt with as movements in the investment properties revaluation reserve. If the total of this reserve is insufficient to cover a deficit on a portfolio basis, the excess of the deficit is charged to the profit and loss account. Upon disposal of an investment property, the relevant revaluation surplus is credited to operating profit. Investment properties are not depreciated except where the unexpired term of the lease is twenty years or less.

1 PRINCIPAL ACCOUNTING POLICIES (continued)

I *Leased assets*

Assets acquired pursuant to finance leases and hire purchase contracts that transfer to the Group substantially all the rewards and risks of ownership are accounted for as if purchased whereby an amount equivalent to cost is recorded as a fixed asset and as a long term liability. Depreciation is provided in accordance with the Group's depreciation policy. Payments to the lessor are treated as consisting of capital and interest elements. The interest element is charged to the profit and loss account. All other leases are accounted for as operating leases and the rental payments are charged to the profit and loss account on the accrual basis.

J *Deferred expenditures*

Commissions paid to dealers and certain other selling costs incurred to add new subscribers to the communication service networks are deferred and amortised on a straight line basis over periods of up to three years.

Preoperating expenses are deferred and amortised over periods of up to ten years from the date of commencement of commercial operations.

K *Borrowing costs*

Borrowing costs are accounted for on the accrual basis and charged to the profit and loss account in the year incurred, except for costs related to funding of fixed assets, properties under development and infrastructure joint ventures which are capitalised as part of the cost of that asset up to the date of commencement of its operations.

Fees paid for the arrangement of syndicated loan facilities and debt securities are deferred and amortised on a straight line basis over the period of the loans.

L *Properties under development*

Land for properties under development is stated at cost and development expenditure is stated at the aggregate amount of costs incurred up to the date of completion, including capitalised interest on related loans. The profit and turnover on sales of property are recorded either on the date of sale or on the date of issue of the occupation permit, whichever is the later.

M *Stocks*

Stocks consist mainly of retail goods and the carrying value is determined as the estimated selling price less the normal gross profit margin. Other stocks are stated at the lower of cost and net realisable value.

N *Deferred taxation*

Deferred taxation is provided for when there is a reasonable probability that such taxation will become payable within the foreseeable future. Deferred taxation is calculated by the liability method at the applicable tax rate on timing differences arising from the recognition of income and expenditures in different fiscal years for accounting and for tax purposes.

O *Foreign exchange*

Transactions in foreign currencies are converted at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated at the rates of exchange ruling at the balance sheet date. Exchange differences are included in the determination of operating profit.

The accounts of overseas subsidiary and associated companies and jointly controlled entities are translated into Hong Kong dollars using the year end rates of exchange for the balance sheet items and the average rates of exchange for the year for the profit and loss account. Exchange differences are dealt with as a movement in reserves.

2 TURNOVER

	Group 1999 HK$ millions	Group 1998 HK$ millions
Sale of goods	**30,741**	26,608
Rendering of services	**21,359**	20,554
Interest	**2,656**	4,027
Dividends	**686**	194
	55,442	51,383

The turnover of the Group comprises the gross value of goods and services invoiced to customers, income from investments and other joint ventures, proceeds from the sales of development properties, and rental income from investment properties, interest income and finance charges earned. It does not include the turnover of associated companies and jointly controlled entities.

3 PROFIT ON DISPOSAL OF INVESTMENTS LESS PROVISIONS

	Group 1999 HK$ millions	Group 1998 HK$ millions
Profit on disposal of investments in associated companies and other investments	**119,392**	4,016
Provision against accumulated capitalised cost of acquiring Hong Kong cellular subscribers	**(2,060)**	–
Provision for diminution in value of investments in joint venture projects	**(7,800)**	(2,450)
Provision for diminution in value of listed investments	–	(1,000)
	109,532	566

Profit on disposal of investments in associated companies and other investments comprises the profit of HK$118,000 million on disposal of the Group's shareholding in Orange plc and the profit of HK$1,392 million on the flotation of Partner Communications Company Ltd. The 1998 profit comprised of the profit of HK$3,332 million on disposal of a portion of the Group's shareholding in Procter & Gamble-Hutchison Limited and the profit of HK$684 million on disposal of the Group's investment in Asia Satellite Telecommunications Holdings Limited.

4 PROFIT BEFORE TAXATION

	Group 1999 HK$ millions	Group 1998 HK$ millions
Profit before taxation is shown after crediting and charging the following items:		
Credits:		
Share of profits less losses of associated companies		
Listed	**1,944**	1,972
Unlisted	**265**	285
	2,209	2,257
Gross rental income from investment properties	**1,988**	1,973
Less: Intra group rental income	**(313)**	(292)
	1,675	1,681
Less: Related outgoings	**(149)**	(109)
Net rental income	**1,526**	1,572
Dividend and interest income from managed funds and other investments		
Listed	**952**	395
Unlisted	**655**	1,014
Charges:		
Interest		
Bank loans and overdrafts	**3,599**	4,457
Other loans repayable within 5 years	**264**	332
Other loans not wholly repayable within 5 years	**40**	37
Notes and bonds repayable within 5 years	**664**	149
Notes and bonds not wholly repayable within 5 years	**1,515**	1,540
	6,082	6,515
Less: Interest capitalised	**(1,001)**	(1,507)
	5,081	5,008
Depreciation of fixed assets	**3,013**	2,577
Amortisation of deferred expenditures	**301**	828
Share of depreciation and amortisation of associated companies and jointly controlled entities	**2,007**	1,563
Operating leases		
Properties	**1,886**	1,766
Hire of plant and machinery	**487**	391
Auditors' remuneration	**31**	31

5 DIRECTORS' EMOLUMENTS

	Group 1999 HK$ millions	Group 1998 HK$ millions
The emoluments of the directors of the Company are as follows:		
Fees	**1**	1
Basic salaries and allowances	**39**	39
Provident fund contributions	**4**	4
Bonuses	**329**	53
Benefit from share options exercised	**–**	23

The emoluments of the six independent non-executive directors of the Company are HK$0.4 million (1998 – HK$0.3 million).

No management remuneration was paid to Mr Li Ka-shing during the year other than a director's fee of HK$50,000 which he paid to Cheung Kong (Holdings) Limited.

Emoluments of all directors of the Company are analysed as below:

HK$	Note	1999 Number of Directors	1998 Number of Directors
Nil – 1,000,000		**7**	7
2,000,001 – 2,500,000		**1**	1
7,500,001 – 8,000,000		**–**	3
10,500,001 – 11,000,000		**–**	1
12,000,001 – 12,500,000		**–**	2
13,000,001 – 13,500,000		**1**	–
14,000,001 – 14,500,000		**1**	–
19,500,001 – 20,000,000		**1**	–
24,000,001 – 24,500,000		**1**	–
35,500,001 – 36,000,000	a	**–**	1
44,000,001 – 44,500,000		**1**	–
47,500,001 – 48,000,000		**1**	–
206,000,001 – 206,500,000		**1**	–

Note a – Excludes benefits from share options exercised by a director of HK$23.1 million in 1998.

The five individuals whose emoluments were the highest for the year were all directors of the Company.

6 PENSION SCHEMES

The Group has established pension schemes for employees located in Hong Kong and in some overseas locations. Total pension expense for the year was HK$295 million (1998 – HK$433 million) of which HK$90 million (1998 – HK$84 million) related to overseas schemes. Contributions to all plans are charged to the profit and loss account in the year incurred.

The Group's Hong Kong employees, excluding Cheung Kong Infrastructure Holdings Limited ("CKI") group employees, who commenced employment prior to 1 January 1994 are members of a scheme which provides benefits based on the greater of the aggregate of the employee and employer vested contributions plus a minimum interest thereon of 6% per annum, and a benefit derived by a formula based on the final salary and years of service. Employees' contributions are either 5% or 7% of basic monthly salary. The employers' annual contribution is designed to fully fund the scheme as advised by independent actuaries. A formal independent actuarial valuation using the aggregate cost method completed at 30 June 1999 reported a market value of the scheme assets of HK$1,625 million and a level of funding of 105% of the accrued actuarial liabilities on an ongoing basis. The main assumptions in the valuation are an investment return of 8.5% per annum and salary increases of 6.5% per annum. The valuation was performed by Mark Baxter, Fellow of the Institute of Actuaries of Australia, of William M Mercer Limited.

The Group's Hong Kong employees, excluding CKI group employees, who commenced employment subsequent to 31 December 1993 are members of a defined contribution scheme. All contributions are made by the employer at either 7.5% or 10% of the employee's basic monthly salary. Benefits are equal to the vested contributions plus a minimum interest thereon of 5% per annum. Except for the employees of the Group's port business in the United Kingdom, overseas employees are members of defined contribution schemes in their respective country of operation. Forfeited contributions of the Group's defined contribution schemes in the amount of HK$23 million (1998 – HK$22 million) were used to reduce the current year's level of contributions and HK$4 million is available at 31 December 1999 (1998 – HK$2 million) to reduce future year's contribution.

The CKI group provides defined contribution retirement schemes for the majority of its employees. One of its subsidiary companies provides a defined benefit scheme. Contributions to the defined contribution schemes are made either by the employer only at 10% of the employees' basic monthly salary or by both the employers and employees each at 10% of the employees' basic monthly salary. Forfeited contributions of the CKI group's defined contribution schemes in the amount of HK$1 million (1998 – HK$1 million) were used to reduce the current year's level of contributions and HK$1 million is available at 31 December 1999 (1998 – Nil) to reduce future year's contribution.

6 PENSION SCHEMES (continued)

The CKI group's defined benefit scheme is substantially the same as that described above for the Group's Hong Kong employees. The latest actuarial valuation of this defined benefit scheme was completed at 1 January 1999 by Joseph K L Yip, FSA, a fellow member of the Society of Actuaries, of The Watson Wyatt Hong Kong Limited. The actuarial method adopted was the Attained Age Funding Method and the main assumptions were an average annual investment return on the scheme assets of 9% per annum and average annual salary increases of 7% per annum. The market value of the defined benefit scheme's assets as at 31 December 1998 was HK$92 million and the latest actuarial valuation showed that the scheme's assets covered 67% of the accrued actuarial liabilities at the valuation date. CKI's future annual contribution is designed to fund the shortfall over a period of time.

The employees of the Group's United Kingdom port businesses are members of one of three defined benefit schemes. Employees contribute 5% or 6% of pensionable salary depending on the scheme. The employers' annual contribution is designed to fully fund the plans as advised by independent actuaries. A formal valuation using the projected unit method completed at 1 January 1998 reported a market value of the Port of Felixstowe scheme assets of HK$1,041 million and a level of funding of 110% of the accrued actuarial liabilities on an ongoing basis. The main assumptions in the valuation are an investment return of 8.5% per annum and pensionable salary increases of 6% per annum. The valuation was performed by Colin Hedderwick, Fellow of the Institute of Actuaries, of Watson Wyatt Partners.

7 TAXATION

	Group 1999 HK$ millions	Group 1998 HK$ millions
Current taxation expense		
Hong Kong		
Subsidiary companies	**738**	578
Associated companies	**184**	179
Jointly controlled entities	**48**	52
Overseas		
Subsidiary companies	**196**	116
Associated companies	**119**	48
Jointly controlled entities	**40**	13
	1,325	986
Deferred taxation expense (credit)		
Hong Kong		
Subsidiary companies	**(77)**	107
Associated companies	**5**	–
Jointly controlled entities	**(12)**	(9)
Overseas		
Subsidiary companies	**8**	4
Associated companies	**–**	42
Jointly controlled entities	**2**	10
	(74)	154
	1,251	1,140
Hong Kong profits tax has been provided for at the rate of 16% (1998 – 16%) on the estimated assessable profit less available tax losses. Overseas taxation has been provided for at the applicable rate on the estimated assessable profit less available tax losses.		
The potential tax liabilities (assets) which have not been provided for in respect of the current year are as follows:		
Arising from accelerated depreciation allowances on continuing operations	**8**	(110)
Arising from tax losses	**(776)**	(156)

No provision for taxation has been made for taxes which would arise on the remittance of retained profits of overseas companies to Hong Kong as it is not anticipated that these amounts will be remitted in the near future.

8 PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS

The net profit of the Company is HK$21,505 million (1998 – HK$1,001 million) and is included in determining the profit attributable to the shareholders in the consolidated profit and loss account.

9 DIVIDENDS

	Company 1999 HK$ millions	Company 1998 HK$ millions
Interim dividend paid of HK$0.48 per share (1998 – HK$0.40)	1,860	1,551
Proposed final dividend of HK$1.15 per share (1998 – HK$0.88)	4,458	3,411
	6,318	4,962

10 PROFIT FOR THE YEAR RETAINED

	Group 1999 HK$ millions	Group 1998 HK$ millions
Profit (loss) for the year retained after deducting minority interests is as follows:		
Company and subsidiary companies	111,825	2,955
Associated companies	704	839
Jointly controlled entities	(1,502)	(50)
	111,027	3,744

11 EARNINGS PER SHARE

The calculation of earnings per share is based on profit attributable to the shareholders of HK$117,345 million (1998 – HK$8,706 million) and on 3,875,791,619 shares in issue during 1999 (1998 – on the weighted average of 3,875,355,723 shares).

12 FIXED ASSETS – GROUP

	Investment properties HK$ millions	Other properties HK$ millions	Other assets HK$ millions	1999 Total HK$ millions	1998 Total HK$ millions
Cost or valuation					
At 1 January	24,315	38,895	27,387	90,597	87,984
Exchange translation differences	–	(109)	11	(98)	(52)
Additions	461	3,370	3,734	7,565	9,633
Disposals	–	(160)	(1,127)	(1,287)	(1,180)
Relating to subsidiaries acquired	–	2,021	255	2,276	3,925
Relating to subsidiaries disposed of	–	(59)	(139)	(198)	(221)
Revaluation	511	–	–	511	(2,827)
Transfer between categories	4,585	(5,855)	1,270	–	–
Transfer to current assets	–	–	–	–	(6,665)
At 31 December	29,872	38,103	31,391	99,366	90,597
Accumulated depreciation					
At 1 January	–	2,810	10,860	13,670	11,545
Exchange translation differences	–	(19)	(8)	(27)	(30)
Charge for the year	–	719	2,294	3,013	2,577
Disposals	–	(101)	(800)	(901)	(936)
Relating to subsidiaries acquired	–	–	21	21	527
Relating to subsidiaries disposed of	–	(13)	(84)	(97)	(13)
At 31 December	–	3,396	12,283	15,679	13,670
Net book value at 31 December	29,872	34,707	19,108	83,687	76,927
Cost or valuation at 31 December					
At cost	–	38,103	31,391	69,494	66,282
At valuation	29,872	–	–	29,872	24,315
	29,872	38,103	31,391	99,366	90,597

	1999 HK$ millions	1998 HK$ millions
Net book value of investment and other properties comprises:		
Hong Kong		
Long leasehold (not less than 50 years)	15,915	16,480
Medium leasehold (less than 50 years but not less than 10 years)	34,561	32,221
Short leasehold (less than 10 years)	–	1
Overseas		
Freehold	2,177	1,403
Long leasehold	2,664	3,367
Medium leasehold	9,237	6,898
Short leasehold	25	30
	64,579	60,400

12 FIXED ASSETS – GROUP (continued)

Other properties include projects under development in the amount of HK$3,530 million at 31 December 1999 (1998 – HK$7,401 million).

Other assets include telecommunication equipment held under finance leases at a cost of HK$3,222 million (1998 – HK$3,221 million) and accumulated depreciation of HK$633 million at 31 December 1999 (1998 – HK$427 million). Depreciation for the year amounted to HK$215 million (1998 – HK$98 million).

The investment properties have been revalued as at 31 December 1999 by DTZ Debenham Tie Leung Limited, professional valuers, on an open market value basis based on existing use.

13 DEFERRED EXPENDITURES

	Group 1999 HK$ millions	Group 1998 HK$ millions
Deferred expenditures comprise:		
Subscribers' acquisition costs	**–**	1,359
Preoperating expenses	**1,561**	1,273
Loan facilities fees	**487**	477
	2,048	3,109

14 SUBSIDIARY COMPANIES

	Company 1999 HK$ millions	Company 1998 HK$ millions
Unlisted shares	**728**	728
Amounts due from subsidiary companies	**61,600**	46,532
	62,328	47,260

Particulars regarding the principal subsidiary companies are set forth on pages 94 to 99.

15 ASSOCIATED COMPANIES

	Group 1999 HK$ millions	Group 1998 HK$ millions
Unlisted shares	**3,895**	3,468
Listed shares, Hong Kong	**8,436**	7,507
Listed shares, overseas	**–**	989
Share of undistributed post acquisition reserves	**6,948**	3,394
Investment in associated companies	**19,279**	15,358
Amounts due from associated companies	**8,959**	7,212
Amounts due to associated companies	**(1,406)**	(1,324)
	26,832	21,246

The market value of the listed investments at 31 December 1999 was HK$31,767 million (1998 – HK$70,137 million).

Particulars regarding the principal associated companies are set forth on pages 94 to 99.

16 INTERESTS IN JOINT VENTURES

	Group 1999 HK$ millions	Group 1998 HK$ millions
Jointly controlled entities		
Unlisted shares	**9,041**	8,195
Share of undistributed post acquisition reserves	**(50)**	928
Investment in jointly controlled entities	**8,991**	9,123
Amounts due from jointly controlled entities	**13,576**	17,555
Amounts due to jointly controlled entities	**(276)**	(433)
	22,291	26,245
Other joint ventures		
Cost of investments	**11,761**	13,032
Amounts due from other joint ventures	**914**	773
	12,675	13,805
	34,966	40,050

Particulars regarding the principal jointly controlled entities are set forth on pages 94 to 99.

17 MANAGED FUNDS AND OTHER INVESTMENTS

	Group 1999 HK$ millions	Group 1998 HK$ millions
Managed funds, overseas		
Listed held-to-maturity debt securities	**3,077**	2,779
Cash and cash equivalents	**13,251**	9,888
Other listed equity securities	**13**	233
	16,341	12,900
Held-to-maturity debt securities		
Listed debt securities	**23,988**	569
Long term deposits	**4,185**	4,184
Convertible redeemable notes	**450**	450
Other securities		
Listed equity securities, Hong Kong	**1,993**	2,032
Listed equity securities, overseas	**126,399**	2,271
Unlisted equity securities and advances	**2,811**	2,885
	176,167	25,291

The market value of the listed securities at 31 December 1999 was HK$155,460 million (1998 – HK$6,802 million).

Included in listed debt securities are three year Euro floating rate notes totalling Euro 2,706 million issued by a subsidiary of and guaranteed by Mannesmann AG ("Mannesmann"), a company incorporated in Germany and listed on the Frankfurt Stock Exchange, which were received as partial consideration on the disposal of Orange plc (see Note 3).

Included in listed equity securities, overseas are investments of 51,843,146 ordinary shares in Mannesmann (see Note 28) and of 22,899,252 common shares in VoiceStream Wireless Corporation, a company incorporated in the United States of America and quoted on the Nasdaq Stock Market. The Mannesmann shares were received as partial consideration on the disposal of Orange plc (see Note 3).

Convertible redeemable notes carry interest and are convertible into ordinary shares of the issuers which are listed companies in Hong Kong.

18 CURRENT ASSETS

	Company 1999 HK$ millions	Company 1998 HK$ millions	Group 1999 HK$ millions	Group 1998 HK$ millions
Property under development for sale	–	–	–	4,990
Less: Deposits received from purchasers	–	–	–	(6,326)
	–	–	–	(1,336)
Stocks	–	–	**3,673**	3,145
Debtors	–	–	**8,048**	7,623
Dividends and other receivables from subsidiary companies	**5,000**	3,868	–	–
Bank balances and cash equivalents	–	–	**40,200**	17,407
	5,000	3,868	**51,921**	26,839

19 CURRENT LIABILITIES

	Company 1999 HK$ millions	Company 1998 HK$ millions	Group 1999 HK$ millions	Group 1998 HK$ millions
Bank loans and overdrafts	**285**	268	**9,299**	8,536
Other loans	–	–	**41**	1,045
Creditors	**67**	148	**24,195**	13,127
Taxation	–	–	**778**	362
Proposed final dividend	**4,458**	3,411	**4,458**	3,411
	4,810	3,827	**38,771**	26,481

The bank and other loans of the Group are secured to the extent of HK$125 million (1998 – HK$85 million).

20 LONG TERM LIABILITIES

	Company 1999 HK$ millions	Company 1998 HK$ millions	Group 1999 HK$ millions	Group 1998 HK$ millions
Bank loans				
Repayable within 5 years	**11,938**	11,893	**57,483**	54,581
Not wholly repayable within 5 years	–	–	**1,572**	2,785
Less: current portion	**(283)**	(268)	**(9,112)**	(8,409)
	11,655	11,625	**49,943**	48,957
Other loans				
Repayable within 5 years	–	–	**49**	60
Not wholly repayable within 5 years	–	–	**66**	1,093
Less: current portion	–	–	**(41)**	(1,045)
	–	–	**74**	108
Notes and bonds				
HK$ notes, 7.88% due 2002	–	–	**1,500**	–
HK$ notes, 7.82% due 2002	–	–	**500**	–
HK$ notes, HIBOR+0.8% due 2004	–	–	**1,500**	–
US$ exchangeable bonds, 7% due 2001	–	–	**2,137**	2,131
US$ notes, LIBOR+0.85% due 2004	–	–	**1,531**	5,200
US$ notes – Series A, 6.95% due 2007	–	–	**5,807**	5,807
US$ notes – Series B, 7.45% due 2017	–	–	**3,871**	3,871
US$ notes – Series C, 7.5% due 2027	–	–	**3,871**	3,871
US$ notes – Series D, 6.988% due 2037	–	–	**1,935**	1,935
EURO bonds, 5.5% due 2006	–	–	**3,905**	–
GBP bonds, 6.75% due 2015	–	–	**4,088**	–
	–	–	**30,645**	22,815
	11,655	11,625	**80,662**	71,880

20 LONG TERM LIABILITIES (continued)

	Company 1999 HK$ millions	Company 1998 HK$ millions	Group 1999 HK$ millions	Group 1998 HK$ millions
The loans are repayable as follows:				
Bank loans				
After 1 year, but within 2 years	–	–	**8,520**	5,810
After 2 years, but within 5 years	**11,655**	11,625	**39,851**	41,461
After 5 years	–	–	**1,572**	1,686
Other loans				
After 1 year, but within 2 years	–	–	**18**	28
After 2 years, but within 5 years	–	–	**50**	59
After 5 years	–	–	**6**	21
Notes and bonds				
After 1 year, but within 2 years	–	–	**2,137**	–
After 2 years, but within 5 years	–	–	**5,031**	2,131
After 5 years	–	–	**23,477**	20,684
	11,655	11,625	**80,662**	71,880

The bank and other loans of the Group are secured to the extent of HK$3,376 million (1998 – HK$3,570 million).

All issued notes and bonds are not redeemable by the Group prior to maturity except the Series D US dollar notes which are subject to repayment at the option of the holders thereof on 1 August 2009 and the GBP bonds which are redeemable anytime at the option of the Group. The US dollar exchangeable bonds are exchangeable for shares of Hutchison Delta Ports Limited, a wholly owned subsidiary company, after an initial public offering of its shares. If there is no such offering, the bonds will mature in 2001. The holders of HK$4,693 million of US dollar floating rate notes due in 2004 exercised an option to convert the notes to a transferable loan certificate which has been included in bank loans in 1999.

21 DEFERRED TAXATION

	Group 1999 HK$ millions	Group 1998 HK$ millions
The movements in deferred taxation, arising from accelerated depreciation allowances, are as follows:		
At 1 January	**203**	111
Relating to subsidiaries acquired	**5**	(19)
Net charge (credit) for the year	**(69)**	111
At 31 December	**139**	203
The potential tax liabilities (assets) which have not been provided for in the accounts are as follows:		
Arising from accelerated depreciation allowances	**662**	654
Arising from tax losses	**(1,264)**	(488)

Properties revaluation surpluses do not constitute a timing difference for taxation purposes because the realisation of the surpluses would not be subject to taxation. Therefore the above potential liability does not include deferred taxation related to the revaluation surpluses.

22 MINORITY INTERESTS

	Group 1999 HK$ millions	Group 1998 HK$ millions
Equity interests	**6,911**	7,249
Loans – interest free	**2,548**	2,580
Loans – interest bearing	**640**	705
	10,099	10,534

The loans are unsecured and have no fixed terms of repayment.

23 SHARE CAPITAL

	Number of shares 1999	Number of shares 1998	Company 1999 HK$ millions	Company 1998 HK$ millions
Authorised:				
Ordinary shares of HK$0.25 each	**4,651,000,000**	4,650,000,000	**1,162**	1,162
7½% cumulative redeemable participating preference shares of HK$1 each	**402,717,856**	402,717,856	**403**	403
			1,565	1,565
Issued and fully paid:				
Ordinary shares				
At 1 January	**3,875,791,619**	3,874,893,401	**969**	969
Senior Executive Share Option Scheme	**–**	898,218	**–**	–
At 31 December	**3,875,791,619**	3,875,791,619	**969**	969

All options granted under the share option scheme had been fully exercised and there were no options outstanding at 31 December 1999 and 1998.

24 RESERVES

	Share premium HK$ millions	Investment properties revaluation HK$ millions	Investment revaluation HK$ millions	Exchange translation HK$ millions	Retained profit HK$ millions	Total HK$ millions
Company						
At 1 January 1999	**28,456**	–	–	–	**6,251**	**34,707**
Profit for the year retained	–	–	–	–	**15,187**	**15,187**
At 31 December 1999	**28,456**	–	–	–	**21,438**	**49,894**
At 1 January 1998	28,448	–	–	–	10,212	38,660
Premium on exercise of share options	8	–	–	–	–	8
Profit for the year retained	–	–	–	–	(3,961)	(3,961)
At 31 December 1998	28,456	–	–	–	6,251	34,707
Group						
At 1 January 1999	**28,456**	**15,320**	–	**(1,194)**	**40,813**	**83,395**
Revaluation surplus	–	**675**	**48,861**	–	–	**49,536**
Net goodwill on consolidation	–	–	–	–	**353**	**353**
Exchange translation differences	–	–	–	**397**	–	**397**
Profit for the year retained	–	–	–	–	**111,825**	**111,825**
Share of reserves of associated companies	–	–	**(40)**	**341**	**704**	**1,005**
Share of reserves of jointly controlled entities	–	**(32)**	–	**4**	**(1,502)**	**(1,530)**
At 31 December 1999	**28,456**	**15,963**	**48,821**	**(452)**	**152,193**	**244,981**
Including retained reserves of						
Associated companies	–	–	**(40)**	**700**	**6,716**	**7,376**
Jointly controlled entities	–	**385**	–	**207**	**296**	**888**

24 RESERVES (continued)

	Share premium HK$ millions	Investment properties revaluation HK$ millions	Investment revaluation HK$ millions	Exchange translation HK$ millions	Retained profit HK$ millions	Total HK$ millions
At 1 January 1998	28,448	18,516	–	(762)	38,418	84,620
Premium on exercise of share options	8	–	–	–	–	8
Revaluation deficit	–	(2,840)	–	–	–	(2,840)
Valuation released to profit and loss account	–	(170)	–	–	–	(170)
Net goodwill on consolidation	–	–	–	–	(1,349)	(1,349)
Exchange translation differences	–	–	–	(563)	–	(563)
Profit for the year retained	–	–	–	–	2,955	2,955
Share of reserves of associated companies	–	–	–	118	839	957
Share of reserves of jointly controlled entities	–	(186)	–	13	(50)	(223)
At 31 December 1998	28,456	15,320	–	(1,194)	40,813	83,395
Including retained reserves of						
Associated companies	–	–	–	359	3,894	4,253
Jointly controlled entities	–	417	–	203	1,236	1,856

Included in share premium of the Group is a capital redemption reserve of HK$404 million (1998 – HK$404 million). Reserves of the Company available for distribution to shareholders amount to HK$21,438 million (1998 – HK$6,251 million).

25 NOTES TO CONSOLIDATED CASH FLOW STATEMENT

	Group 1999 HK$ millions	Group 1998 HK$ millions
(a) Reconciliation of profit before taxation to net cash inflow from operating activities		
Profit before taxation	**119,986**	11,115
Dividend and interest income	**(3,342)**	(4,221)
Interest expense	**5,081**	5,008
Share of profits less losses of associated companies	**(2,209)**	(2,257)
Share of profits less losses of jointly controlled entities	**52**	(513)
Profit on disposal of investments less provisions	**(109,532)**	(566)
Depreciation and amortisation	**3,314**	3,405
Loss (profit) on sale of fixed assets	**129**	(153)
Profit on disposal of subsidiary companies, associated companies and other investments	**(677)**	(345)
Gain on defeasance of finance lease	**–**	(123)
Decrease in properties under development	**4,990**	1,675
Increase (decrease) in deposits received from presale of properties under development	**(6,326)**	6,326
Increase in stocks	**(525)**	(123)
Increase in debtors	**(188)**	(300)
Increase (decrease) in creditors	**4,998**	(2,433)
Other non cash items	**(597)**	412
Net cash inflow from operating activities	**15,154**	16,907
(b) Disposal of subsidiary companies		
Net assets disposed of (excluding cash and cash equivalents):		
Fixed assets	**101**	208
Jointly controlled entities	**–**	55
Stocks	**–**	26
Debtors	**4**	9
Bank and other loans	**(2)**	(36)
Creditors and taxation	**(55)**	(61)
Goodwill	**80**	8
Minority interests	**693**	(2)
	821	207
Revaluation reserves	**–**	(150)
Exchange reserves	**23**	–
Profit on disposal included in operating profit	**553**	158
	1,397	215
Satisfied by:		
Cash consideration	**1,397**	218
Less: Cash and cash equivalents sold	**–**	(3)
Total net cash consideration	**1,397**	215

25 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (continued)

	Group 1999 HK$ millions	Group 1998 HK$ millions
(c) Purchase of subsidiary companies		
Net assets acquired (excluding cash and cash equivalents):		
Fixed assets	**2,255**	3,398
Deferred expenditures	**–**	4
Associated companies	**–**	(9)
Stocks	**2**	67
Debtors	**69**	267
Bank and other loans	**(5)**	(98)
Creditors and taxation	**(104)**	(572)
Deferred taxation	**–**	19
Goodwill	**279**	494
Minority interests	**(66)**	472
	2,430	4,042
Discharged by:		
Net cash consideration		
Cash payment	**2,424**	4,057
Less: Cash and cash equivalents purchased	**(5)**	(15)
Total net cash consideration	**2,419**	4,042
Non-cash consideration		
Investments in subsidiary companies held prior to acquisition	**11**	–
	2,430	4,042

25 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (continued)

	Share capital and premium HK$ millions	Bank and other loans HK$ millions	Minority interests HK$ millions	Group Total HK$ millions
(d) Analysis of changes in financing during the year				
At 1 January 1999	**29,425**	**81,334**	**10,534**	**121,293**
New loans	–	**18,659**	**71**	**18,730**
Repayment of loans	–	**(9,795)**	**(162)**	**(9,957)**
Issue of shares by subsidiary companies to minorities	–	–	**62**	**62**
Net cash inflow (outflow) from financing	–	**8,864**	**(29)**	**8,835**
Minority interests in profit	–	–	**1,390**	**1,390**
Minority interests in provision against accumulated capitalised cost of acquiring Hong Kong cellular subscribers	–	–	**(1,028)**	**(1,028)**
Dividend paid to minority shareholders	–	–	**(1,372)**	**(1,372)**
Minority interests in revaluation surplus	–	–	**(170)**	**(170)**
Exchange translation differences	–	**(386)**	**15**	**(371)**
Purchase of minority interests	–	–	**(117)**	**(117)**
Relating to subsidiary companies acquired	–	**5**	**183**	**188**
Relating to subsidiary companies disposed of	–	**(2)**	**693**	**691**
At 31 December 1999	**29,425**	**89,815**	**10,099**	**129,339**
At 1 January 1998	29,417	82,978	12,216	124,611
Issue of ordinary share capital less expenses	8	–	–	8
New loans	–	4,926	1,288	6,214
Repayment of loans	–	(6,633)	(3,221)	(9,854)
Issue of shares by subsidiary companies to minorities	–	–	45	45
Proceeds from sale of telecommunication equipment to lessor	–	1,358	–	1,358
Amounts placed on deposit with defeasance banks	–	(1,235)	–	(1,235)
Net cash inflow (outfow) from financing	8	(1,584)	(1,888)	(3,464)
Minority interests in profit	–	–	1,269	1,269
Dividend paid to minority shareholders	–	–	(602)	(602)
Minority interests in revaluation surplus	–	–	13	13
Exchange translation differences	–	1	–	1
Relating to subsidiary companies acquired	–	98	(472)	(374)
Relating to subsidiary companies disposed of	–	(36)	(2)	(38)
Gain on defeasance of finance lease	–	(123)	–	(123)
At 31 December 1998	29,425	81,334	10,534	121,293

25 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (continued)

	Group 1999 HK$ millions	Group 1998 HK$ millions
(e) Movement in cash and cash equivalents		
At 1 January	**17,280**	31,108
Transfer from long term deposit	–	851
Increase (decrease) in cash and cash equivalents	**22,733**	(14,679)
At 31 December	**40,013**	17,280
(f) Analysis of the balances of cash and cash equivalents		
Bank balances and cash equivalents	**40,200**	17,407
Bank overdrafts	**(187)**	(127)
	40,013	17,280

26 CONTINGENT LIABILITIES

	Company 1999 HK$ millions	Company 1998 HK$ millions	Group 1999 HK$ millions	Group 1998 HK$ millions
Guarantees have been executed in respect of bank and other borrowing facilities available as follows:				
To subsidiary companies	**65,171**	59,115	–	–
To associated companies	**1,942**	1,661	**2,037**	2,068
To jointly controlled entities	**2,216**	3,212	**5,209**	6,447

At 31 December 1999 the Company had contingent liabilities in respect of other guarantees amounting to HK$150 million (1998 – HK$100 million) and the Group had contingent liabilities in respect of other guarantees amounting to HK$1,459 million (1998 – HK$787 million).

27 COMMITMENTS

Outstanding Group commitments not provided for in the accounts at 31 December 1999 are as follows:

Capital commitments

1. Contracted for:
   - i. Investment properties in Hong Kong – HK$148 million (1998 – HK$1,132 million).
   - ii. Container terminals, Hong Kong – HK$100 million (1998 – HK$52 million).
   - iii. Container terminals, Mainland China – HK$291 million (1998 – HK$86 million).
   - iv. Container terminals, others – HK$228 million (1998 – HK$262 million).
   - v. Telecommunications – HK$1,280 million (1998 – HK$1,509 million).
   - vi. Investments in Mainland China infrastructure joint venture projects – HK$519 million (1998 – HK$795 million).
   - vii. Other fixed assets – HK$1,469 million (1998 – HK$1,303 million).
   - viii. Investments in power distribution network, Australia – HK$8,619 million (1998 – nil).
   - ix. Investments in VoiceStream Wireless Corporation – HK$6,261 million (1998 – nil).
   - x. Other investments – HK$1,739 million (1998 – HK$669 million).

2. Authorised but not contracted for:
   - i. Investment properties in Hong Kong – HK$128 million (1998 – HK$222 million).
   - ii. Investments in Hong Kong investment properties joint venture projects – HK$46 million (1998 – HK$119 million).
   - iii. Investments in Mainland China investment properties joint venture projects – HK$476 million (1998 – HK$1,727 million).
   - iv. Investments in overseas investment properties joint venture projects – HK$72 million (1998 – HK$90 million).
   - v. Container terminals, Hong Kong – HK$4,030 million (1998 – HK$3,819 million).
   - vi. Container terminals, Mainland China – HK$1,187 million (1998 – HK$1,471 million).
   - vii. Container terminals, others – HK$2,025 million (1998 – HK$509 million).
   - viii. Telecommunications – HK$1,771 million (1998 – HK$3,274 million).
   - ix. Other fixed assets – HK$7,107 million (1998 – HK$9,694 million).
   - x. Other investments – HK$1,652 million (1998 – HK$591 million).

Operating lease commitments – amount payable within one year for land and buildings leases

1. Expiring in the first year – HK$344 million (1998 – HK$314 million).
2. Expiring in the second to fifth years inclusive – HK$1,087 million (1998 – HK$1,024 million).
3. Expiring after the fifth year – HK$191 million (1998 – HK$236 million).

Operating lease commitments – amount payable within one year for other assets

1. Expiring in the first year – HK$169 million (1998 – HK$63 million).
2. Expiring in the second to fifth years inclusive – HK$149 million (1998 – HK$169 million).
3. Expiring after the fifth year – HK$4 million (1998 – HK$4 million).

28 SUBSEQUENT EVENTS

In February 2000, the Group accepted an offer by Vodafone AirTouch Plc ("Vodafone") for the Group's entire holding of Mannesmann common shares. As a result, the Group disposed of its holding of 51,843,146 ordinary shares in Mannesmann in exchange for 3,056,910,365 ordinary shares in Vodafone and realised a profit of approximately HK$50 billion. In March 2000, the Group disposed of 925,000,000 ordinary shares in Vodafone for a cash consideration of approximately HK$39 billion and realised a profit of approximately HK$1.6 billion.

29 RELATED PARTIES TRANSACTIONS

The Group has entered into joint ventures with various parties, including Cheung Kong (Holdings) Limited, a substantial shareholder of the Company, to undertake property development projects. At 31 December 1999, in aggregate the Group had advanced HK$17,453 million (1998 – HK$14,856 million) to and had guaranteed bank loans and other borrowing facilities of HK$2,925 million (1998 – HK$3,733 million) for the benefit of these joint ventures. The Group has also entered into a joint venture with a company controlled by Mr Li Tzar Kai, Richard, a director of the Company, to develop a property in Japan. At 31 December 1999, the Group had advanced HK$32 million (1998 – HK$15 million) to and had guaranteed a bank loan facility of HK$1,853 million (1998 – HK$1,661 million) for the benefit of this joint venture. The risks, benefits and financing obligations of these joint ventures are shared in proportion to the respective shareholdings.

30 US DOLLAR EQUIVALENTS

The US dollar equivalents of the figures shown in the accounts have been translated at the rate of HK$7.77 to US$1.

31 APPROVAL OF ACCOUNTS

The accounts set out on pages 62 to 99 were approved by the Board of Directors on 23 March 2000.

Principal subsidiary and associated companies and jointly controlled entities

at 31 December 1999

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital		Percentage of equity attributable to the Group	Principal activities
	Ports and related services					
☆	COSCO-HIT Terminals (Hong Kong) Limited	Hong Kong	HK$	40	45	Container terminal operating
#	Europe Combined Terminals B V	Netherlands	NLG	100,000,000	32	Container terminal operating
#+	Freeport Container Port Limited	Bahamas	B$	2,000	45	Container terminal operating
	Harwich International Port Limited	United Kingdom	GBP	16,812,002	90	Container terminal operating
	Hongkong International Terminals Limited	Hong Kong	HK$	20	89	Holding company & container terminal operating
☆	The Hongkong Salvage and Towage Company, Limited	Hong Kong	HK$	20,000,000	50	Tug fleet operating
☆	Hongkong United Dockyards Limited	Hong Kong	HK$	76,000,000	50	Ship repairing & general engineering
	Hutchison Delta Finance Limited	Cayman Islands / Luxembourg	US$	3	100	Finance
	Hutchison Delta Ports Limited	Cayman Islands	US$	2	100	Holding company
	Hutchison International Port Holdings Limited	British Virgin Islands / Hong Kong	US$	1	100	Holding company
	Hutchison Ports (UK) Finance Plc	United Kingdom	GBP	12,500	90	Finance
	Hutchison Westports Limited	United Kingdom	GBP	50,000,000	90	Holding company
☆	Jiangmen International Container Terminals Limited	China	US$	14,461,665	50	Container terminal operating
	Mid-Stream Holdings Limited	British Virgin Islands / Hong Kong	US$	25,400	100	Holding company & mid-stream container operating
+	Myanmar International Terminals Thilawa Limited	Myanmar	Kyats	1,000,000	85	Container terminal operating
☆	Nanhai International Container Terminals Limited	China	US$	31,200,000	50	Container terminal operating
☆	River Trade Terminal Company Limited	British Virgin Islands / Hong Kong	US$	1	33	River trade terminal operation
	Panama Ports Company, S A	Panama	US$	10,000,000	72	Container terminal operating
	Port of Felixstowe Limited	United Kingdom	GBP	100,002	90	Container terminal operating
	PT Jakarta International Container Terminal	Indonesia	Rupiah	221,450,406,500	51	Container terminal operating
☆	Shanghai Container Terminals Limited	China	RMB	2,000,000,000	40	Container terminal operating
	Shantou International Container Terminals Limited	China	US$	88,000,000	70	Container terminal operating
	Shenzhen Hutchison Inland Container Depots Company, Limited	China	HK$	92,000,000	71	Inland container depots services

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital		Percentage of equity attributable to the Group	Principal activities
	Ports and related services (continued)					
	Thamesport (London) Limited	United Kingdom	GBP	2	90	Container terminal operating
☆	Xiamen International Container Terminals Limited	China	RMB	900,000,000	49	Container terminal operating
	Yantian International Container Terminals Limited	China	HK$	2,400,000,000	50.5	Container terminal operating
☆	Zhuhai International Container Terminals (Gaolan) Limited	China	US$	23,500,000	50	Container terminal operating
☆	Zhuhai International Container Terminals (Jiuzhou) Limited	China	US$	52,000,000	50	Container terminal operating
	Telecommunications					
	Celltel Limited	Ghana	GHC	13,165,886,000	80	Cellular mobile telephone services
	Hutchison Communications Limited	Hong Kong	HK$	20	100	Fixed line communications
☆	Hutchison Max Telecom Limited	India	INR	1,000,000,000	49.49	Cellular & paging services
	Hutchison Paging Services Limited	Hong Kong	HK$	20	100	Paging services
#+	Hutchison Serting Telecom Sdn Bhd	Malaysia	M$	5,000,000	49	Paging services
	Hutchison Telecommunications (Hong Kong) Limited	Hong Kong	HK$	20	100	Telecommunications
	Hutchison Telecommunications Limited	Hong Kong	HK$	10,000	100	Holding company
	Hutchison Telecommunications Technology Investments Limited	British Virgin Islands	US$	10	100	Holding company & corporate access networks
*	Hutchison Telecommunications (Australia) Limited	Australia	A$	337,592,843	54	Holding company & telecommunications
#+	Hutchison Telecommunications (Thailand) Limited	Thailand	THB	54,000,000	45	Paging services
	Hutchison Telephone Company Limited	Hong Kong	HK$	1,195,210	56	Cellular mobile telephone services
+	Lanka Cellular Services (Private) Limited	Sri Lanka	LKR	875,000,000	100	Cellular mobile telephone services
#	Metro Broadcast Corporation Limited	Hong Kong	HK$	1,000,000	50	Radio broadcasting
*#	Partner Communications Company Ltd	Israel	NIS	1,788,889	35	Cellular mobile telephone services

Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital		Percentage of equity attributable to the Group	Principal activities
Property development and holdings					
Aberdeen Commercial Investments Limited	Hong Kong	HK$	2	100	Property owning
☆ Afford Limited	Hong Kong	HK$	20	50	Property investment
☆ Bayswater Developments Limited	British Virgin Islands	US$	2	50	Property investment
☆+ Becogate Limited	Hong Kong	HK$	4	50	Property investment
Beijing Harbour Plaza Co Ltd	China	US$	17,200,000	95	Investment in hotel
Cavendish Hotels (Holdings) Limited	Hong Kong	HK$	100,000,000	51	Investment in hotel
☆ Chesgold Limited	Hong Kong	HK$	4	50	Property investment
☆ Cheung Wo Hing Fung Enterprises Limited	British Virgin Islands	US$	100	35	Property investment
☆ Conestoga Limited	Hong Kong	HK$	10,000	39	Property owning
+ Consolidated Hotels Limited	Hong Kong	HK$	78,000,000	39	Investment in hotel
Elbe Office Investments Limited	Hong Kong	HK$	2	100	Property owning
☆ Forton Investment Limited	Hong Kong	HK$	4	50	Property investment
Foxton Investments Limited	Hong Kong	HK$	10,000	100	Property owning
Glenfuir Investments Limited	Hong Kong	HK$	1,000,000	100	Property owning
☆ Glory Sense Limited	Hong Kong	HK$	100	50	Property investment
Grafton Properties Limited	Hong Kong	HK$	100,000	100	Property owning
# Harbour Plaza Hotel Management (International) Limited	British Virgin Islands / Hong Kong	US$	2	50	Hotel Management
Harley Development Inc	Panama / Hong Kong	US$	2	100	Property owning
Hongkong and Whampoa Dock Company, Limited	Hong Kong	HK$	139,254,060	100	Holding company
Hongville Limited	Hong Kong	HK$	2	100	Property owning
Hutchison Estate Agents Limited	Hong Kong	HK$	50,000	100	Property management
Hutchison Hotel Hong Kong Limited	Hong Kong	HK$	2	100	Investment in hotel
Hutchison International Hotels Limited	British Virgin Islands	US$	1	100	Holding company
Hutchison Lucaya Limited	Bahamas	US$	5,000	100	Investment in hotel
Hutchison Properties Limited	Hong Kong	HK$	166,758,910	100	Holding company
Hutchison Whampoa Properties Limited	Hong Kong	HK$	2	100	Holding company
Hutchison Whampoa Properties (Management and Agency) Limited	Hong Kong	HK$	20	100	Property management & related services
Hybonia Limited	Hong Kong	HK$	20	100	Property owning
☆ Konorus Investment Limited	Hong Kong	HK$	2	43	Property developing
☆ Marketon Investment Limited	Hong Kong	HK$	4	50	Property owning
☆ Marunochi N V	Netherlands Antilles	US$	20,120	45	Property owning
☆ Montoya (HK) Limited	Hong Kong	HK$	140	50	Property investment

Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital		Percentage of equity attributable to the Group	Principal activities
Property development and holdings (continued)					
Mossburn Investments Limited	Hong Kong	HK$	1,000	100	Property owning
☆ New China Sheen Limited	Hong Kong	HK$	4	50	Property investment
☆ New China Target Limited	Hong Kong	HK$	4	50	Property investment
Omaha Investments Limited	Hong Kong	HK$	10,000	88	Property owning
Palliser Investments Limited	Hong Kong	HK$	100,000	100	Property owning
Provident Commercial Investments Limited	Hong Kong	HK$	2	100	Property owning
#+ Randash Investment Limited	Hong Kong	HK$	110	39	Investment in hotel
Rhine Office Investments Limited	Hong Kong	HK$	2	100	Property owning
☆ Southern Mount Limited	Hong Kong	HK$	4	50	Property developing
#+ Talent Sun Limited	British Virgin Islands	US$	100	35	Property investment
Trillium Investment Limited	Bahamas / Hong Kong	US$	1,060,000	100	Property owning
Turbo Top Limited	Hong Kong	HK$	2	100	Property owning
Vember Lord Limited	Hong Kong	HK$	2	100	Property owning
☆ Wonder Pacific Investment Limited	Hong Kong	HK$	4	50	Property developing
Retail, manufacturing and other services					
A S Watson & Company, Limited	Hong Kong	HK$	109,550,965	100	Holding company
A S Watson Group (Europe) Holdings Limited	British Virgin Islands / Europe	US$	1	100	Investments in water manufacturing & distributing
A S Watson Group (HK) Limited	British Virgin Islands / Hong Kong	US$	1	100	Retailing, supermarket operating, and water, beverage & fruit juice manufacturing & distributing
Fortress Limited	Hong Kong	HK$	20	100	Retailing
☆+ Guangzhou Aircraft Maintenance Engineering Company Limited	China	US$	27,500,000	25	Aircraft maintenance
Guangzhou Watson's Food and Beverages Co Ltd	China	US$	12,000,000	95	Beverage manufacturing & trading
Guangzhou Park'N Shop Supermarkets Ltd	China	HK$	50,000,000	95	Supermarket operating
*#+ Harbour Ring International Holdings Limited	Bermuda / Hong Kong	HK$	172,912,740	21	Trading & manufacturing of toys

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital		Percentage of equity attributable to the Group	Principal activities
	Retail, manufacturing and other services (continued)					
	Hutchison Whampoa (China) Limited	Hong Kong	HK$	15,000,000	100	Investment holding & China services
☆	Nuance-Watson (HK) Limited	Hong Kong	HK$	20	50	Operating of duty free shops
	Pan Asian Systems Limited	Hong Kong	HK$	100,000	100	Trading satellite equipment
	Park'N Shop Limited	Hong Kong	HK$	1,000,000	100	Supermarket operating
#+	Procter & Gamble — Hutchison Limited	Hong Kong	US$	52,750,000	20	Investments in manufacturing consumer products
	Shenzhen Park'N Shop Limited	China	HK$	25,000,000	65	Supermarket operating
#	tom.com limited	Cayman Islands / Hong Kong	US$	50,000	40	Internet portal
	United Soft Drinks Limited	Hong Kong	HK$	62,500,000	51	Beverage distributing
	Watson Park'N Shop Limited	Taiwan	NT$	711,000,000	100	Retailing
	Watson's Personal Care Stores Pte Ltd	Singapore	S$	5,000,000	100	Retailing
	Watson's The Chemist Limited	Hong Kong	HK$	1,000,000	100	Retailing
	Energy and infrastructure					
+	Anderson Asia (Holdings) Limited	Hong Kong	HK$	1	85	Quarry operation and production; distribution of concrete & aggregates
+	Cheung Kong China Infrastructure Limited	Hong Kong / China	HK$	2	85	Investment in infrastructure projects
*+	Cheung Kong Infrastructure Holdings Limited	Bermuda / Hong Kong	HK$	2,254,209,945	85	Holding Company
+	Green Island Cement (Holdings) Limited	Hong Kong	HK$	203,098,914	85	Cement manufacturing & distributing
*#+	Hongkong Electric Holdings Limited	Hong Kong	HK$	2,020,334,691	30	Electricity generating
#+	Husky Oil Ltd	Canada	C$	559,368,303	49	Investment in oil and gas
	Finance and investment					
#+	Asian Growth International Limited	British Virgin Islands	US$	100	45	Finance
	Baulkham Limited	British Virgin Islands	US$	1	100	Overseas portfolio investment
	Binion Investment Holdings Limited	Cayman Islands	US$	3	100	Overseas portfolio investment
	Cavendish International Holdings Limited	Hong Kong	HK$	2,898,985,782	100	Holding company
	Hutchison International Finance (BVI) Limited	British Virgin Islands	US$	1	100	Finance
	Hutchison International Limited	Hong Kong	HK$	446,349,093	100	Holding company & corporate head office
	Hutchison OMF Limited	British Virgin Islands	US$	1	100	Overseas portfolio investment

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital		Percentage of equity attributable to the Group	Principal activities
	Finance and investment (continued)					
	Hutchison Whampoa (Europe) Limited	United Kingdom	GBP	1,000	100	Consultancy services
	Hutchison Whampoa Hongville Finance Limited	Cayman Islands	US$	1	100	Finance
	Hutchison Whampoa Finance (CI) Limited	Cayman Islands	US$	1	100	Finance
	Lunogo Limited	British Virgin Islands	US$	1	89	Overseas portfolio investment
☆+	Ostani Limited	Hong Kong	HK$	20	50	Finance
	Sandalwood Group Limited	British Virgin Islands	US$	359,582,001	100	Overseas portfolio investment
	Strategic Investments International Limited	British Virgin Islands	US$	1	89	Overseas portfolio investment & treasury
	Symphonium S à r l	Luxembourg	Euro	1,764,026,850	100	Overseas portfolio investment
	Union Faith (Lincoln) Limited	Canada	C$	1	100	Finance
	Zeedane Investments Limited	British Virgin Islands	US$	1	100	Overseas portfolio investment

The above table lists the principal subsidiary and associated companies and jointly controlled entities of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiary and associated companies and jointly controlled entities would, in the opinion of the directors, result in particulars of excessive length.

Unless otherwise stated, the principal place of operation of each company is the same as its place of incorporation. The activity of portfolio investment is international, and not attributable to a principal place of operation.

Except Hutchison International Limited which is 100% directly held by the Company, the interests in the remaining subsidiary and associated companies and jointly controlled entities are held indirectly.

* *Company listed in Hong Kong except Partner Communications Company Ltd which is listed on the London Stock Exchange and quoted on the Nasdaq Stock Market and Hutchison Telecommunications (Australia) Limited which is listed on the Australian Stock Exchange Limited.*

Associated companies.

☆ *Jointly controlled entities.*

\+ *The accounts of these subsidiary and associated companies and jointly controlled entities have been audited by firms other than PricewaterhouseCoopers. In this respect, (a) the turnover (excluding the turnover of associated companies and jointly controlled entities) is HK$3,570 million, (b) the profit before taxation of subsidiary companies and the profit before taxation of associated companies and jointly controlled entities attributable to Hutchison Whampoa Limited is HK$3,759 million and (c) the net assets are HK$20,021million.*

Schedule of principal properties

at 31 December 1999

Description	Lot number	Lease term	Group's interest	Approx gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Aberdeen Centre, Aberdeen, Hong Kong	AIL 302 & 304	Long	100%	345,026	C	Existing
Provident Centre, Wharf Road, Hong Kong	IL 8465	Long	100%	209,768	C	Existing
Hunghom Bay Centre, Hung Hom, Kowloon	RP of HHML 1	Long	100%	80,402	C	Existing
Whampoa Garden, Hung Hom, Kowloon	KIL 10750 Sec A-H & Sec J-L	Long	100%	1,713,990	C	Existing
Hutchison House, 10 Harcourt Road, Hong Kong	IL 8286	Long	100%	503,715	C	Existing
Aon China Building, 29 Queen's Road, Central, Hong Kong	IL 2317	Long	100%	258,751	C	Existing
Cheung Kong Center, 2 Queen's Road, Central, Hong Kong	IL 8887	Medium	100%	1,254,158	C	Existing
Harbour Plaza North Point and	IL 8885	Medium	39%	348,901	H	Existing
CEF Lend Lease Plaza, 661–665 King's Road, North Point, Hong Kong			39%	212,170	C	Existing
Trust Tower, 1/F – 20/F, 68 – 74 Johnston Road, Wanchai, Hong Kong	IL 4280 & RP of Sec A of ML 64A	Long	43%	56,260	C	Existing
Shopping Centre of Belvedere Garden,						
Phase 1	TWTL 308	Medium	100%	21,340	C	Existing
Phase 2	TWTL 316 (Plot A)	Medium	60%	120,039	C	Existing
Phase 3	TWTL 316 (Plot B)	Medium	100%	131,945	C	Existing
Castle Peak Road, Tsuen Wan, New Territories						
Watson House, Wo Liu Hang Road, Shatin, New Territories	STTL 61	Medium	100%	280,900	C/W	Existing
Hongkong International Distribution Centre,	M/F to 6/F on KCL No 4	Medium	88%	4,705,141	C/W	Existing
Kwai Chung, New Territories	G/F on KCL No 4	Medium	85%	737,394	C/W	Existing
798 guest rooms & shopping mall at the Sheraton Hong Kong Hotel & Towers, Salisbury Road, Tsimshatsui, Kowloon	KIL 9172	Long	39%	729,945	H	Existing
One and Two Harbourfront and	Sec A, B & RP of HHML 6 and extension thereto	Long	100%	862,988	C	Existing
The Harbour Plaza Hong Kong, Hung Hom, Kowloon			100%	473,623	H	Existing
The Metropolis, Hung Hom Bay, Kowloon (site area approx 538,837 sq ft)	KIL 11077	Medium	25%	1,423,324	C/H	2001 (35%)
Tsing Yi office development at Container Terminal No 9, Kwai Chung, New Territories (site area approx 32,292 sq ft)	TYTL 139	Medium	89%	360,763	C	2003 (1%)

Description	Lot number	Lease term	Group's interest	Approx gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Tsing Yi Resort, a hotel development near Container Terminal No 9 (site area approx 268,000 sq ft)	TYTL 140	Medium	70%	2,546,000	H/C	2003 (1%)
Ma On Shan Hotel, New Territories (site area approx 86,112 sq ft)	STTL 461	Medium	49%	602,784	H	2002 (5%)
Harbour Plaza Beijing, 8 Jiang Tai West Road, Chao Yang District, Beijing, China	Chao Yang District, Beijing	Medium	95%	392,883	H	Existing
Great Wall Hotel, 10 North Dong Sang Hun Road, Chao Yang District, Beijing, China	Chao Yang District, Beijing	Medium	49.8%	898,800	H	Existing
Times Plaza, Shenyang, Bai Lu, North Station, Shenhe District, Shenyang, China	Shenhe District, Shenyang	Medium	87%	440,860	H	2000 (50%)
Harbour Plaza, Kunming, No 20 Hong Hua Qiao, Kunming, Yunnan, China	Wu Hua District, Kunming	Medium	95%	280,371	H	Existing
Holiday Resort in Freeport, Grand Bahamas,	Lucaya, Freeport,	Freehold	100%	960,646	H	2000 (50%)
Bahamas (site area approx 372 acres)	Grand Bahama Island		100%	320 acres	G	2000 (80%)
Watson Centre, 16-24 Kung Yip Street, Kwai Chung, New Territories	KCTL 258	Medium	100%	687,200	I	Existing
Watson's Water Centre, 6 Dai Li Street, Tai Po Industrial Estate, New Territories	Tai Po Town Lot 1 Sec B SS2	Medium	100%	255,138	I	Existing
Cavendish Centre, 23 Yip Hing Street, Wong Chuk Hang, Hong Kong	AIL 399	Long	100%	342,868	I	Existing
One half of M/F, whole of 6/F – 10/F & the roof, 1-11 Ka Ting Road, Kwai Chung, New Territories	RP of KCTL 129	Medium	100%	100,800	I	Existing
Food distribution depot, Sheung Shui, New Territories	FSSTL 97	Medium	100%	142,394	I	Existing
Cement manufacturing plant, Tap Shek Kok, Tuen Mun, New Territories	TMTL 201	Medium	85%	1,645,331	I	Existing
Trendy Centre, 682-684 Castle Peak Road, Kowloon .	NKIL 6224	Medium	25%	179,931	I/O	Existing
Peninsula Heights, Broadcast Drive, Kowloon (site area approx 50,880 sq ft)	NKIL 5104	Medium	50%	229,295	R	2000 (90%)
Monte Vista, Ma On Shan (site area approx 277,980 sq ft)	STTL 446	Medium	50%	1,389,900	R	2000 (80%)

Description	Lot number	Lease term	Group's interest	Approx gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
A residential development at Tung Chung,	TCTL 5	Medium	40%	1,306,911	R	2002 (15%)
New Territories			50%	1,041,901	R/C	2002 (15%)
(site area approx 730,876 sq ft)			50%	2,089,185	R	2003 (15%)
Harbourfront Landmark, Wan Hoi Street,	KIL 11055	Medium	50%	672,136	R/C	2001 (20%)
Hung Hom, Kowloon						
(site area approx 79,675 sq ft)						
A residential development at	KIL 11086	Medium	43%	1,039,082	R/C	2002 (5%)
Canton Road, Kowloon						
(site area approx 112,871 sq ft)						
Oriental Plaza,	Dong Chang An Jie, Beijing	Medium				
Dong Chang An Jie, Beijing, China	Phase 1		18%	2,045,122	C	2000 (85%)
(site area approx 1,018,557 sq ft)	Phase 2		18%	2,637,131	C/H	2001 (60%)
	Phase 3		18%	871,868	C	2001 (60%)
	Phase 4		18%	505,899	C	2002 (60%)
Huangsha Metro Station, Guangzhou, China	Huangsha MTR	Medium	50%	1,868,721	R/C	2003 (3%)
(site area approx 369,060 sq ft)	Station Podium					
Laguna Verona,	Hwang Gang Lake, Dongguan	Medium				
Dongguan, Guangdong, China	Phase 1.1 and 1.2		44%	145,370	R	Existing
(site area approx 9,619,697 sq ft)	Phase 1.3 and 1.4		44%	2,657,582	R	2001 (1%)
Harbour Plaza Golf Club	Hwang Gang Lake, Dongguan	Medium	42%	14,242,803	G	Existing
	Golf course					
Metropolitan Plaza, Chongqing, China	Ba Yi Lu /	Medium	50%	1,511,515	C	Existing
	Chongqing		49%	482,765	H	Existing
Pacific Plaza, Qingdao, China	Dong Hai Lu, Qingdao	Medium				
(site area approx 238,662 sq ft)	Phase 1		30%	108,432	C	Existing
	Phase 2.1		15%	88,200	R	Existing
	Phase 2.2		15%	247,214	R	2001 (5%)
Walton Plaza,	Changsu Lu / Changle Lu	Medium				
Xuhui, Shanghai, China	Xuhui District, Shanghai					
(site area approx 319,788 sq ft)	Phase 2 & 3		39%	1,600,000	R	2002 (2%)
Westgate Mall & Tower,	Nanjing Xi Lu /	Medium	21%	1,053,553	C	Existing
Mei Long Zhen, Shanghai, China	Jiang Ning Lu, Shanghai					
Low density housing (site 1),	Pudong Huamu Road,	Medium	50%	1,269,329	R	2004 (30%)
Pudong Huamu, Shanghai, China	Shanghai					
(site area approx 2,907,679 sq ft)						
Low density housing (site 2),	Pudong Huamu Road,	Medium	31%	1,727,892	R	2005 (1%)
Pudong Huamu, Shanghai, China	Shanghai					
(site area approx 4,936,832 sq ft)						

Description	Lot number	Lease term	Group's interest	Approx gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Le Parc (Huangpu Yayuan),	Central District,	Long				
Futian, Central District,	Shenzhen					
Shenzhen, China	Phase 1		50%	1,151,727	R	2001 (25%)
(site area approx 1,679,300 sq ft)	Phase 2		50%	1,122,664	R	2002 (1%)
	Phase 3		50%	1,058,081	R	2003 (1%)
	Phase 4		50%	1,059,158	R	2005 (1%)
Tang Jia Bay, Zhuhai, China	Tang Jia Bay, Zhuhai	Medium				
(site area approx 4,797,213 sq ft)	Phase 1		50%	753,472	R	2001 (5%)
	Phase 2 – 6		50%	4,043,652	R	2006 (1%)
Belgravia Place,	Westminster, London	Freehold	43%	116,397*	R	2001 (35%)
Sloane Square, London, United Kingdom						
(site area approx 47,243 sq ft)						
Albion & Bridge Wharves, United Kingdom	Wandsworth, London	Freehold	45%	410,000*	R/C	2003 (2%)
(site area approx 139,000 sq ft)						
Montevetro,	Battersea, London	Freehold	23%	116,775*	R	2000 (95%)
Battersea, London, United Kingdom						
(site area approx 108,900 sq ft)						
A residential development at Bayshore Road,	7455 PTMK 27, Singapore	Long	24%	1,495,903	R	2004 (10%)
Singapore (site area approx 427,349 sq ft)						
An office / commercial development at Tokyo,	Marunouchi, Tokyo	Freehold	38%	784,000	C	2001 (3%)
Japan (site area approx 68,696 sq ft)						
Container Terminal No 4, Kwai Chung,	KCL No 4	Medium	89%	70 acres	CT	Existing
New Territories						
Container Terminal No 6, Kwai Chung,	KCL No 6	Medium	89%	71 acres	CT	Existing
New Territories						
Container Terminal No 7, Kwai Chung,	KCL No 7	Medium	89%	78 acres	CT	Existing
New Territories						
Container Terminal No 8, East,	KCL No 8	Medium	45%	74 acres	CT	Existing
Kwai Chung, New Territories						
Container Terminal No 9, Kwai Chung,	TYTL 139	Medium	89%	20 acres	CT	2005 (1%)
New Territories	TYL 9 (co-grantee)		89%	27 acres	CT	2002 (1%)
Mid-Stream Terminal,	KCTL No 479	Medium	100%	360,000	CT	Existing
Stonecutters Island, Hong Kong						
River Trade Terminal,	TMTL No 393	Medium	33%	7,000,000	CT	Existing
Tuen Mun, New Territories						
Container Terminal at Felixstowe,	Felixstowe, County	Long	90%	540 acres	CT	Existing
United Kingdom	of Suffolk	Freehold	90%	250 acres	CT	Existing
Container Terminal at Thamesport,	Isle of Grain,	Long	90%	210 acres	CT	Existing
United Kingdom	County of Kent					

Description	Lot number	Lease term	Group's interest	Approx gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Multi purpose freight & passenger port at Harwich, United Kingdom	Harwich, County of Essex	Freehold	90%	185 acres	P	Existing
Freeport International Airport, Bahamas	Freeport, Grand Bahama Island	Freehold	50%	2,709 acres	A	Existing
Port Operation at Freeport, Bahamas	Freeport, Grand Bahama Island	Freehold	50%	1,630 acres	P	Existing
Container Terminal at Freeport, Bahamas	Freeport, Grand Bahama Island	Freehold	45%	88 acres	CT	Existing
Container Terminal at Yantian Port, Shenzhen, China	Yantian, Shenzhen, Guangdong Province	Medium	50.5%	14,032,771	CT	Existing
Inland Container Depot and Warehousing, Guanlan, Shenzhen, China	Guanlan, Shenzhen, Guangdong Province	Medium	71%	81 acres	D/W	2000 (60%)
Container Terminal at Jiuzhou, Zhuhai, Guangdong, China	Shihua Donglu, Zhuhai SEZ	Medium	50%	1,659,592	CT	Existing
Multi purpose Terminal at Zhuhai Port, Gaolan, Zhuhai, Guangdong, China	Zhuhai Port, Zhuhai, Guangdong Province	Medium	50%	2,238,891	CT	Existing
Container Terminal at Zhuchi Port, Shantou, Guangdong, China	Zhuchi Port, Shantou, Guangdong Province	Medium	70%	4,582,505	CT	Existing
Container Terminals at Zhang Hua Bang, Jun Gong Lu & Bao Shan, Shanghai, China	Zhang Hua Bang, Jun Gong Lu & Bao Shan, Shanghai	Medium	40%	8,983,662	CT	Existing
Container Terminal at San Shan Port, Nanhai, Guangdong, China	San Shan Island, Nanhai, Guangdong Province	Medium	50%	2,152,783	CT	Existing
Container Terminal at Gaosha Port, Jiangmen, Guangdong, China	Gaoshawei, Baishi Administration Area, Jiangmen, Guangdong Province	Medium	50%	1,337,675	CT	Existing
Container Terminal at Haicang Port, Xiamen, Fujian, China	Haicang Port Zone, Xiamen, Fujian Province	Medium	49%	4,167,867	CT	Existing
Container Terminal at Yangon, Myanmar	Thilawa, Yangon, Myanmar	Medium	85%	185 acres	CT	Existing

Note:
Lease term: Long = lease not less than 50 years; Medium = lease less than 50 years but not less than 10 years.

** Total net floor area for UK projects*

A = Airport C = Commercial CT = Container Terminal D = Depot G = Golf Course
H = Hotel I = Industrial I / O = Industrial / Office R = Residential W = Warehouse

Ten year summary

	1990	1991	1992	1993	1994	1995	1996	1997	1998	**1999**
Consolidated profit and loss account (HK$ millions)										
Turnover	15,975	19,212	21,030	24,748	30,168	35,026	36,662	44,590	51,383	**55,442**
Profit attributable to shareholders	4,370	4,340	3,052	6,304	8,021	9,567	12,020	12,266	8,706	**117,345**
Dividends	1,980	2,073	1,846	2,461	3,362	4,267	5,703	6,123	4,962	**6,318**
Profit for the year retained	2,390	2,267	1,206	3,843	4,659	5,300	6,317	6,143	3,744	**111,027**
Consolidated balance sheet (HK$ millions)										
ASSETS										
Non-current assets										
Fixed assets	20,781	27,381	32,467	42,292	52,192	54,508	63,188	76,439	76,927	**83,687**
Deferred expenditures	168	894	1,240	395	1,153	2,536	1,086	2,529	3,109	**2,048**
Associated companies	10,989	11,086	11,329	11,659	13,551	15,195	17,393	20,196	21,246	**26,832**
Interests in joint ventures	701	291	1,240	2,775	8,154	7,583	8,976	34,221	40,050	**34,966**
Managed funds and other investments	3,460	5,720	6,813	14,423	13,223	15,965	22,551	26,881	25,291	**176,167**
Total non-current assets	36,099	45,372	53,089	71,544	88,273	95,787	113,194	160,266	166,623	**323,700**
Net current assets (liabilities)	5,575	491	(3,930)	(6,807)	361	(5,329)	(1,903)	10,370	358	**13,150**
Total assets less current liabilities	41,674	45,863	49,159	64,737	88,634	90,458	111,291	170,636	166,981	**336,850**
Non-current liabilities										
Long term liabilities	11,925	12,074	11,126	13,696	26,189	26,174	34,459	72,720	71,880	**80,662**
Deferred taxation	61	111	172	185	144	112	119	111	203	**139**
Total non-current liabilities	11,986	12,185	11,298	13,881	26,333	26,286	34,578	72,831	72,083	**80,801**
Minority interests	5,092	6,023	2,018	1,795	5,144	5,333	7,814	12,216	10,534	**10,099**
Net assets	24,596	27,655	35,843	49,061	57,157	58,839	68,899	85,589	84,364	**245,950**
CAPITAL AND RESERVES										
Share capital	762	762	839	904	905	904	905	969	969	**969**
Reserves	23,834	26,893	35,004	48,157	56,252	57,935	67,994	84,620	83,395	**244,981**
Shareholders' funds	24,596	27,655	35,843	49,061	57,157	58,839	68,899	85,589	84,364	**245,950**
Performance data										
Earnings per share – (HK$)	1.43	1.42	0.96	1.79	2.22	2.65	3.32	3.21	2.25	**30.28**
Dividends per share – (HK$)	0.65	0.68	0.55	0.68	0.93	1.18	1.50	1.58	1.28	**1.63**
Dividend cover	2.2	2.1	1.7	2.6	2.4	2.2	2.1	2.0	1.8	**18.6**
Return on average shareholders' funds (%)	18.6	16.6	9.6	14.8	15.1	16.5	18.8	15.9	10.2	**71.1**
Current ratio	1.7	1.0	0.7	0.6	1.0	0.8	0.9	1.4	1.0	**1.3**
Net debt / net total capital (%)	6.5	10.6	15.5	6.5	16.4	16.2	12.3	23.8	31.2	**1.0**
Net assets per share – book value (HK$)	8.1	9.1	10.7	13.6	15.8	16.3	19.0	22.1	21.8	**63.5**

Net debts is defined as total interest bearing borrowings net of bank balances and cash equivalents, long term deposits, managed funds and listed debt and equity securities. Net total capital is defined as total borrowings plus share capital, reserves and minority interests net of bank balances and cash equivalents, long term deposits, managed funds and listed debt and equity securities. Listed equity securities do not include the Group's investments in Mannesmann AG and VoiceStream Wireless Corporation listed shares.

Notice of meeting

Notes:

1. *In order to qualify for the proposed issue of Bonus Shares and the final dividend payable on Friday, 26 May 2000, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Central Registration Hong Kong Limited, for registration not later than 4 pm, Wednesday, 17 May 2000.*

2. *Only members are entitled to attend and vote at the meeting.*

3. *A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of that member. A proxy need not be a member. The Company's Articles of Association require proxy forms to be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.*

4. *With respect to Ordinary Resolution No (1), the increase in authorised share capital is being proposed so that, if approved, (i) the mandate proposed to be given pursuant to Ordinary Resolution No (3) would be capable of being exercised in full and (ii) the Bonus Shares would be capable of being issued pursuant to Ordinary Resolution No (2).*

5. *With respect to Ordinary Resolution No (2), the issue of one Bonus Share for every ten ordinary shares held by members provides a bonus dividend to members, in addition to the cash dividend.*

NOTICE is hereby given that the Annual General Meeting of shareholders of the Company will be held in the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 25 May 2000 at 12:15 pm for the following purposes:

1. To receive and consider the statement of accounts and reports of the directors and auditors for the year ended 31 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. As special business to consider and, if thought fit, pass the following Ordinary Resolutions:

Ordinary Resolutions

(1) "THAT the authorised share capital of the Company be and is hereby increased from HK$1,565,467,856 comprising 4,651,000,000 ordinary shares of HK$0.25 each and 402,717,856 $7^{1}/_{2}$ per cent cumulative redeemable participating preference shares of HK$1 each to HK$1,777,717,856 comprising 5,500,000,000 ordinary shares of HK$0.25 each and 402,717,856 $7^{1}/_{2}$ per cent cumulative redeemable participating preference shares of HK$1 each by the creation of an additional 849,000,000 ordinary shares of HK$0.25 each."

(2) "THAT conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Listing Committee") granting listing of and permission to deal in the new ordinary shares of HK$0.25 each in the capital of the Company (the "Bonus Shares") to be issued pursuant to this Resolution, upon the recommendation of the directors an amount standing to the credit of the share premium account of the Company equal to one-tenth of the aggregate nominal amount of the ordinary share capital of the Company in issue on 25 May 2000 be capitalised and the directors be and are hereby authorised to apply such sum in paying up in full at par such number of Bonus Shares in the capital of the Company which is equal to one-tenth of the number of ordinary shares in issue on 25 May 2000 to be allotted and credited as fully paid to and among the holders of ordinary shares of the Company on the register of members on 25 May 2000 on the basis of one Bonus Share for every ten ordinary shares held by such shareholders on such date and that the Bonus Shares to be allotted and issued pursuant to this Resolution shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that they will not be entitled to participate in any dividend declared or recommended by the Company in respect of the year ended 31 December 1999 and further that no fractional shares be issued under such capitalisation and the directors be and are hereby authorised to sell the shares representing fractions for the benefit of the Company."

(3) "THAT a general mandate be and is hereby unconditionally given to the directors to issue and dispose of additional ordinary shares of the Company (in addition to ordinary shares issued under the Senior Executive Share Option Scheme) not exceeding 20% of the issued ordinary share capital of the Company at the date of passing this Resolution (as enlarged by the issue of any new ordinary shares pursuant to Ordinary Resolution No (2) set out in the notice convening this meeting of which this Resolution forms part)."

(4) "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 ordinary shares of HK$0.25 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 ordinary shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (A) above shall not exceed 10% of the aggregate nominal amount of the ordinary share capital of the Company in issue at the date of passing this Resolution (as enlarged by the issue of any new ordinary shares pursuant to Ordinary Resolution No (2) set out in the notice convening this meeting of which this Resolution forms part), 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
(i) the conclusion of the next Annual General Meeting of the Company;
(ii) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; and
(iii) 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 of the Company."

6. *With respect to Ordinary Resolution No (3), the directors wish to state that they have no immediate plans to issue any new shares (other than the issue of the new shares under the Senior Executive Share Option Scheme and the Bonus Shares pursuant to Ordinary Resolution No (2)) of the Company. Approval is being sought from the members under Ordinary Resolution No (3) 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.*

7. *An Explanatory Statement containing the information regarding the repurchase by the Company of its own shares and the information regarding Ordinary Resolutions No (1) to (3) will be sent to shareholders together with the Company's 1999 Annual Report.*

(5) "THAT the general mandate granted to the directors to issue and dispose of additional ordinary shares pursuant to Ordinary Resolution No (3) 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 ordinary share capital of the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution No (4) set out in the notice convening this meeting, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued ordinary share capital of the Company at the date of passing this Resolution (as enlarged by the issue of any new ordinary shares pursuant to Ordinary Resolution No (2) set out in the notice convening this meeting of which this Resolution forms part)."

The register of members will be closed from Thursday, 18 May 2000 to Thursday, 25 May 2000 both days inclusive.

By order of the board

Edith Shih
Company Secretary

Hong Kong, 23 March 2000

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