

Notes to Financial Statements

1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

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

(b) Consolidation

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

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

(c) Subsidiaries

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

(d) Jointly controlled entities

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

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

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

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(e) Associates

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

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

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

(f) Investments in securities

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

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

(g) Fixed assets

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

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

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

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(g) Fixed assets *(continued)*

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

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

(h) Stock of properties

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

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

(i) Revenue recognition

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

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

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(j) Foreign exchange

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

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

(k) Taxation

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

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

(l) Borrowing costs

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

2. TURNOVER AND CONTRIBUTION

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

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

2. TURNOVER AND CONTRIBUTION *(continued)*

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

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

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

3. SHARE OF RESULTS OF ASSOCIATES

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

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

4. PROFIT BEFORE TAXATION

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

4. PROFIT BEFORE TAXATION *(continued)*

Notes:

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

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

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

5. TAXATION

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

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

6. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

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

7. DIVIDENDS

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

8. EARNINGS PER SHARE

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

9. FIXED ASSETS

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

At the balance sheet date:

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

9. FIXED ASSETS (continued)

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

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

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

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

10. SUBSIDIARIES

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

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

11. ASSOCIATES

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

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

12. JOINTLY CONTROLLED ENTITIES

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

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

13. INVESTMENTS IN SECURITIES

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

14. STOCK OF PROPERTIES

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

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

15. BANK AND OTHER LOANS

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

15. BANK AND OTHER LOANS *(continued)*

At the balance sheet date:

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

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

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

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

16. DEFERRED ITEMS

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

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

17. SHARE CAPITAL

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

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

18. SHARE PREMIUM

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

19. RESERVES

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

20. RETAINED PROFITS

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

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

21. EMPLOYEES RETIREMENT SCHEMES

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

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

22. CHARGES ON ASSETS

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

23. COMMITMENTS AND CONTINGENT LIABILITIES

At the balance sheet date:

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

24. RELATED PARTY TRANSACTIONS

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

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

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

25. DEBTORS AND CREDITORS

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

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

26. APPROVAL OF FINANCIAL STATEMENTS

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

Principal Subsidiaries

APPENDIX I

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

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

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

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

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

Principal Associates

APPENDIX II

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

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

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

Name	Area of Operation
Hong Kong Concord Holdings Limited	The Mainland

Principal Jointly Controlled Entities

APPENDIX III

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

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

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

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