

## Notes to the Financial Statements

### 1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange"). The Directors consider that the Company's ultimate holding company is Hutchison Whampoa Limited ("Hutchison Whampoa"), a company incorporated in Hong Kong with limited liability, the shares of which are listed on Hong Kong Stock Exchange.

The Group's principal activities are the development, investment and operation of infrastructure businesses in Hong Kong, Mainland China and Australia.

### 2. PRINCIPAL ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention as modified for the revaluation of investments in securities.

The financial statements are prepared in accordance with Hong Kong Statements of Standard Accounting Practice ("SSAP"s), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The principal accounting policies adopted are set out below:

#### a) Basis of Consolidation

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

Results of subsidiaries, associates and jointly controlled entities acquired or disposed of during the year are accounted for from the effective dates of acquisitions or up to the effective dates of disposals.

#### b) Goodwill

Goodwill represents the excess of costs of acquisition over the fair value of the Group's share of the identifiable assets and liabilities of the subsidiaries, associates and jointly controlled entities acquired.

The Group has adopted SSAP 30 "Business Combinations" and has elected not to restate goodwill previously eliminated against reserves prior to 1st January, 2001. Accordingly, such goodwill continues to be held in reserves and will be charged to the income statement on disposal of the relevant subsidiary, associate or jointly controlled entity or at such time as further impairment losses are identified.

Goodwill arising on acquisition on or after 1st January, 2001 is capitalised and amortised using the straight-line method over its estimated useful life. On disposal of the relevant subsidiary, associate or jointly controlled entity, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on disposal.

The carrying amount of the goodwill, including that previously eliminated against reserves, is reduced to recognise any identified impairment loss in the value of individual acquisitions.

## Notes to the Financial Statements (Cont'd)

### 2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

#### c) Subsidiaries

A subsidiary is a company that is controlled by the Company, where the Company has the power to govern the financial and operating policies of such company so as to obtain benefits from its activities. Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

#### d) Associates

An associate is a company, other than a subsidiary or jointly controlled entity, in which the Group has a long-term equity interest and over which the Group is in a position to exercise significant influence over its management, including participation in the financial and operating policy decisions.

The results and assets and liabilities of associates are incorporated in the Group's financial statements using the equity method of accounting. The carrying amount of such interests is reduced to recognise any identified impairment loss in the value of individual investments.

#### e) Joint Ventures

A joint venture is a contractual arrangement whereby the venturers undertake an economic activity which is subject to joint control and over which none of the participating parties has unilateral control.

Jointly controlled entities are joint ventures which involve the establishment of a separate entity. The results and assets and liabilities of jointly controlled entities are incorporated in the Group's financial statements using the equity method of accounting. The carrying amount of such interests is reduced to recognise any identified impairment loss in the value of individual investments.

#### f) Infrastructure Project Investments

Investments in infrastructure projects which do not fall into the definition of subsidiaries, associates and jointly controlled entities are classified as infrastructure project investments if the Group's return to be derived therefrom is predetermined in accordance with the provisions of the relevant agreements and the venturers' share of net assets are not in proportion to their capital contribution ratios but are as defined in the contracts and in respect of which the Group is not entitled to share the assets at the end of the investment period.

The Group's interests in the infrastructure project investments are recorded at cost less amortisation over the respective contract period on a straight-line basis upon commencement of operation of the project or upon commencement of the Group's entitlement to income. The carrying amount of such interests is reduced to recognise any identified impairment loss in the value of individual investments. Income from these interests is recognised when the Group's right to receive payment is established.

## Notes to the Financial Statements (Cont'd)

### 2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

#### g) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is charged to the income statement in the period in which it is incurred.

In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets, the expenditure is capitalised as an additional cost of the assets.

Depreciation of property, plant and equipment is calculated to write off their depreciable amount over their estimated useful lives using the straight-line method, at the following rates per annum:

Land	Over the unexpired lease terms of the land
Buildings	2% to 3-1/3% or over the unexpired lease terms of the land, whichever is the higher
Plant and machinery	3-1/3% to 33-1/3%
Others	5% to 33-1/3%

When an asset is disposed of or retired, any gain or loss, representing the difference between the carrying value and the sales proceeds, if any, is included in the income statement.

#### h) Patents and Licenses

Expenditure on acquired patent or license is capitalised and amortised using the straight-line method over its estimated useful life.

The carrying amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

#### i) Inventories

Inventories are stated at the lower of cost, computed on a weighted-average or a first-in first-out basis as appropriate, and net realisable value. Cost includes cost of purchase and where applicable, cost of conversion and other costs that have been incurred in bringing the inventories to their present location and conditions. Net realisable value is determined on the basis of anticipated sales proceeds less estimated costs to completion and selling expenses.

## Notes to the Financial Statements (Cont'd)

### 2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

#### j) Contract Work

When the outcome of a contract can be estimated reliably, revenue and costs associated with the contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date, that is the proportion that contract costs incurred for work performed to date bears to the estimated total contract costs.

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that will probably be recoverable.

When it is probable that total contract costs will exceed total revenue, the expected loss is recognised as an expense immediately.

#### k) Investments in Securities

Investments in securities intended to be held long-term are stated at their fair values at the balance sheet date. The gains or losses arising from changes in the fair values of a security are dealt with as movements in investment revaluation reserve, until the security is disposed of, or is determined to be impaired, when the cumulative gain or loss is included in the income statement.

#### l) Revenue Recognition

##### (i) Sales of goods

Revenue from sale of goods is recognised at the time when the goods are delivered or title to the goods passes to the customers. Revenue is arrived at after deduction of any sales returns and discounts and does not include sales taxes.

##### (ii) Contract revenue

Income from long-term contracts is recognised according to the stage of completion.

##### (iii) Income from infrastructure project and other investments

Income from infrastructure project and other investments is recognised when the Group's right to receive payment is established. Income from infrastructure project investments is calculated in accordance with the terms and conditions of the relevant contracts.

##### (iv) Interest income

Interest income is recognised on a time proportion basis by reference to the principal outstanding and the interest rate applicable.

##### (v) Charterhire service income

Charterhire service income is recognised on a straight-line basis over the terms of the respective charterhire.

## Notes to the Financial Statements (Cont'd)

### 2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

#### m) Foreign Currencies

The income statements and cash flow statements of overseas subsidiaries, associates and jointly controlled entities are translated into Hong Kong dollars using average rates of exchange. Balance sheets are translated at closing rates.

Exchange differences arising on the translation at closing rates of the opening net assets and the profits for the year retained by overseas subsidiaries, associates and jointly controlled entities are taken to reserves.

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the relevant transaction dates. Monetary assets and liabilities are translated at the rates of exchange ruling at the balance sheet date. Exchange differences arising therefrom are dealt with in the income statement.

#### n) Deferred Taxation

Tax deferred or accelerated by the effects of timing differences is provided, using the liability method, to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

#### o) Operating Leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases. Rentals payable under operating leases are recorded in the income statement on a straight-line basis over the respective lease terms.

#### p) Finance Leases

Leases that transfer substantially all the risks and rewards of ownership of the leased assets to the lessees are accounted for as finance leases. The amounts due from the lessees under finance lease contracts are recorded as finance lease debtors. The finance lease debtors comprise the gross investment in leases less unearned finance lease income allocated to future accounting periods. The unearned finance lease income is allocated to future accounting periods so as to reflect constant periodic rates of return on the Group's net investments outstanding in respect of the leases.

#### q) Retirement Benefits

The Group operates defined contribution and defined benefit retirement schemes for its employees. The costs of defined contribution schemes are charged to the income statement as and when the contributions fall due. The costs of defined benefit schemes are charged to the income statement on a systematic basis with any surpluses and deficits allocated so as to spread them over the expected remaining service lives of the employees affected.

#### r) Borrowing Costs

Borrowing costs are expensed in the income statement in the year in which they are incurred, except to the extent that they are capitalised as being directly attributable to the financing of the Group's infrastructure projects up to the commencement of revenue contribution or upon commencement of operation of the projects, whichever is the earlier.

## Notes to the Financial Statements (Cont'd)

### 2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

#### s) Dividends

In accordance with SSAP 9 (revised) "Events after the Balance Sheet Date", the Group now recognises dividend proposed or declared after the balance sheet date as a separate component of equity. This accounting policy has been applied retrospectively. The proposed final dividends of HK\$902 million and HK\$654 million previously recognised as current liabilities as at 31st December, 2000 and 1999 respectively, have been restated to conform to the current year's presentation.

### 3. TURNOVER

Group turnover represents net sales from infrastructure materials businesses, return on investments and interest income received and receivable from infrastructure project investments, net of withholding tax, where applicable.

In addition, the Group also accounts for its proportionate share of turnover of jointly controlled entities. Turnover of associates are not included.

#### By business segment

for the year ended 31st December

HK\$ million	2001			2000		
	Share of turnover of jointly controlled entities			Share of turnover of jointly controlled entities		
	Group turnover	controlled entities	Total	Group turnover	controlled entities	Total
Infrastructure investments	362	1,522	1,884	543	778	1,321
Infrastructure materials and infrastructure-related businesses	1,954	–	1,954	2,024	–	2,024
<b>Total</b>	<b>2,316</b>	<b>1,522</b>	<b>3,838</b>	<b>2,567</b>	<b>778</b>	<b>3,345</b>

## Notes to the Financial Statements (Cont'd)

### 3. TURNOVER (Cont'd)

#### By geographic region

for the year ended 31st December

HK\$ million	2001			2000		
	Group turnover	Share of turnover of jointly controlled entities	Total	Group turnover	Share of turnover of jointly controlled entities	Total
Hong Kong	1,574	-	1,574	1,681	-	1,681
Mainland China	703	1,522	2,225	863	778	1,641
Others	39	-	39	23	-	23
<b>Total</b>	<b>2,316</b>	<b>1,522</b>	<b>3,838</b>	2,567	778	3,345

### 4. OTHER REVENUE

Other revenue includes the following:

HK\$ million	2001	2000
Interest income	674	665
Finance lease income	7	5
Distributions from listed stapled securities	44	48
Dividends from other listed securities	2	2
Gain on disposals of subsidiaries	222	-
Gain on disposals of listed securities	36	-
Charterhire service income	1,007	561

## Notes to the Financial Statements (Cont'd)

## 5. OPERATING COSTS

HK\$ million	2001	2000
Changes in inventories of finished goods and work-in-progress	(3)	(7)
Raw materials and consumables used	596	593
Staff costs including directors' remuneration	476	478
Provision against interests in infrastructure project investments	500	–
Depreciation	194	196
Impairment loss on property, plant and equipment	43	–
Amortisation of patents and licenses	1	2
Amortisation of costs of investments in infrastructure projects	171	179
Cost of charterhire services rendered	1,007	559
Other operating expenses	861	819
<b>Total</b>	<b>3,846</b>	2,819

## 6. OPERATING PROFIT

HK\$ million	2001	2000
<b>Operating profit is arrived at after crediting:</b>		
Contract revenue	41	197
Gain on disposals of property, plant and equipment	–	5
<b>and charging:</b>		
Operating lease rental		
Land and buildings	52	60
Vessels	1,007	607
Directors' remuneration (note 29)	28	29
Auditors' remuneration	3	2
Loss on disposals of property, plant and equipment	1	–



## Notes to the Financial Statements (Cont'd)

## 7. FINANCE COSTS

HK\$ million	2001	2000
Interest on bank borrowings wholly repayable within five years	551	659
Less: amount capitalised	-	(38)
<b>Total</b>	<b>551</b>	621

## 8. TAXATION

HK\$ million	2001	2000
<b>Company and subsidiaries</b>		
Hong Kong profits tax – current	43	46
– deferred	(4)	(4)
	<b>39</b>	42
<b>Associates</b>		
Hong Kong profits tax – current	302	246
– deferred	2	-
Overseas tax – current	43	-
– deferred	6	-
	<b>353</b>	246
<b>Total</b>	<b>392</b>	288

Hong Kong profits tax is provided for at the rate of 16 per cent. (2000: 16 per cent.) on the estimated assessable profits for the year.

## Notes to the Financial Statements (Cont'd)

## 9. PROFIT ATTRIBUTABLE TO SHAREHOLDERS AND SEGMENT INFORMATION

Of the Group's profit attributable to shareholders for the year, HK\$1,646 million (2000: HK\$1,622 million) has been dealt with in the financial statements of the Company.

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographic regions as the secondary reporting format.

**By business segment**

for the year ended 31st December

HK\$ million	Investment in Hongkong Electric*		Infrastructure investments		Infrastructure materials and infrastructure- related businesses		Unallocated items		Consolidated	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
<b>Segment revenue</b>										
Group turnover	-	-	362	543	1,954	2,024	-	-	2,316	2,567
Charterhire service income	-	-	-	-	1,007	561	-	-	1,007	561
Others	-	-	23	26	34	66	-	-	57	92
	-	-	385	569	2,995	2,651	-	-	3,380	3,220
<b>Segment result</b>	-	-	149	317	147	276	-	-	296	593
Provision against interests in infrastructure project investments	-	-	(500)	-	-	-	-	-	(500)	-
Gain on disposals of subsidiaries and listed securities	-	-	232	-	-	-	26	-	258	-
Interest and finance lease incomes	-	-	538	543	101	117	42	10	681	670
Other revenue	-	-	46	50	-	-	-	-	46	50
Net corporate overheads	-	-	-	-	-	-	(262)	(192)	(262)	(192)
<b>Operating profit</b>	-	-	465	910	248	393	(194)	(182)	519	1,121
Finance costs	-	-	-	-	-	-	(551)	(621)	(551)	(621)
Share of results of associates and jointly controlled entities	2,806	2,379	909	612	-	10	-	-	3,715	3,001
Taxation	(302)	(246)	(51)	-	(33)	(37)	(6)	(5)	(392)	(288)
Minority interests	-	-	-	-	32	15	-	-	32	15
<b>Profit attributable to shareholders</b>	<b>2,504</b>	2,133	<b>1,323</b>	1,522	<b>247</b>	381	<b>(751)</b>	(808)	<b>3,323</b>	3,228

## Notes to the Financial Statements (Cont'd)

### 9. PROFIT ATTRIBUTABLE TO SHAREHOLDERS AND SEGMENT INFORMATION (Cont'd)

#### By business segment (Cont'd)

for the year ended 31st December

HK\$ million	Investment in Hongkong Electric*		Infrastructure investments		Infrastructure materials and infrastructure- related businesses		Unallocated items		Consolidated	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
<b>Assets</b>										
Segment assets	-	-	4,220	5,586	3,972	4,037	-	-	8,192	9,623
Interests in associates and jointly controlled entities	15,031	13,800	9,388	11,128	222	241	-	-	24,641	25,169
Unallocated corporate assets	-	-	-	-	-	-	3,409	1,765	3,409	1,765
<b>Total assets</b>	<b>15,031</b>	<b>13,800</b>	<b>13,608</b>	<b>16,714</b>	<b>4,194</b>	<b>4,278</b>	<b>3,409</b>	<b>1,765</b>	<b>36,242</b>	<b>36,557</b>
<b>Liabilities</b>										
Segment liabilities	-	-	40	201	730	966	-	-	770	1,167
Taxation, deferred taxation and unallocated corporate liabilities	-	-	-	-	12	18	8,673	10,608	8,685	10,626
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>40</b>	<b>201</b>	<b>742</b>	<b>984</b>	<b>8,673</b>	<b>10,608</b>	<b>9,455</b>	<b>11,793</b>
<b>Other information</b>										
Capital expenditure	-	-	-	-	86	145	1	5	87	150
Depreciation and amortisation	-	-	171	179	192	195	3	3	366	377

\* During the year, the Group has a 38.87 per cent. equity interest in Hongkong Electric Holdings Limited ("Hongkong Electric"), which is listed on Hong Kong Stock Exchange.

## Notes to the Financial Statements (Cont'd)

## 9. PROFIT ATTRIBUTABLE TO SHAREHOLDERS AND SEGMENT INFORMATION (Cont'd)

## By geographic region

for the year ended 31st December

HK\$ million	Hong Kong		Mainland China		Australia		Others		Unallocated items		Consolidated	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
<b>Segment revenue</b>												
Group turnover	1,574	1,681	703	863	-	-	39	23	-	-	2,316	2,567
Charterhire service income	40	24	109	138	6	-	852	399	-	-	1,007	561
Others	21	58	24	27	-	-	12	7	-	-	57	92
	1,635	1,763	836	1,028	6	-	903	429	-	-	3,380	3,220
<b>Segment result</b>	283	390	44	233	-	(8)	(31)	(22)	-	-	296	593
Provision against interests in infrastructure project investments	-	-	(500)	-	-	-	-	-	-	-	(500)	-
Gain on disposals of subsidiaries and listed securities	10	-	222	-	-	-	-	-	26	-	258	-
Interest and finance lease incomes	100	128	-	1	538	527	1	4	42	10	681	670
Other revenue	2	2	-	-	44	48	-	-	-	-	46	50
Net corporate overheads	-	-	-	-	-	-	-	-	(262)	(192)	(262)	(192)
<b>Operating profit</b>	395	520	(234)	234	582	567	(30)	(18)	(194)	(182)	519	1,121
Finance costs	-	-	-	-	-	-	-	-	(551)	(621)	(551)	(621)
Share of results of associates and jointly controlled entities	2,832	2,405	408	588	475	-	-	8	-	-	3,715	3,001
Taxation	(337)	(283)	-	-	(49)	-	-	-	(6)	(5)	(392)	(288)
Minority interests	-	-	28	13	-	-	4	2	-	-	32	15
<b>Profit attributable to shareholders</b>	2,890	2,642	202	835	1,008	567	(26)	(8)	(751)	(808)	3,323	3,228
<b>Assets</b>												
Segment assets	2,713	2,575	4,894	6,319	435	403	150	326	-	-	8,192	9,623
Interests in associates and jointly controlled entities	15,160	13,958	4,587	4,764	4,703	6,263	191	184	-	-	24,641	25,169
Unallocated corporate assets	-	-	-	-	-	-	-	-	3,409	1,765	3,409	1,765
<b>Total assets</b>	17,873	16,533	9,481	11,083	5,138	6,666	341	510	3,409	1,765	36,242	36,557
<b>Other information</b>												
Capital expenditure	73	63	13	82	-	-	-	-	1	5	87	150

## Notes to the Financial Statements (Cont'd)

### 10. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$3,323 million (2000: HK\$3,228 million) and on 2,254,209,945 shares (2000: 2,254,209,945 shares) in issue during the year.

Diluted earnings per share has not been shown as there was no dilutive effect on the earnings per share if the convertible debentures outstanding during the years ended 31st December, 2001 and 2000 were fully converted into shares of a non-wholly owned subsidiary which issued the debentures.

### 11. DIVIDENDS

HK\$ million	2001	2000
Interim dividend paid of HK\$0.21 (2000: HK\$0.20) per share	473	451
Proposed final dividend of HK\$0.42 (2000: HK\$0.40) per share	947	902
<b>Total</b>	<b>1,420</b>	1,353

## Notes to the Financial Statements (Cont'd)

## 12. PROPERTY, PLANT AND EQUIPMENT

HK\$ million	Medium term leasehold land and buildings in Hong Kong	Medium term leasehold land and buildings outside Hong Kong	Plant and machinery	Furniture, fixtures and others	Total
<b>Group</b>					
Cost					
At 1st January, 2001	855	385	2,015	275	3,530
Transferred from inventories	5	–	–	–	5
Additions	–	2	76	9	87
Disposals	–	–	(47)	(20)	(67)
Acquisition of a subsidiary	–	15	6	–	21
Transfer between categories	3	3	(6)	–	–
At 31st December, 2001	863	405	2,044	264	3,576
Accumulated depreciation					
At 1st January, 2001	243	25	824	171	1,263
Charge for the year	28	13	128	25	194
Impairment loss	–	2	41	–	43
Disposals	–	–	(43)	(18)	(61)
At 31st December, 2001	271	40	950	178	1,439
Net book value					
<b>At 31st December, 2001</b>	<b>592</b>	<b>365</b>	<b>1,094</b>	<b>86</b>	<b>2,137</b>
At 31st December, 2000	612	360	1,191	104	2,267

## Notes to the Financial Statements (Cont'd)

### 12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

HK\$ million	Medium term leasehold land and buildings in Hong Kong	Medium term leasehold land and buildings outside Hong Kong	Plant and machinery	Furniture, fixtures and others	Total
<b>Company</b>					
Cost					
At 1st January, 2001	–	–	–	13	13
Additions	–	–	–	1	1
At 31st December, 2001	–	–	–	14	14
Accumulated depreciation					
At 1st January, 2001	–	–	–	5	5
Charge for the year	–	–	–	3	3
At 31st December, 2001	–	–	–	8	8
Net book value					
<b>At 31st December, 2001</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>6</b>	<b>6</b>
At 31st December, 2000	–	–	–	8	8

At 31st December, 2001, certain of the Group's land and buildings with a net book value of HK\$64 million (2000: HK\$51 million) have been pledged to secure bank loans granted to the Group (note 21).

### 13. INTERESTS IN SUBSIDIARIES

HK\$ million	Company 2001	2000
Unlisted shares, at cost	<b>22,757</b>	22,757
Amounts due by subsidiaries	<b>5,438</b>	5,134
At 31st December	<b>28,195</b>	27,891

Particulars of the principal subsidiaries of the Group are set out in Appendix 1 on pages 82 and 83.

## Notes to the Financial Statements (Cont'd)

## 14. INTERESTS IN ASSOCIATES

HK\$ million	Group	
	2001	2000
Share of net assets:		
Listed associate	15,031	13,801
Unlisted associates	550	115
	15,581	13,916
Amounts due by unlisted associates	4,454	6,462
<b>At 31st December</b>	<b>20,035</b>	<b>20,378</b>
<b>Market value of listed associate</b>	<b>24,058</b>	<b>23,892</b>

The amounts due by unlisted associates include loans of HK\$4,139 million (2000: HK\$4,493 million) to certain associates, the repayment of which to the Group are subordinated to other lenders of these associates.

Particulars of the principal associates of the Group are set out in Appendix 2 on page 84.

An extract of the published financial statements of Hongkong Electric, a principal associate of the Group, for the year ended 31st December, 2001, is shown in Appendix 4 on pages 86 and 87.

## 15. INTERESTS IN JOINTLY CONTROLLED ENTITIES

HK\$ million	Group	
	2001	2000
Investment costs	2,079	2,016
Shareholders' loans to jointly controlled entities	1,880	2,210
Share of undistributed post-acquisition results	647	565
<b>At 31st December</b>	<b>4,606</b>	<b>4,791</b>

Particulars of the Group's interests in the principal jointly controlled entities are set out in Appendix 3 on page 85.



## Notes to the Financial Statements (Cont'd)

## 16. INTERESTS IN INFRASTRUCTURE PROJECT INVESTMENTS

HK\$ million	2001	Group 2000
Investments	<b>4,389</b>	5,092
Accumulated amortisation	<b>(883)</b>	(798)
Infrastructure project receivables	<b>463</b>	–
	<b>3,969</b>	4,294
Provision	<b>(500)</b>	–
<b>At 31st December</b>	<b>3,469</b>	4,294

## 17. INVESTMENTS IN SECURITIES

HK\$ million	2001	Group 2000
<b>Non-trading securities:</b>		
Listed equity investments, at market value:		
Hong Kong	–	41
Overseas	<b>67</b>	128
Listed debt investments, at market value:		
Overseas	<b>257</b>	181
Listed stapled securities, at market value:		
Overseas	<b>435</b>	404
<b>Total</b>	<b>759</b>	754

The stapled security comprises a subordinated loan note and a fully paid ordinary share. It is quoted at a single combined price and cannot be traded separately.

## Notes to the Financial Statements (Cont'd)

## 18. OTHER NON-CURRENT ASSETS

HK\$ million	2001	Group 2000
Finance lease debtors – non-current portion	<b>37</b>	33
Patents and licenses	<b>6</b>	6
<b>At 31st December</b>	<b>43</b>	39

Details of finance lease debtors are shown below:

HK\$ million	2001	Group 2000
Gross investment in leases receivable:		
within one year	<b>18</b>	15
in the second to fifth years, inclusive	<b>44</b>	39
after five years	<b>2</b>	3
	<b>64</b>	57
Unearned finance lease income	<b>(15)</b>	(14)
<b>Present value of finance lease debtors</b>	<b>49</b>	43
Portion receivable:		
within one year – current portion	<b>12</b>	10
in the second to fifth years, inclusive	<b>35</b>	30
after five years	<b>2</b>	3
Non-current portion	<b>37</b>	33
<b>Total</b>	<b>49</b>	43

## Notes to the Financial Statements (Cont'd)

### 18. OTHER NON-CURRENT ASSETS (Cont'd)

Details of patents and licenses are further shown below:

HK\$ million	Group
<hr/>	
Cost	
At 1st January, 2001	8
Additions	1
At 31st December, 2001	9
<hr/>	
Amortisation	
At 1st January, 2001	2
Charge for the year	1
At 31st December, 2001	3
<hr/>	
Net book value	
<b>At 31st December, 2001</b>	<b>6</b>
At 31st December, 2000	6
<hr/>	

The patents and licenses are amortised over their estimated useful lives ranging from five to twelve years.

## Notes to the Financial Statements (Cont'd)

## 19. INVENTORIES

HK\$ million	Group	
	2001	2000
Raw materials	31	58
Work-in-progress	12	11
Stores, spare parts and supplies	129	117
Finished goods	33	31
	<b>205</b>	217
Contract work-in-progress	1	2
Completed properties for resale	-	5
<b>Total</b>	<b>206</b>	224
<b>Contract work-in-progress</b>		
Costs plus recognised profits less recognised losses	35	67
Progress billing	(34)	(65)
	<b>1</b>	2

Included above are stores, spare parts and supplies of HK\$57 million (2000: HK\$48 million) and finished goods of HK\$3 million (2000: nil) carried at net realisable value.

The cost of inventories charged to the Group's income statement during the year was HK\$1,371 million (2000: HK\$1,371 million).

## 20. DEBTORS AND PREPAYMENTS

HK\$ million	Group		Company	
	2001	2000	2001	2000
Trade debtors and infrastructure project receivables	750	1,275	-	-
Prepayments, deposits and other receivables	175	345	5	29
<b>Total</b>	<b>925</b>	1,620	<b>5</b>	29

## Notes to the Financial Statements (Cont'd)

### 20. DEBTORS AND PREPAYMENTS (Cont'd)

The ageing analysis of the Group's trade debtors and infrastructure project receivables is as follows:

HK\$ million	2001	2000
Current	511	797
One month	139	56
Two to three months	52	21
Over three months	258	607
<b>Gross total</b>	<b>960</b>	1,481
Provision	<b>(210)</b>	(206)
<b>Total after provision</b>	<b>750</b>	1,275

Tradings with customers are largely on credit, except for new customers and customers with unsatisfactory payment records, where payment in advance is normally required. Invoices are normally payable within one month of issuance, except for certain well-established customers, where the terms are extended to two months, and certain customers with disputed items, where the terms are negotiated individually. Each customer has a maximum credit limit, which was granted and approved by senior management in accordance with the laid-down credit review policy and procedures.

Infrastructure project receivables are mainly derived from return from infrastructure project investments, which is predetermined in accordance with provisions of the relevant agreements. The return is contractually payable annually or semi-annually to the Group within a specified period.

## Notes to the Financial Statements (Cont'd)

## 21. BANK LOANS

HK\$ million	2001	Group 2000
Unsecured bank loans repayable:		
within one year	<b>3,894</b>	3,450
in the second year	<b>354</b>	3,847
in the third to fifth years, inclusive	<b>4,139</b>	3,155
	<b>8,387</b>	10,452
Secured bank loans repayable:		
within one year	<b>36</b>	89
in the third to fifth years, inclusive	<b>6</b>	–
	<b>42</b>	89
<b>Total</b>	<b>8,429</b>	10,541
<b>Portion classified as:</b>		
current liabilities	<b>3,930</b>	3,539
non-current liabilities	<b>4,499</b>	7,002
<b>Total</b>	<b>8,429</b>	10,541

Other particulars of the bank loans and overdrafts are summarised below:

HK\$ million	2001	Group 2000
HK\$ syndicated loans, bearing interest at		
Hong Kong Interbank Offered Rate plus a spread	<b>3,800</b>	3,800
A\$ syndicated and term loans, bearing interest at the		
average bid rate in respect of Australian Bill Bank		
Swap Reference Rate plus a spread	<b>4,493</b>	6,576
RMB loans, bearing interest at fixed rates	<b>122</b>	113
Others	<b>14</b>	52
<b>Total</b>	<b>8,429</b>	10,541

## Notes to the Financial Statements (Cont'd)

### 21. BANK LOANS (Cont'd)

Details of the charges on the Group's assets for the above-mentioned secured bank loans are summarised below:

HK\$ million	Group	
	2001	2000
Land and buildings	64	51
Bank deposit	-	52
Others	14	-
<b>Total</b>	<b>78</b>	103

### 22. CREDITORS AND ACCRUALS

HK\$ million	Group		Company	
	2001	2000	2001	2000
Trade creditors	141	166	-	-
Amount due to an unlisted associate	113	82	113	82
Other payables and accruals	441	633	29	30
<b>Total</b>	<b>695</b>	881	<b>142</b>	112

The ageing analysis of the Group's trade creditors is as follows:

HK\$ million	2001	2000
Current	82	88
One month	19	9
Two to three months	6	6
Over three months	34	63
<b>Total</b>	<b>141</b>	166

## Notes to the Financial Statements (Cont'd)

### 23. DEBENTURES

The debentures bore interest at the rate of 5 per cent. per annum on their face value, and were secured by a floating charge on consolidated total assets of the issuing subsidiary with carrying value of HK\$66 million as at 31st December, 2001 (2000: HK\$50 million). The debentures were convertible into shares of the subsidiary at the option of the holders at any time prior to the debentures maturity date on 31st January, 2002. These debentures have been fully redeemed by cash on 31st January, 2002.

### 24. DEFERRED TAXATION

The Group's potential deferred tax (assets)/liabilities which have not been provided in the financial statements are as follows:

HK\$ million	For the year		As at 31st December	
	2001	2000	2001	2000
(Shortfall)/excess of tax allowances over depreciation	(1)	(5)	70	71
Unutilised tax losses	(21)	(12)	(63)	(42)
Others	5	–	5	–
<b>Net potential (assets)/liabilities unprovided</b>	<b>(17)</b>	<b>(17)</b>	<b>12</b>	<b>29</b>

The Group does not expect the unprovided potential deferred tax (assets)/liabilities to crystallise in the foreseeable future.

### 25. SHARE CAPITAL

HK\$ million	2001	2000
<b>Authorised:</b>		
4,000,000,000 shares of HK\$1 each	4,000	4,000
<b>Issued and fully paid:</b>		
2,254,209,945 shares of HK\$1 each	2,254	2,254



## Notes to the Financial Statements (Cont'd)

## 26. RESERVES

## Group

HK\$ million	Share premium	Contributed surplus	Investment revaluation reserve	Exchange translation reserve	Retained profits	Proposed dividends	Total
At 1st January, 2000	3,836	7,882	(43)	-	8,254	654	20,583
Final dividend for the year 1999 paid	-	-	-	-	-	(654)	(654)
Surplus on revaluation of investments in securities	-	-	62	-	-	-	62
Goodwill on acquisition of a subsidiary	-	(20)	-	-	-	-	(20)
Goodwill on acquisition of interest in an associate	-	(230)	-	-	-	-	(230)
Exchange translation differences	-	-	-	(8)	-	-	(8)
Profit for the year	-	-	-	-	3,228	-	3,228
Proposed interim dividend	-	-	-	-	(451)	451	-
Interim dividend paid	-	-	-	-	-	(451)	(451)
Proposed final dividend	-	-	-	-	(902)	902	-
At 31st December, 2000	3,836	7,632	19	(8)	10,129	902	22,510
Final dividend for the year 2000 paid	-	-	-	-	-	(902)	(902)
Surplus on revaluation of investments in securities	-	-	73	-	-	-	73
Deficit realised on disposals of non-trading securities	-	-	16	-	-	-	16
Exchange translation differences	-	-	-	(14)	-	-	(14)
Profit for the year	-	-	-	-	3,323	-	3,323
Proposed interim dividend	-	-	-	-	(473)	473	-
Interim dividend paid	-	-	-	-	-	(473)	(473)
Proposed final dividend	-	-	-	-	(947)	947	-
<b>At 31st December, 2001</b>	<b>3,836</b>	<b>7,632</b>	<b>108</b>	<b>(22)</b>	<b>12,032</b>	<b>947</b>	<b>24,533</b>

The retained profits of the Group include the Group's share of the undistributed retained profits of its associates and jointly controlled entities amounting to HK\$5,274 million (2000: HK\$3,609 million) and HK\$647 million (2000: HK\$565 million) respectively.

## Notes to the Financial Statements (Cont'd)

## 26. RESERVES (Cont'd)

Company	Share	Contributed	Retained	Proposed	
HK\$ million	premium	surplus	profits	dividends	Total
At 1st January, 2000	3,836	20,810	1,378	654	26,678
Final dividend for the year 1999 paid	–	–	–	(654)	(654)
Profit for the year	–	–	1,622	–	1,622
Proposed interim dividend	–	–	(451)	451	–
Interim dividend paid	–	–	–	(451)	(451)
Proposed final dividend	–	–	(902)	902	–
At 31st December, 2000	3,836	20,810	1,647	902	27,195
Final dividend for the year 2000 paid	–	–	–	(902)	(902)
Profit for the year	–	–	1,646	–	1,646
Proposed interim dividend	–	–	(473)	473	–
Interim dividend paid	–	–	–	(473)	(473)
Proposed final dividend	–	–	(947)	947	–
<b>At 31st December, 2001</b>	<b>3,836</b>	<b>20,810</b>	<b>1,873</b>	<b>947</b>	<b>27,466</b>

Contributed surplus of the Company arose when the Company issued shares in exchange for shares of subsidiaries and associates being acquired pursuant to the IPO Reorganisation in July 1996 and the Cheung Kong Group Restructuring (see below) in March 1997, and represents the difference between the value of net assets of the companies acquired and the nominal value of the Company's shares issued. Under the Company Act of 1981 of Bermuda (as amended), the contributed surplus is available for distribution to the shareholders.

Cheung Kong Group Restructuring is the reorganisation involving Cheung Kong (Holdings) Limited, Hutchison Whampoa, the Company and Hongkong Electric pursuant to which the transactions relating to the Company were completed on 10th March, 1997 which resulted in the Company becoming an 84.6 per cent. subsidiary of Hutchison Whampoa and acquiring a 35.01 per cent. holding in Hongkong Electric.

Total distributable reserves of the Company amounted to HK\$23,630 million as at 31st December, 2001 (2000: HK\$23,359 million).

## Notes to the Financial Statements (Cont'd)

## 27. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

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

HK\$ million	2001	2000
Profit before taxation	<b>3,683</b>	3,501
Share of results of associates	<b>(3,307)</b>	(2,413)
Share of results of jointly controlled entities	<b>(408)</b>	(588)
Interest income	<b>(674)</b>	(665)
Finance lease income	<b>(7)</b>	(5)
Income from infrastructure project investments	<b>(362)</b>	(543)
Distributions from listed stapled securities	<b>(44)</b>	(48)
Dividends from other listed securities	<b>(2)</b>	(2)
Interest expenses	<b>551</b>	621
Depreciation	<b>194</b>	196
Impairment loss on property, plant and equipment	<b>43</b>	–
Loss/(gain) on disposals of property, plant and equipment	<b>1</b>	(5)
Gain on disposals of subsidiaries	<b>(222)</b>	–
Provision against amounts due by unlisted associates	<b>38</b>	32
Provision against interests in infrastructure project investments	<b>500</b>	–
Amortisation of costs of investments in infrastructure projects	<b>171</b>	179
Gain on disposals of listed securities	<b>(36)</b>	–
Amortisation of patents and licenses	<b>1</b>	2
Decrease/(increase) in inventories	<b>18</b>	(13)
Decrease/(increase) in retention receivables	<b>5</b>	(16)
Decrease/(increase) in debtors and prepayments	<b>164</b>	(117)
(Decrease)/increase in creditors and accruals	<b>(42)</b>	280
<b>Net cash inflow from operating activities</b>	<b>265</b>	396

## Notes to the Financial Statements (Cont'd)

## 27. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

## (b) Disposals of subsidiaries

HK\$ million	2001	2000
Net assets disposed of:		
Interests in infrastructure project investments	633	–
Debtors and prepayments	6	–
Creditors and accruals	(7)	–
	632	–
Gain on disposals of subsidiaries	222	–
<b>Total</b>	<b>854</b>	–
<b>Satisfied by:</b>		
Cash	854	–

Analysis of the net cash inflow arising on the disposals:

HK\$ million	2001	2000
Cash consideration	854	–
Deposits received in the prior year	(359)	–
<b>Net cash inflow arising from the disposal</b>	<b>495</b>	–

The subsidiaries disposed of did not make any contribution to the Group's net operating cash flows and cash flows in respect of the investing activities, financing activities, net returns on investments and servicing of finance and taxation during the year.

The subsidiaries disposed of did not contribute to the Group any turnover and profit attributable to shareholders for the year.

## Notes to the Financial Statements (Cont'd)

## 27. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

## (c) Acquisitions of subsidiaries

HK\$ million	2001	2000
Net assets acquired:		
Property, plant and equipment	21	1
Patents and licenses	-	7
Inventories	5	-
Debtors and prepayments	4	1
Bank balances and cash	-	53
Bank loans	(15)	-
Creditors and accruals	(9)	(4)
Debentures	-	(5)
Minority interests	-	(19)
	6	34
Goodwill	-	20
<b>Total consideration</b>	<b>6</b>	<b>54</b>
<b>Satisfied by:</b>		
Cash	4	54
Amount payable	2	-
	6	54

Analysis of the net cash outflow arising from the acquisitions:

HK\$ million	2001	2000
Cash consideration	(4)	(54)
Bank balances and cash acquired	-	53
<b>Net cash outflow arising from the acquisition</b>	<b>(4)</b>	<b>(1)</b>

The subsidiaries acquired in the current year utilised HK\$1 million, HK\$1 million and HK\$2 million on operating, investing and financing activities respectively for the period from the acquisition date to 31st December, 2001. The subsidiaries also contributed HK\$34 million to the Group's turnover and generated losses of HK\$4 million to the Group's profit attributable to shareholders during the current year since the acquisition.

## Notes to the Financial Statements (Cont'd)

## 27. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

## (c) Acquisitions of subsidiaries (Cont'd)

The subsidiary acquired in the prior year utilised HK\$6 million and HK\$2 million on operating and investing activities respectively for the period from the acquisition date to 31st December, 2000. The subsidiary also contributed HK\$2 million to the Group's turnover and generated a loss of HK\$2 million to the Group's profit attributable to shareholders during the prior year since the acquisition.

## (d) Analysis of changes in financing during the year

HK\$ million	Bank loans	Minority interests
At 1st January, 2000	3,976	253
Net cash inflow from financing	6,867	–
Minority's share of loss	–	(15)
Arising from acquisition of a subsidiary	–	19
Acquisition of interest in a subsidiary from a minority shareholder	–	(1)
Exchange translation difference	(302)	–
At 31st December, 2000	10,541	256
Net cash outflow from financing	(1,616)	–
Minority's share of loss	–	(32)
Arising from acquisition of a subsidiary	15	–
Exchange translation difference	(511)	–
<b>At 31st December, 2001</b>	<b>8,429</b>	<b>224</b>

## Notes to the Financial Statements (Cont'd)

### 28. RETIREMENT SCHEME

The Group provides defined contribution retirement schemes for its eligible employees with the exception of a subsidiary which provides a defined benefit scheme. Contributions to the defined contribution schemes are made by either the employer only at 10 per cent. of the employees' monthly basic salary or by both the employer and the employees each at 10 or 15 per cent. of the employees' monthly basic salary. Contributions to the defined benefit scheme are made by the employees at either 5 or 7 per cent. on the employees' salary and contributions made by the employer are based on the recommendations of an independent actuary according to the periodic actuarial valuation of the scheme.

The latest actuarial valuation of the defined benefit scheme was completed as at 1st January, 2002 by Joseph K. L. Yip, F.S.A., a fellow member of the Society of Actuaries, of The Watson Wyatt Hong Kong Limited. The actuarial method adopted was Attained Age Funding Method and the main assumptions used were the long-term average annual rate of investment return on the scheme assets at 8 per cent. per annum and the long-term average annual salary increases at 6 per cent. per annum.

The net asset value for the actuarial valuation of the defined benefit scheme as at 31st December, 2001 was HK\$128 million and the latest actuarial valuation showed that the scheme's assets covered 83 per cent. of the actuarial accrued liabilities at the valuation date. The Group's future annual contribution is designed to fund the shortfall over a period of time and the employer funding rates have been increased since 1st January, 1998. The funding rates are subject to annual review.

Since the implementation of Mandatory Provident Fund ("MPF") Schemes Ordinance on 1st December, 2000 in Hong Kong, the Group has participated in master trust MPF schemes operated by independent service providers. Mandatory contributions to these MPF schemes are made by both the employers and employees at 5 per cent. of the employees' monthly relevant income capped at HK\$20,000. As the Group's retirement schemes in Hong Kong are all MPF-exempted recognised occupational retirement schemes ("ORSO schemes"), all the existing members were given an option to elect between the ORSO schemes and the MPF schemes. Except for certain subsidiaries of which the new employees have to join the MPF schemes, the Group offers an option to its Hong Kong employees who commenced employment after 30th November, 2000 to elect between the ORSO schemes and the MPF schemes.

The Group's costs on employees retirement schemes for the year amount to HK\$31 million (2000: HK\$34 million). Forfeited contributions and earnings for the year under the defined contribution schemes amounting to HK\$2 million (2000: HK\$3 million) have been used to reduce the existing level of contributions. At 31st December, 2001, forfeited contributions and earnings available to the Group to reduce its contributions to the defined contribution scheme in future years amount to HK\$1 million (2000: nil).

## Notes to the Financial Statements (Cont'd)

## 29. REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES

## (a) Directors' Remuneration

The following table shows the remuneration of the Company's Directors:

HK\$ million	2001	2000
Salaries, benefits in kind and fees	15	14
Contributions to retirement schemes	1	1
Bonuses	12	14
<b>Total</b>	<b>28</b>	29

The directors' remuneration for the year includes directors' fees of HK\$600,000 (2000: HK\$600,000) of which HK\$100,000 (2000: HK\$100,000) have been paid to Independent Non-executive Directors of the Company. Other than the directors' fees, fees of HK\$100,000 (2000: HK\$100,000) have been paid to the Independent Non-executive Directors for participation of the Company's Audit Committee during the year.

The table below shows the number of Directors whose remuneration was within the following bands:

Remuneration band	2001	2000
nil – HK\$1,000,000	7	7
HK\$3,000,001 – HK\$3,500,000	1	1
HK\$4,000,001 – HK\$4,500,000	1	–
HK\$4,500,001 – HK\$5,000,000	–	1
HK\$6,000,001 – HK\$6,500,000	1	–
HK\$6,500,001 – HK\$7,000,000	1	2
HK\$7,000,001 – HK\$7,500,000	1	1



## Notes to the Financial Statements (Cont'd)

### 29. REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES (Cont'd)

#### (b) Senior Executives' Remuneration

Of the five individuals with the highest emoluments in the Group, four (2000: four) are Directors whose emoluments are disclosed above. The aggregate of the emoluments in respect of the remaining one (2000: one) individual is as follows:

HK\$ million	2001	2000
Salaries and benefits in kind	2	3
Contributions to retirement schemes	1	1
Bonuses	1	2
<b>Total</b>	<b>4</b>	<b>6</b>

The remaining one (2000: one) individual with the highest emoluments is within the following band:

Remuneration band	2001	2000
HK\$4,000,001 – HK\$4,500,000	1	–
HK\$5,500,001 – HK\$6,000,000	–	1

### 30. COMMITMENTS

(a) The Group's capital commitments outstanding at 31st December and not provided for in the financial statements are as follows:

HK\$ million	Contracted but not provided for		Authorised but not contracted for	
	2001	2000	2001	2000
Investment in an associate	16	16	–	–
Investments in jointly controlled entities	–	433	–	–
Infrastructure investments in Mainland China	29	29	–	–
Plant and machinery	14	29	153	218
Others	–	–	2	6
<b>Total</b>	<b>59</b>	<b>507</b>	<b>155</b>	<b>224</b>

## Notes to the Financial Statements (Cont'd)

**30. COMMITMENTS** (Cont'd)

(b) At 31st December, the Group and the Company had outstanding commitments under non-cancellable operating leases in respect of land and buildings, which fall due as follows:

HK\$ million	Group		Company	
	2001	2000	2001	2000
Within one year	<b>38</b>	32	<b>4</b>	4
In the second to fifth years, inclusive	<b>82</b>	30	<b>16</b>	20
After five years	<b>33</b>	–	<b>–</b>	–
<b>Total</b>	<b>153</b>	62	<b>20</b>	24

The commitments represent rentals payable by the Group for its offices and plant sites. The operating leases are negotiated and rentals are fixed for periods ranging from one month to ten years.

**31. CONTINGENT LIABILITIES**

HK\$ million	Group		Company	
	2001	2000	2001	2000
Guarantees in respect of bank loans drawn by subsidiaries	<b>–</b>	–	<b>8,293</b>	10,376
Guarantee in respect of bank loan drawn by a jointly controlled entity	<b>682</b>	–	<b>682</b>	–
Performance bonds	<b>25</b>	5	<b>–</b>	–
<b>Total</b>	<b>707</b>	5	<b>8,975</b>	10,376

Out of the above amounts as at 31st December, 2001, a performance bond of HK\$23 million was secured by a fixed deposit of HK\$23 million pledged to a bank.

## Notes to the Financial Statements (Cont'd)

### 32. MATERIAL RELATED PARTY TRANSACTIONS

During the year, the Group advanced HK\$8 million (2000: HK\$127 million) to certain jointly controlled entities by way of shareholders' loans and received repayments totalling HK\$338 million (2000: HK\$16 million) from other jointly controlled entities. The total outstanding loan balances as at 31st December, 2001 amounted to HK\$1,880 million (2000: HK\$2,210 million), of which HK\$887 million (2000: HK\$939 million) bears interest with reference to Hong Kong dollar prime rate and United States dollar prime rate, and HK\$993 million (2000: HK\$1,271 million) are interest-free. Except for a loan of HK\$4 million (2000: nil) which is repayable on or before 31st December, 2002, the loans have no fixed terms of repayment.

The Group advanced HK\$1,641 million (2000: HK\$12,295 million) to its unlisted associates, and received repayments totalling HK\$3,173 million (2000: HK\$6,078 million) during the year. The total outstanding loan balances as at 31st December, 2001 amounted to HK\$4,454 million (2000: HK\$6,462 million), of which HK\$4,139 million (2000: HK\$6,177 million) bears interest with reference to average bid rate in respect of Australian Bill Bank Swap Reference Rate or Hong Kong dollar prime rate, and HK\$315 million (2000: HK\$285 million) are interest-free. Interest income contributed from the associates during the year amounted to HK\$538 million (2000: HK\$543 million). The loans have no fixed terms of repayment.

### 33. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 14th March, 2002.