



# CHEUNG KONG (HOLDINGS) LIMITED

## THE CHAIRMAN'S STATEMENT FOR 2001

### HIGHLIGHTS

	2001	2000	Change
	<b>HK\$ Million</b>	<b>HK\$ Million</b>	
Profit before share of results of Hutchison Whampoa Group	<b>1,251</b>	2,387	-48%
Share of profit of Hutchison Whampoa Group	<b>6,040</b>	17,049	-65%
Profit attributable to shareholders	<b>7,291</b>	19,436	-62%
Earnings per share	<b>HK\$ 3.15</b>	HK\$ 8.42	-62%
Dividends per share	<b>HK\$ 1.60</b>	HK\$ 1.60	0%

- Enrich our property portfolio with quality projects both locally and overseas and increased rental investment.
- Add shareholder value with the attractive potential of the biotech business – CK Life Sciences.
- Enhance our global competitiveness with innovative businesses bridging the Old and New Economies.
- Accomplish diversification and globalisation following our creative but prudent approach to expansion.

### PROFIT FOR THE YEAR

The Group's audited consolidated net profit after tax for the year ended 31st December, 2001 amounted to HK\$7,291 million (2000 - HK\$19,436 million). Earnings per share were HK\$3.15 (2000 - HK\$8.42).

### DIVIDEND

The Directors have decided to recommend the payment of a final dividend of HK\$1.22 per share in respect of 2001, to shareholders whose names appear on the Register of Members of the Company on 23rd May, 2002. This together with the interim dividend of HK\$0.38 per share gives a total of HK\$1.60 per share for the year (2000 - HK\$1.60 per share). The proposed dividend will be paid on 28th May, 2002 following approval at the Annual General Meeting.

# **PROSPECTS**

## **New Concepts   New Prospects**

### **STEADY PROGRESS**

Hong Kong's economy was adversely affected as the global economy continued to slow in 2001 and the decline was further aggravated by the September 11 incident. Most local enterprises came under increasing pressure, particularly when international competition intensified following the inexorable march of globalisation. In the face of these challenges, the Group was able to withstand the impact of economic volatility and perform steadily as it benefited from its spread of diversified business operations in different geographical locations.

The Group continued to develop its businesses in keeping with its philosophy, "To advance while maintaining stability, and to maintain stability while advancing". All of its businesses, whether in Hong Kong, the Mainland and overseas, reported steady progress during the past difficult year and continue to develop new concepts and new prospects for future growth:

#### **1.   Property Development – A Core Business of the Group**

Local property transactions have recently shown signs of picking up as a result of successive interest rate cuts during the year. This augurs well for a steady recovery of the local property market supported by the underlying purchasing power of flat buyers. A number of the Group's property projects were launched last year, receiving encouraging responses from the market. It has been the Group's long-standing policy to strengthen its property business with a strong focus on quality enhancement and innovation. The Group continues to devise more responsive initiatives to satisfy the changing customer needs and market trends as the present transformation of Hong Kong's economy changes the local property sector.

The Group continued to expand its landbank with urban sites and agricultural land acquired at reasonable prices through various channels, such as government auction, tender and land exchange. Its existing landbank is sufficient to support its development in the next four or five years. In an ongoing drive to expand further its high-quality landbank, the Group will examine every opportunity to secure valuable sites with good development potential, laying a solid platform for the future development of quality projects.

Over the past few years, the Group has actively expanded its quality portfolio of investment properties both in Hong Kong and the Mainland, as illustrated by the growing number of its top-grade commercial projects and hotels. The recurrent rental income of the Group has steadily increased, following the completion of various grade-A office towers, shopping arcades and hotel developments. The further development of its rental properties continues to be a core objective for the Group, and a visible expansion in total rental floor area combined with improved long-term earnings growth capacity is expected in the coming years.

The Group is always on the lookout for growth opportunities overseas while reinforcing its sound foundation in the local property market. Several projects have been developed and marketed in the United Kingdom, Singapore and the Mainland. The Group will continue to pursue suitable investments in the overseas property markets that show good prospects for expansion.

## **2. Biotech and New Tech Businesses – Propeller of Future Growth**

The Group always strives to attain new heights by venturing into new business arenas. Our biotech initiatives, a new focus of development in recent years, are led by CK Life Sciences Int'l., Inc. (“CK Life Sciences”). Its operations cover two dimensions – health and environmental sustainability, and its products are categorised into five areas – eco-agriculture, bioremediation, dermatological, nutraceutical and pharmaceutical. “NutriSmart” fertilizer, currently marketed in five countries, is the first product launched by CK Life Sciences. More biotech products are expected to come on stream in one or two years, with many of them being the subject of patent applications.

The biotech industry is a promising and dynamic field with huge untapped potential. The Group will give full support to this business by providing ample resources for its research and development. As a new milestone in Hong Kong's biotech development, the Group's biotech initiatives also represent a new, exciting chapter for its global initiatives and should become a powerful driver for growth in the future.

Other new tech and hi-tech operations of the Group, such as e-commerce and information-related businesses, are progressing well as planned. These businesses are expected to mature and enter the harvesting stage in one or two years. The Group will continue to venture into specific new tech areas with good potential for revenue growth and value creation, while adhering to its disciplined approach to investment.

### **3. The Cheung Kong Group – At the Forefront of Globalisation**

Our vision of globalisation is shared by other companies within the Cheung Kong Group. Hutchison Whampoa Limited (“Hutchison Whampoa”), an associated company of the Group, has been the major arm in global expansion. A series of strategic worldwide investments were made last year, when Hutchison Whampoa continued to expand and strengthen its global quality assets and operations network. Some of its ventures, such as the 3G mobile services, are long-term investments and would not be expected to provide a contribution in the near term. As its prudent approach to financial and operations management remains in place, Hutchison Whampoa is poised to benefit from the tremendous potential of such businesses when they mature in a few years. The global visions and investment prudence of Hutchison Whampoa, coupled with its strong cash position and effective management, are the enviable advantages that drive it forward. Hutchison Whampoa will continue to position itself for investment opportunities that garner better return for its shareholders, and enhance its established position as a diversified global player.

Cheung Kong Infrastructure Holdings Limited (“CKI”), a subsidiary of Hutchison Whampoa, continued to strengthen its energy and transportation portfolio during the year, providing a solid profit and cash base for its further growth. It also enriched its investment portfolio to include other infrastructure-related businesses. Driven by its commitment to geographic expansion and industry diversification, CKI will continue its initiatives to identify quality infrastructure investments in Asia, Europe and North America. Hongkong Electric Holdings Limited, an associated company of CKI, continued to generate a good contribution during the year. It remains committed to its overseas expansion wherever suitable opportunities arise.

## **SOUND FINANCIAL POSITION**

The Group’s strong financial capability is founded on its well-established capital structure, sound liquidity and reasonably low debt ratio. High long-term credit ratings were given to the Group in recognition of these advantages, which helped facilitate its financing activities and enhance its financial flexibility. The Group’s solid financial foundation allows it to seize suitable business opportunities quickly in order to maximise shareholder value.

## **INNOVATIVE MANAGEMENT**

The Group has been able to meet different challenges and opportunities over the years, guided by well-defined objectives and strategies of the management. Our mindset is not confined to the traditional set of values and perspectives. We pursue ongoing innovation and improvement, and continue to cultivate a corporate culture based on intelligence and creativity. The Group is gearing up for the fast-changing environment in the knowledge-based era. It aims to sharpen its international competitive edge with stronger market alertness and responsiveness, better cost control and higher operational efficiency.

## **PROMISING PROSPECTS**

2002 is expected to be another volatile year. Under the impact of globalisation, the economy worldwide will inevitably face greater challenges and difficulties. We are fully confident in the future of the Cheung Kong Group. The Group now has a geographically well-balanced portfolio of businesses spanning 36 countries around the globe, and the overseas businesses generated more profits than Hong Kong and the Mainland in 2001. Given its existing advantages of sound fundamentals and solid financial capability, we are optimistic about the business prospects for the Group in 2002.

While Hong Kong is facing external economic volatility and internal economic transformation, its prospects remain positive. China is set to be a major international market and a new focus for global investments following its accession to the WTO. As countless business opportunities will arise in the Greater China region, Hong Kong is well-positioned to benefit from this favourable trend if it can bring its unique advantages and competitiveness into full play, and tighten its cooperation with the Mainland.

The Cheung Kong Group will continue to be based in Hong Kong while actively pursuing global expansion. As a dynamic and innovative conglomerate, the Group is striving to extend its diversified business portfolio that bridges the Old and New Economies to create more value. Making creative but prudent investments has been the thrust of the Group's philosophy of expansion – a philosophy that ensures its continuing growth and keeps it ahead of the globalisation challenges.

## **ACKNOWLEDGEMENT**

Our excellent management team and diligent employees worldwide are a significant intangible asset of the Group and a major force supporting its solid growth. We take this opportunity to extend our thanks to our colleagues on the Board and the staff members of the Group for their hard work, loyal service and continuing support during the year.

**Li Ka-shing**  
Chairman

Hong Kong, 21st March, 2002

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### MAJOR BUSINESS ACTIVITIES

The following are important events that took place during 2001:

#### 1. Developments completed during 2001:

<b>Name</b>	<b>Location</b>	<b>Total Gross Floor Area (sq. m.)</b>	<b>Group's Interest</b>
No. 1 Star Street	The Remaining Portion of Section A of Inland Lot No. 2837	9,320	100%
Villa Esplanada Phase III	Tsing Yi Town Lot No. 129	79,640	22.5%
The Metropolis Hotel, Shopping Arcade and Office Tower	Kowloon Inland Lot No. 11077	97,180	Joint Venture
University Court	Section A of New Kowloon Inland Lot No. 2491	4,072	100%
Beijing Oriental Plaza Phase II Office Building and Phase III Hotel and Serviced Apartments	No. 1, East Chang An Ave., Dong Cheng District, Beijing	245,000	33.3775%
Laguna Grande Laguna Verde	Kowloon Inland Lot No. 11056	121,280	Joint Venture
Ocean Vista Laguna Verde	Kowloon Inland Lot No. 11056	65,390	Joint Venture

<b>Name</b>	<b>Location</b>	<b>Total Gross Floor Area (sq. m.)</b>	<b>Group's Interest</b>
Harbourfront Landmark	Kowloon Inland Lot No. 11055	62,460	50%
Royal Garden Blocks 2-5, Phase 1A	San Fang Qi Xiang, Fuzhou	87,430	89%
Belgravia Place	London	8,670	42.5%
Le Parc (Huangpu Yayuan) Phase 1	Futian, Shenzhen	105,450	50%
Seasons Villas Phases 2, 3A and 4	Pudong Huamu, Shanghai	35,690	50%
Horizon Cove Phase 1	Zhuhai	54,280	50%

## 2. Developments in Progress and Scheduled for Completion in 2002 :

<b>Name</b>	<b>Location</b>	<b>Total Gross Floor Area (sq. m.)</b>	<b>Group's Interest</b>
Horizon Suites at Tolo Harbour	Sha Tin Town Lot No. 461	56,000	51%
Nob Hill	Kwai Chung Town Lot No. 474	52,040	50%
The Metropolis Serviced Apartments	Kowloon Inland Lot No. 11077	35,030	Joint Venture
The Victoria Towers	The Remaining Portion of Kowloon Inland Lot No. 11086	96,530	42.5%
Caribbean Coast Blocks 1-5	Tung Chung Town Lot No. 5	121,400	Joint Venture
Sites at Queen Street Sheung Wan	Inland Lot No. 8897	60,970	Joint Venture

<b>Name</b>	<b>Location</b>	<b>Total Gross Floor Area (sq. m.)</b>	<b>Group's Interest</b>
Laguna Verona Phases 1.3 and 1.4	Dongguan	19,380	47%
Beijing Oriental Plaza Phase III Office Building and Serviced Apartments	No. 1 East Chang An Ave., Dong Cheng District, Beijing	83,000	33.3775%
Royal Garden Block 1, Phase 1A	San Fang Qi Xiang, Fuzhou	26,650	89%
Horizon Cove Phases 1 and 2	Zhuhai	104,200	50%
Seasons Villas Phases 5 and 6	Pudong Huamu, Shanghai	37,860	50%
Huasi Lu, Site 2 Phases 1A and 3	Pudong Huasi Lu, Shanghai	55,320	31%
Le Parc (Huangpu Yayuan) Phases 2 and 3	Futian, Shenzhen	207,150	50%
Sheraton Shenyang Lido Hotel	Shenyang	80,000	70%

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

- (1) In March 2001, an associated company in which the Group has a 33.33% interest was awarded the tender for Land Parcel A (comprising Land Parcels A1 and A2) at Marina Boulevard, Singapore to be developed for commercial purposes. With a total site area of approximately 15,600 sq. m. and a developable gross floor area of approximately 152,000 sq. m., the proposed project is scheduled for completion in 2005.

- (2) In May 2001, the Group as developer obtained approval from the Town Planning Board for the planning application for the development of Junk Bay Town Lot No. 1 sB and the remaining portion, Shek Kok Road. The site has an area of approximately 19,480 sq. m. and is planned for a residential development comprising a total developable gross floor area of approximately 97,400 sq. m. Lease modification is in progress.
- (3) In May 2001, the Group executed the land grant with the Government in respect of Lot No. 815 in DD 110, Shek Kong, Yuen Long. Earmarked for a residential development with a total developable gross floor area of approximately 10,300 sq. m., the site has an area of about 25,800 sq. m.
- (4) In June 2001, a joint venture company equally owned by the Group and the Hutchison Whampoa Group entered into a joint venture for the development of a site at Panyu Dashi, Guangzhou. With an area of approximately 490,600 sq. m., the site is planned for a residential development estimated to have a total developable area of about 736,000 sq. m. Completion is scheduled between 2003 to 2007.
- (5) In July 2001, approval from the Town Planning Board was obtained for the planning application for various lots in DD 379, Siu Sau Tsuen, Tuen Mun for residential purposes. The project, a joint venture between the Group and another developer, has a site area of about 26,000 sq. m. Further design and planning are underway.
- (6) In July 2001, a 50/50 joint venture company of the Group and the Hutchison Whampoa Group entered into a joint venture for the development of a site at Chongqing Jiangbei for residential purposes. The site has an area of about 193,700 sq. m. and a total developable area of approximately 215,700 sq. m. Completion is scheduled between 2003 and 2005.

- (7) In August 2001, the Group successfully bid for Kowloon Inland Lot No. 11110, Hung Hom Bay Reclamation area at a Government auction for commercial use. The site has an area of approximately 20,300 sq. m. and a developable gross floor area of about 107,400 sq. m.
- (8) In August 2001, a 50/50 joint venture company of the Group and the Hutchison Whampoa Group acquired a site at Gubei, Shanghai for commercial and residential purposes. The site has an area of about 50,700 sq. m. and a total developable area of approximately 156,300 sq. m. Completion is scheduled between 2003 and 2004.
- (9) In September 2001, the Group executed the land grant with the Government in respect of Inland Lot No. 8972, Tiger Balm Garden, Tai Hang for residential purposes. The site area is approximately 7,230 sq. m. and the developable gross floor area is approximately 47,300 sq. m. Completion is scheduled for 2005.
- (10) In October 2001, the Group successfully bid for Kowloon Inland Lot No. 11103, Hung Hom Bay Reclamation area at a Government auction. With an area of approximately 9,900 sq. m., the site is designated for a commercial development with a public car park estimated to have a total developable gross floor area of about 119,200 sq. m.
- (11) During the year under review, the Group continued to acquire agricultural land with potential for development. Some of these sites are under varying stages of design and planning applications.
- (12) The Group's property projects in the Mainland are on schedule, both for sale and leasing.
- (13) The Group is actively carrying out the research and development of biotech products under five categories – eco-agriculture, bioremediation, dermatological, nutraceutical and pharmaceutical.

## **PROPERTY SALES**

During the year under review, turnover for property sales, including share of property sales of jointly controlled entities, was HK\$6,212 million (2000 - HK\$8,262 million) and contribution from property sales was HK\$1,896 million, a decrease of HK\$369 million from last year. Contribution for the year mainly came from Laguna Grande and Ocean Vista of Laguna Verde and Villa Esplanada Phase III in Hong Kong, Le Parc (Huangpu Yayuan) in the Mainland and Belgravia Place in the United Kingdom. Contribution from property sales for 2002 will mainly come from Nob Hill and The Victoria Towers which will be completed in 2002 and presales have been satisfactory, while Laguna Grande and Ocean Vista of Laguna Verde will continue to make contribution in 2002.

Due to the further decline in property prices during the year, a total provision of HK\$1,500 million was made for Caribbean Coast in Tung Chung and The Metropolis in Hung Hom.

## **PROPERTY RENTAL**

Turnover for property rental during the year was HK\$746 million (2000 - HK\$593 million) and contribution was HK\$581 million, an increase of HK\$292 million from last year. Contribution from property rental increased, as a result of the Group's expanding investment property portfolio and satisfactory occupancy, and will continue to grow in 2002.

## **HOTEL OPERATION**

Turnover for hotel operation during the year was HK\$269 million (2000 - HK\$166 million) and contribution was HK\$57 million, an increase of HK\$53 million from last year, as a result of increased occupancy and full year operation at Harbour Plaza North Point in Hong Kong and Sheraton Chengdu Lido Hotel in Chengdu. Contribution from hotel operation is expected to increase when Horizon Suites at Tolo Harbour in Ma On Shan and Sheraton Shenyang Lido Hotel in Shenyang commence operations in 2002.

## **PROPERTY AND PROJECT MANAGEMENT**

Turnover and contribution from property and project management during the year were not significant.

## **MAJOR ASSOCIATED COMPANY**

The associated Hutchison Whampoa Group recorded profit after tax of HK\$12,088 million (2000 - HK\$34,118 million).

A provision was made by the Hutchison Whampoa Group against its portfolio of equity investments and certain property developments according to its prudent accounting policy during the year. The Hutchison Whampoa Group remained the major profit contributor to the Group, with all of its core businesses continuing to perform well in a very competitive world economic environment.

## **FINANCIAL REVIEW**

### **LIQUIDITY AND FINANCING**

During the year, the Group issued bonds and notes in the total amount of HK\$900 million due 2004 and redeemed notes in the amount of HK\$334 million due January this year. At 31st December, 2001, outstanding bonds and notes issued by the Group amounted to HK\$8.9 billion.

Together with bank loans of HK\$15.5 billion, the Group's total borrowings as at 31st December, 2001 was HK\$24.4 billion, an increase of HK\$3.3 billion over last year, and the maturity profile spread over a period of nine years with HK\$5.7 billion repayable within 1 year, HK\$17.3 billion within 2 to 5 years and HK\$1.4 billion within 6 to 9 years.

The Group continued to maintain a low gearing ratio, calculated on the basis of the Group's net borrowings (after deducting cash and bank balances of HK\$1.6 billion) over shareholders' funds (before deducting proposed final dividend), at 13.8% (2000 - 11.5%) at the year end date.

With cash and marketable securities on hand as well as available banking facilities, the Group's liquidity position remains strong and the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

## **TREASURY POLICIES**

The Group maintains a conservative approach on foreign exchange exposure management. The majority of the Group's borrowings, approximately 87% of the total at the year end date, was in HK\$ with the balance mainly in US\$. While the Group derives its revenue and maintains cash balances mainly in HK\$, it holds sufficient liquid investments denominated in US\$ to cover its exposure to fluctuations in foreign exchange rates.

The Group's borrowings are principally on a floating rate basis. For the fixed rate bonds and notes issued by the Group, interest rate swaps arrangements have been in place to convert the rates to floating rate basis. When appropriate and at times of interest rate uncertainty or volatility, hedging instruments including swaps and forwards are used in the Group's management of interest rate exposure.

## **CHARGES ON ASSETS**

As at 31st December, 2001, certain assets of the Group with aggregate carrying value of HK\$1,133 million (2000 - HK\$813 million) were pledged to secure loan facilities utilised by subsidiaries and affiliated companies.

## **CONTINGENT LIABILITIES**

As at 31st December, 2001, the Group's contingent liabilities were as follows:

- (a) 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 48 years amounted to HK\$4,592 million;
- (b) guarantees provided for loan financing as follows:
  - (i) bank loans utilised by jointly controlled entities - HK\$2,666 million (2000 - HK\$2,184 million)
  - (ii) bank loans utilised by associates - Nil (2000 - HK\$118 million)
  - (iii) bank loans utilised by affiliated companies amounted to HK\$58 million (2000 - HK\$37 million)
- (c) guarantees provided for the minimum revenue to be shared by the other parties of joint development projects undertaken by jointly controlled entities amounted to HK\$100 million (2000 - HK\$125 million).

## **EMPLOYEES**

The Group, including its subsidiaries but excluding associates, employed approximately 5,460 employees at the year end date. Employees' cost (excluding directors' emoluments) amounted to approximately HK\$1,048 million for the year. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system. The Group does not have any share option scheme for employees.

## **PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

A detailed results announcement of the Group for the year ended 31st December, 2001 containing all information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) will be published on the website of the Stock Exchange in due course.

**Consolidated Profit And Loss Account**  
**For the year ended 31st December, 2001**

	<b>2001</b>	2000
	<b>HK\$ Million</b>	HK\$ Million
<b>Turnover</b>	<b><u>7,486</u></b>	<u>9,341</u>
Group turnover	<b>5,660</b>	5,715
Investment and other income	<b>1,368</b>	1,111
Operating costs		
Property and related costs	<b>(2,927)</b>	(2,738)
Salaries and related expenses	<b>(684)</b>	(725)
Interest expenses	<b>(776)</b>	(725)
Other expenses	<b>(341)</b>	(393)
	<b>(4,728)</b>	(4,581)
Share of results of jointly controlled entities	<b>587</b>	274
Provision for property projects	<b>(1,500)</b>	-
<b>Operating profit</b>	<b>1,387</b>	2,519
Share of results of associates	<b>7,091</b>	18,007
<b>Profit before taxation</b>	<b>8,478</b>	20,526
Taxation	<b>(1,209)</b>	(1,218)
<b>Profit after taxation</b>	<b>7,269</b>	19,308
Minority interests	<b>22</b>	128
<b>Profit attributable to shareholders</b>	<b><u>7,291</u></b>	<u>19,436</u>
<b>Dividends</b>		
Interim dividend paid	<b>880</b>	880
Final dividend proposed	<b>2,826</b>	2,826
	<b><u>3,706</u></b>	<u>3,706</u>
<b>Earnings per share</b>	<b>HK\$3.15</b>	HK\$8.42
<b>Dividends per share</b>		
Interim dividend	<b>HK\$0.38</b>	HK\$0.38
Final dividend	<b>HK\$1.22</b>	HK\$1.22

Notes:

(1) Turnover of the Group by operating activities for the year are as follows:

	<b>2001</b>	2000
	<b>HK\$ Million</b>	HK\$ Million
Property sales	<b>4,386</b>	4,636
Property rental	<b>746</b>	593
Hotel operation	<b>269</b>	166
Property and project management	<b>259</b>	320
Group turnover	<b>5,660</b>	5,715
Share of property sales of jointly controlled entities	<b>1,826</b>	3,626
Turnover	<b>7,486</b>	9,341

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.

The Group's overseas operations (including property sales of jointly controlled entities) were mainly in the Mainland and the United Kingdom which accounted for approximately 9% and 4% of the turnover respectively and their contributions were not material.

Profit contribution by operating activities for the year are as follows:

	Company and subsidiaries		Jointly controlled entities and unlisted associates		Total	
	2001	2000	2001	2000	2001	2000
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Property sales	<b>1,410</b>	2,073	<b>486</b>	192	<b>1,896</b>	2,265
Property rental	<b>581</b>	289	<b>100</b>	53	<b>681</b>	342
Hotel operation	<b>57</b>	4	<b>(5)</b>	(14)	<b>52</b>	(10)
Property and project management	<b>80</b>	74	<b>(11)</b>	(25)	<b>69</b>	49
	<b>2,128</b>	2,440	<b>570</b>	206	<b>2,698</b>	2,646
Investment and finance					<b>1,086</b>	826
Interest expenses					<b>(776)</b>	(725)
Provision for property projects					<b>(1,500)</b>	-
Others					<b>(92)</b>	(157)
Taxation (excluding share of taxation of Hutchison Whampoa Limited)					<b>(187)</b>	(331)
Minority interests					<b>22</b>	128
Share of net profit of Hutchison Whampoa Limited					<b>6,040</b>	17,049
Profit attributable to shareholders					<b>7,291</b>	19,436

- (2) *The share of results of associates in 2001 included the Group's share of profit of HK\$14,991 million arising from the merger of VoiceStream Wireless Corporation and Deutsche Telekom AG recognised by Hutchison Whampoa Limited and the Group's share of a provision for overseas investments of HK\$14,876 million made by Hutchison Whampoa Limited.*

*The share of results of associates in 2000 included the Group's share of profit of HK\$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 HK\$16,990 million made by Hutchison Whampoa Limited.*

- (3) *Profit before taxation is arrived at after charging/(crediting):*

	<b>2001</b>	2000
	<b>HK\$ Million</b>	HK\$ Million
<i>Interest expenses</i>	<b>1,262</b>	1,518
<i>Less: Interest capitalised</i>	<b>(486)</b>	(793)
	<b>776</b>	725
<i>Costs of properties sold</i>	<b>2,579</b>	2,135
<i>Depreciation</i>	<b>60</b>	57
<i>Net realised and unrealised holding (gains)/losses on other investments</i>	<b>(187)</b>	136
<i>Profit on disposal of investment securities</i>	<b>(17)</b>	(31)

- (4) *Hong Kong profits tax has been provided for at the rate of 16% (2000 – 16%) on the estimated assessable profits for the year. Overseas taxation has been provided for at the applicable local rates on the estimated assessable profits of the individual company concerned.*

	<b>2001</b>	2000
	<b>HK\$ Million</b>	HK\$ Million
<i>Company and subsidiaries</i>		
<i>Hong Kong profits tax</i>	<b>123</b>	261
<i>Overseas tax</i>	<b>1</b>	(7)
<i>Deferred tax</i>	<b>(9)</b>	2
<i>Jointly controlled entities</i>		
<i>Hong Kong profits tax</i>	<b>18</b>	34
<i>Overseas tax</i>	<b>41</b>	25
<i>Associates</i>		
<i>Hong Kong profits tax</i>	<b>392</b>	377
<i>Overseas tax</i>	<b>643</b>	526
	<b>1,209</b>	1,218

- (5) *The calculation of earnings per share is based on profit attributable to shareholders and on 2,316,164,338 shares (2000 - weighted average of 2,307,521,232 shares) in issue during the year.*



# CHEUNG KONG (HOLDINGS) LIMITED

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of the Company will be held at the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 23rd May, 2002 at 2:20 p.m. for the following purposes:

1. To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31st December, 2001.
2. To declare a final dividend.
3. To elect Directors.
4. To appoint Auditors and authorise the Directors to fix their remuneration.
5. To consider and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions:

### ORDINARY RESOLUTIONS

- (1) “THAT a general mandate be and is hereby unconditionally given to the Directors to issue and dispose of additional shares not exceeding twenty per cent of the existing issued share capital of the Company at the date of the Resolution until the next Annual General Meeting.”
- (2) “THAT:-
  - (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.50 each in the capital of the Company in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

- (b) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed ten per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of this Resolution, and the said approval shall be limited accordingly; and
- (c) for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:-
  - (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.”
- (3) “THAT the general mandate granted to the Directors to issue and dispose of additional shares pursuant to Ordinary Resolution No. 5(1) set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution No. 5(2) set out in the notice convening this meeting, provided that such amount shall not exceed ten per cent of the aggregate nominal amount of the issued share capital of the Company at the date of the said Resolution.”

By Order of the Board  
**Eirene Yeung**  
Company Secretary

Hong Kong, 21st March, 2002

Notes:

- a. Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxy to attend and on a poll, vote in his stead. A proxy need not be a member of the Company.

- b. The Register of Members will be closed from Thursday, 16th May, 2002 to Thursday, 23rd May, 2002, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all share certificates with completed transfer forms either overleaf or separately, must be lodged with the Company's Registrars, Central Registration Hong Kong Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Wednesday, 15th May, 2002.
  
- c. Concerning Ordinary Resolution No. 5(1) above, the Directors wish to state that they have no immediate plans to issue any new shares of the Company. Approval is being sought from the members as a general mandate for the purposes of Section 57B of the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").
  
- d. Concerning Ordinary Resolution No. 5(2) above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase shares of the Company in circumstances which they deem appropriate for the benefits of the shareholders. The Explanatory Statement containing the information necessary to enable the shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own shares, as required by the Listing Rules, will be set out in a circular to be enclosed with the 2001 Annual Report.



## CHEUNG KONG (HOLDINGS) LIMITED

### NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 23rd May, 2002 at 2:30 p.m. (or immediately after the conclusion or adjournment of the Annual General Meeting of the Company to be held on the same day) for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as a Special Resolution:

#### SPECIAL RESOLUTION

“THAT the Articles of Association of the Company be and is hereby amended in the following manner:-

- (a) By adding the following definitions immediately after the definition of “dollars” in Article 2:

“electronic communication” shall mean a communication sent by electronic transmission in any form through any medium;

“Entitled Person” shall mean an “entitled person” as defined under section 2(1) of the Companies Ordinance;

- (b) By adding the following definition immediately after the definition of “Hong Kong” in Article 2:

“the Listing Rules” shall mean the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and any amendments thereto for the time being in force;

- (c) By adding the following definition immediately after the definition of “the register” in Article 2:

“relevant financial documents” shall mean the “relevant financial documents” as defined under section 2(1) of the Companies Ordinance;

- (d) By adding the following definition immediately after the definition of “shareholders” or “members” in Article 2:

“summary financial report” shall mean the “summary financial report” as defined under section 2(1) of the Companies Ordinance;

- (e) By deleting Article 167 in its entirety and substituting therefor the following Article:

167. (A) The Board shall from time to time in accordance with the provisions of the Companies Ordinance cause to be prepared and laid before the Company at its annual general meeting the relevant financial documents.
- (B) Subject to paragraph (C) below, the Company shall send to every Entitled Person a copy of the relevant financial documents or (subject to compliance with the relevant provisions of the Companies Ordinance and the Listing Rules) the summary financial report not less than twenty-one days before the date of general meeting before which the relevant financial documents shall be laid.
- (C) Where any Entitled Person (“Consenting Person”) has, in accordance with the Companies Ordinance and the Listing Rules and any applicable laws, rules and regulations, consented or is deemed to have consented to treat the publication of the relevant financial documents and/or the summary financial report (as the case may be) on the Company’s computer network to which such person may have access as discharging the Company’s obligation under the Companies Ordinance to send a copy of the relevant financial documents and/or the summary financial report (as the case may be) to such person, then the publication by the Company on its computer network of the relevant financial documents and/or the summary financial report (as the case may be) not less than twenty-one days before the date of the relevant general meeting shall, in relation to such Consenting Person, be deemed to discharge the Company’s obligations under paragraph (B).

(f) By deleting Article 171 in its entirety and substituting therefor the following Article:

171. Any notice or document to be given or issued under these Articles shall be in writing, except that any such notice or document to be given or issued by or on behalf of the Company under these Articles (including any “corporate communication” within the meaning ascribed thereto in the Listing Rules) shall be in writing which may or may not be in a transitory form and may be recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form (including an electronic communication and publication on a computer network) whether having physical substance or not and may be served or delivered by the Company by any of the following means subject to and to such extent permitted by and in accordance with the Companies Ordinance, the Listing Rules and any applicable laws, rules and regulations:

- (i) personally;
- (ii) by sending it through the post in a properly prepaid letter, envelope or wrapper addressed to a member at his registered address as appearing in the register (in case of other Entitled Person, to such address as he may provide);
- (iii) by delivering or leaving it at such address as aforesaid;
- (iv) by advertisement in an English language newspaper and a Chinese language newspaper in Hong Kong;
- (v) by transmitting it as an electronic communication to the Entitled Person at his electronic address as he may provide; or
- (vi) by publishing it on the Company’s computer network, giving access to such network to the Entitled Person and giving to such person a notice of publication of such notice or document.

In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the register and notice so given shall be sufficient notice to all the joint holders.

(g) By deleting Article 173 in its entirety and substituting therefor the following Article:

173. Any notice or document (including any “corporate communication” within the meaning ascribed thereto in the Listing Rules) given or issued by or on behalf of the Company:

- (i) if sent by post, shall be deemed to have been served on the day following that on which the envelope or wrapper containing the same is put into a post office situated within Hong Kong and in proving such service it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly prepaid (and in the case of an address outside Hong Kong where airmail service can be extended thereto airmail postage prepaid), addressed and put into such post office and a certificate in writing signed by the Secretary or other person appointed by the Board that the envelope or wrapper containing the notice or document was so properly prepaid, addressed and put into such post office shall be conclusive evidence thereof;
- (ii) if sent as an electronic communication, shall be deemed to have been served at the time when the notice or document is transmitted electronically provided that no notification that the electronic communication has not reached its recipient has been received by the sender, except that any failure in transmission beyond the sender’s control shall not invalidate the effectiveness of the notice or document being served; and
- (iii) if published on the Company’s computer network, shall be deemed to have been served on the day on which the notice or document is published on the Company’s computer network to which the Entitled Person may have access and the notice of such publication is given to such person.

(h) By deleting Article 174 in its entirety and substituting therefor the following Article:

174. A notice or document may be given by or on behalf of the Company to the person entitled to a share in consequence of the death, mental disorder or bankruptcy of a member in such manner as provided in Article 171 in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.

(i) By deleting the words “by post to, or left at the registered address of any member” in the first and second lines of Article 176 and substituting therefor the words “to any member in such manner as provided in Article 171”.

(j) By deleting Article 177 in its entirety and substituting therefor the following Article:

177. (A) The signature to any notice or document by the Company may be written, printed or made electronically.

(B) Subject to any applicable laws, rules and regulations, any notice or document, including but not limited to the documents referred to in Article 167 and any “corporate communication” within the meaning ascribed thereto in the Listing Rules, may be given in the English language only, in the Chinese language only or in both the English language and the Chinese language.”

By Order of the Board  
**Eirene Yeung**  
Company Secretary

Hong Kong, 21st March, 2002

Notes:

- a. Any member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or more proxy to attend and on a poll, vote in his stead. A proxy need not be a member of the Company.
- b. The Directors wish to state that the above proposed Special Resolution is to facilitate the flexibility under the recent amendments of the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited which allow the Company to send corporate documents through electronic means, in either English language or Chinese language, and to offer members the choice to receive summary financial report in place of Annual Report. The new arrangement if adopted by the Company will result in a reduction of the volume and costs of printed documents.
- c. The translation into Chinese language of this notice (including the Special Resolution which contains the proposed new Articles) is for reference only. In case of any inconsistency, the English version shall prevail.