

HUTCHISON IDH LIMITED /

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1999 /

(Registered Number: 2986130) /



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HUTCHISON IDH LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999**

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HUTCHISON IDH LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the year ended 31 December 1999.

Principal activities and review of business

The company's principal activities during the year were property ownership and development. No change in the activities of the company is anticipated in 2000. The directors are satisfied with the level of business and year end financial position of the company.

Results and dividends

The results and financial position of the company for the year ended 31 December 1999 are set out in the financial statements. An interim dividend of £15,000 (1998: Nil) per ordinary share amounting to £3,000,000 was paid on 3 November 1999. A final dividend of £15,000 (1998: Nil) per ordinary share amounting to £3,000,000 (1998: Nil) was paid on 22 March 2000. The aggregate dividends on the ordinary shares amount to £6,000,000 (1998: Nil).

The retained profit for the year of £270,428 has been transferred to reserves.

Directors

The following held office as directors during the year and up to the date of this report:

Herman To	
A J Hunter	(Resigned on 1 July 1999)
Dickie Chung	
Nagy El Azar	
Raymond Chow	
Tony Tsui	
Raymond Tam	(Appointed on 1 July 1999)

None of the directors had any interest in the shares of the company during the year.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

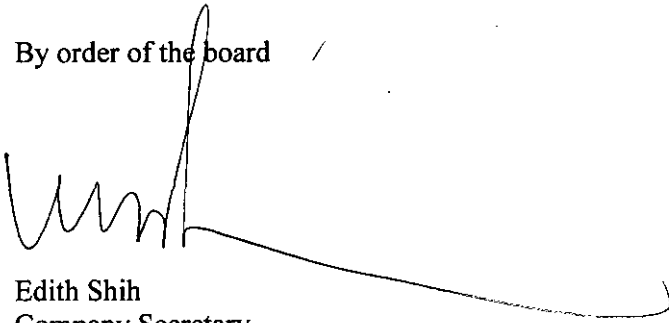
- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The financial statements have been audited by PricewaterhouseCoopers who retired and, being eligible, offer themselves for re-appointment.

By order of the board /

A handwritten signature in black ink, appearing to be 'Edith Shih', with a long horizontal flourish extending to the right.

Edith Shih
Company Secretary

23 March 2000 /

Auditors' report to the members of Hutchison IDH limited

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 1 and 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1999 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

St.Albans, 23 March 2000

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HUTCHISON IDH LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1999**

	Note	1999 £	1998 £
Turnover	1(b)	27,753,855	34,970,945
Cost of sales		(18,884,704)	(25,705,662)
Gross profit		8,869,151	9,265,283
Other operating income		29,970	91,171
Other operating charges		(21,483)	(6,646)
Operating profit	3	8,877,638	9,349,808
Interest receivable and similar income		417,242	442,800
Interest payable and similar charges	5	(305,149)	(3,363,097)
Profit on ordinary activities before taxation		8,989,731	6,429,511
Tax on profit on ordinary activities	6	(2,719,303)	(808,854)
Profit on ordinary activities after taxation		6,270,428	5,620,657
Dividends	7	(6,000,000)	-
Retained profit for the financial year		270,428	5,620,657

The profit for the year arises from the company's continuing operations.

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

The notes on pages 7 to 11 form part of these financial statements.

HUTCHISON IDH LIMITED

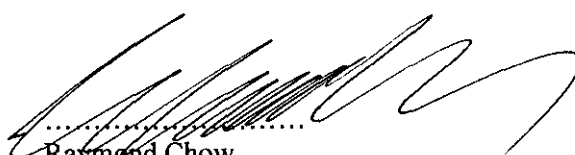
BALANCE SHEET

AS AT 31 DECEMBER 1999

	Note	1999 £	1998 £
Current assets			
Stock	8	1,360,849	20,735,747
Debtors	9	93,721	596,054
Cash at bank		7,752,605	6,718,158
		<u>9,207,175</u>	<u>28,049,959</u>
 Creditors - amounts falling due within one year	 10	 (7,136,296)	 (26,249,508)
 Net current assets		 <u>2,070,879</u>	 <u>1,800,451</u>
 Net assets		 <u>2,070,879</u>	 <u>1,800,451</u>
 Capital and reserves			
Called up share capital	11	100	100
Retained profits		2,070,779	1,800,351
 Equity shareholders' funds	 12	 <u>2,070,879</u>	 <u>1,800,451</u>



Raymond Tam



Raymond Chow

Approved by the board of directors
On 23 March 2000

The notes on pages 7 to 11 form part of these financial statements.

HUTCHISON IDH LIMITED /**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 1999 /**

	Note	1999 £	1998 £
Net cash inflow from operating activities	13	25,658,969	18,574,296
<hr/>			
Returns on investments and servicing of finance			
Interest received		406,726	451,834
Interest paid		(4,521,745)	(3,165,669)
Dividends paid		(3,000,000)	-
<hr/>			
Net cash outflow from returns on investments and servicing of finance		(7,115,019)	(2,713,835)
<hr/>			
Taxation			
Taxation paid		(1,734,503)	-
<hr/>			
Net cash inflow before use of liquid resources and financing		16,809,447	15,860,461
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Financing			
Decrease in borrowings	14	(15,775,000)	(14,771,239)
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Net cash outflow from financing		(15,775,000)	(14,771,239)
<hr/>			
Increase in net cash		1,034,447	1,089,222
<hr/>			
Reconciliation to net cash/(debt)			
Net debt at 1 January		(9,056,842)	(24,917,303)
Increase in net cash		1,034,447	1,089,222
Movement in borrowings		15,775,000	14,771,239
<hr/>			
Net cash/(debt) at 31 December	14	7,752,605	(9,056,842)
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The notes on pages 7 to 11 form part of these financial statements.

HUTCHISON IDH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with United Kingdom Accounting Standards.

(b) Property under development

Land for property under development is stated at cost and development expenditure is valued at the aggregate amount of costs incurred at the balance sheet date and is included within current assets. Interest costs and other costs of obtaining finance are not included in the costs of property under development but are charged to the profit and loss account as incurred. No depreciation is provided on property under development. The profit and turnover on sales of property are recorded either on the date of sale or on the date of issue of the occupation permit, whichever is the later.

(c) Property held for sale

Property held for sale is stated at the lower of cost and net realisable value.

(d) Deferred taxation

Deferred taxation is accounted for at the current tax rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or receivable in the foreseeable future.

2 Segmental reporting

The company's activities consist solely of property ownership, development and resale in the United Kingdom.

3 Operating profit

Operating profit is stated after charging auditors' remuneration of £2,300 (1998: £2,346).

4 Directors' emoluments and employee numbers

No fees or other emoluments were paid to the directors in respect of their services to the company during the year, nor are any payable (1998: Nil). /

The average number of people (including directors) employed by the company during the year was 6 (1998: 6).

HUTCHISON IDH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5 Interest payable and similar charges

	1999 £	1998 £
Interest payable on overdrafts and bank loans	-	1,888,456
Accrued discount on deep discount bonds	305,149	1,474,641
	<u>305,149</u>	<u>3,363,097</u>

6 Tax on profit on ordinary activities

	1999 £	1998 £
Taxation on profit for the year		
United Kingdom Corporation tax	2,719,086	808,854
Under provision in previous year	217	-
	<u>2,719,303</u>	<u>808,854</u>

There are no material timing differences between profit as computed for taxation purposes and profit as stated in the financial statements.

7 Dividends

	1999 £	1998 £
Equity – Ordinary		
Interim, paid: £15,000 (1998: Nil) per ordinary share	3,000,000	-
Final, proposed: £15,000 (1998: Nil) per ordinary share	3,000,000	-
	<u>6,000,000</u>	<u>-</u>

8 Stock

Stock represents property held for sale, being long term freehold property at Royal Gate Kensington, Wright's Lane, Kensington, London W8, United Kingdom.

	1999 £	1998 £
Property held for sale	<u>1,360,849</u>	<u>20,735,747</u>

HUTCHISON IDH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9 Debtors

	1999 £	1998 £
Other debtors	93,721	596,054

10 Creditors - amounts falling due within one year

	1999 £	1998 £
Deep discount bonds (note a)	-	19,991,596
Trade creditors	-	800
Other creditors	30,198	1,105,031
Amounts due to group undertakings (note b)	2,154,230	4,116,537
Taxation	1,793,654	808,854
Accruals	158,214	226,690
Proposed dividends	3,000,000	-
	7,136,296	26,249,508

Note:

- (a) The deep discount bonds were held by the shareholders, interest bearing and were redeemable at par in November 1998; but the deep discount bonds were fully redeemed in April 1999. The deep discount bonds were issued for the purchase of land at Kensington.
- (b) Amounts due to group undertakings are interest free, unsecured and repayable at call.

11 Called up share capital

	1999 £	1998 £
Authorised:		
200 ordinary shares of £0.5 each	100	100
Allotted and fully paid:		
200 ordinary shares of £0.5 each	100	100

HUTCHISON IDH LIMITED /

NOTES TO THE FINANCIAL STATEMENTS

12 Reconciliation of movements in equity shareholders' funds

	1999 £	1998 £
Profit for the year	270,428	5,620,657
Shareholders' funds/(deficit) as at 1 January	1,800,451	(3,820,206)
Shareholders' funds as at 31 December	<u>2,070,879</u>	<u>1,800,451</u>

13 Cash flow from operating activities

Reconciliation of operating profit to net cash inflow from operating activities:

	1999 £	1998 £
Continuing operations		
Operating profit	8,877,638	9,349,808
Decrease in stocks	19,374,898	9,604,412
Decrease/(increase) in debtors	512,849	(454,624)
(Decrease)/increase in creditors	(3,106,416)	74,700
Net cash inflow from continuing operations	<u>25,658,969</u>	<u>18,574,296</u>

14 Reconciliation of movement in net cash/(debt)

	At 1 January 1999 £	Net Cash flow £	At 31 December 1999 £
Cash at bank	6,718,158	1,034,447	7,752,605
Debt due within 1 year			
Deep discount bonds (principal)	(15,775,000)	15,775,000	-
	<u>(9,056,842)</u>	<u>16,809,447</u>	<u>7,752,605</u>

Movement in borrowings

Debt due within 1 year :

Full redemption of deep discount bonds in the year

Cash outflow

£
(15,775,000)
<u>(15,775,000)</u>

HUTCHISON IDH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

15 Related party transactions

The company has appointed Hutchison IDH Development Limited to develop the site and paid a development fee of 5% on payments made on behalf of the company. During the year development fee payments amounted to £49,777 (1998: £539,794).

At the balance sheet date, £2,154,230 (1998: £4,116,537) is due to Hutchison IDH Development Limited.

16 Ultimate parent undertakings

The shareholders of the company comprise:

	Country of Incorporation	Percentage of shareholding
Munkton Limited ✓	The British Virgin Islands ✓	47.5% ✓
Milispeed Investments Limited ✓	The British Virgin Islands ✓	40.0% ✓
Coralshine Resources Limited ✓	The British Virgin Islands ✓	10.0% ✓
Endless Gain Corporation ✓	The British Virgin Islands ✓	2.5% ✓
		<hr/> 100% <hr/>

Munkton Limited is a subsidiary of Hutchison Whampoa Limited (a company incorporated in Hong Kong) and Milispeed Investments Limited is a subsidiary of Industrial Development Holdings Limited (a company incorporated in Hong Kong). Cheung Kong (Holdings) Limited (a company incorporated in Hong Kong) effectively holds 70% of the issued share capital of Industrial Development Holdings Limited and 49.9% of the issued share capital of Hutchison Whampoa Limited.