

Ports and Related Services

Telecommunications and e-commerce

Property and Hotels

Retail and Manufacturing

Energy, Infrastructure, Finance and Investments

ANNUAL REPORT 2000

Hutchison Whampoa Limited



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Related
Services

Telecom and
E-commerce

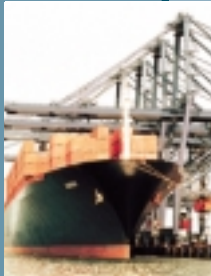
our five core

Business Highlights

The Group formed a strategic alliance with NTT DoCoMo and KPN Mobile whereby the two companies have a 20% and 15% interest in Hutchison 3G UK respectively.



The Group formed a joint venture with CSFB*direct* named Hutchison CSFB*direct* to provide online securities services.



HPH expanded its Asian port interests by acquiring an aggregate 31.5% interest in Kelang Multi Terminal in Malaysia, and also a 47.9% stake in Koja Terminal in Jakarta, Indonesia.

Hutchison Telecommunications (Australia) successfully bid for 1800 MHz licences covering five major cities in Australia which will be used to provide 3G network services.



In the UK, A S Watson acquired a health and beauty chain of over 170 stores and has embarked on an aggressive new store expansion plan to grow this business.



In India, the Group's telecommunications business made significant progress with new acquisitions, resulting in a combined subscriber base of over 675,000.





The Group's hotels generally reported improved occupancy as the number of international travellers has steadily increased with the recovering economies in Asia.

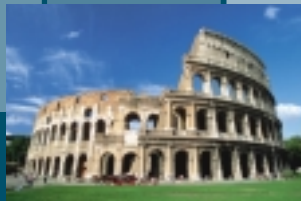
Husky Energy, renamed after the merger of Husky Oil with Renaissance Energy, is listed on the Toronto Stock Exchange.



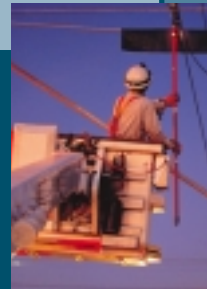
Hutchison Global Crossing established a direct interconnection with China Telecom and expects to interconnect with China Unicom later in the year to provide direct fibre optic linkage with the Mainland.



The Group established BigboXX.com, an online office supplies and procurement operation.



The Group's subsidiaries, Hutchison 3G Italy, Hutchison 3G Austria and H3G Access of Sweden, won 3G licences in their own countries. These European 3G businesses have a footprint covering a large target market population.



Cheung Kong Infrastructure, jointly with Hongkong Electric, acquired ETSA Utilities and Powercor in Australia.



Ports and Related Services

Hutchison Port Holdings ("HPH") is an independent port investor, developer and operator with interests in Asia, Europe and the Americas. Today, HPH operates a total of 136 berths in 19 ports along with a number of transportation related service companies.

Telecommunications and e-commerce

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

Property and Hotels

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

Retail and Manufacturing

A S Watson operates three of Asia's most established retail chains: PARKNSHOP supermarkets; Watson's personal care stores; and Fortress, selling consumer electronic goods. The manufacturing division produces and distributes a wide range of water and beverages throughout Asia and Europe.

Energy, Infrastructure, Finance and Investments

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

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Corporate Information

CHAIRMAN

LI Ka-shing, KBE, LLD, DSSc, JP

DEPUTY CHAIRMAN

LI Tzar Kuoi, Victor, BSc, MSc

GROUP MANAGING DIRECTOR

FOK Kin-ning, Canning, BA, DFM, ACA (Aus)

EXECUTIVE DIRECTORS

CHOW WOO Mo Fong, Susan, BSc

Deputy Group Managing Director

Frank John SIXT, MA, LLL

Group Finance Director

LAI Kai Ming, Dominic, BSc, MBA

George Colin MAGNUS, OBE, MA

KAM Hing Lam, BSc, MBA

DIRECTORS

The Hon Michael David KADOORIE

LI Fook-wo, CBE, LLD, DSSc, FCIB, FHKIB, JP

Simon MURRAY, CBE

OR Ching Fai, Raymond

William SHURNIAK, LLD

Peter Alan Lee VINE, OBE, LLD, VRD, JP

WONG Chung Hin, CBE, JP

COMPANY SECRETARY

Edith SHIH, MA, EdM

AUDITORS

PricewaterhouseCoopers

BANKERS

The Hongkong and Shanghai

Banking Corporation Limited

Standard Chartered Bank

The Chase Manhattan Bank, N A

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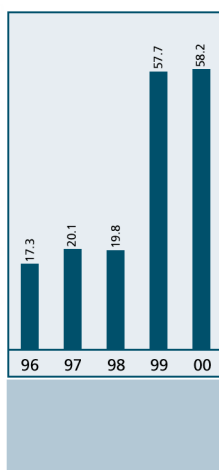
WEBSITE ADDRESS

<http://www.hutchison-whampoa.com>

Financial Highlights

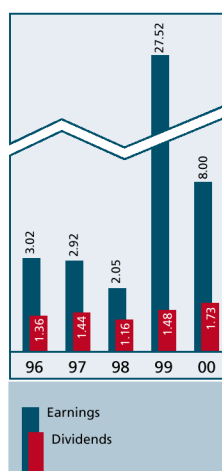
Net Assets per Share

HK dollars



Earnings and Dividends per Share

HK dollars



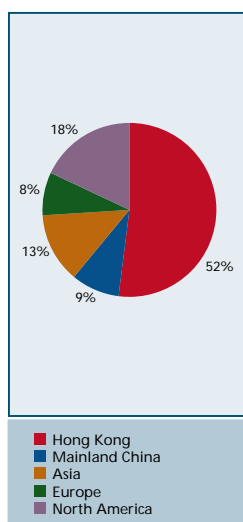
	2000 HK\$ millions	1999 HK\$ millions	Percentage change
Turnover			
Company and subsidiary companies	57,022	55,442	+ 3%
Share of associated companies and jointly controlled entities	27,803	16,930	+ 64%
	84,825	72,372	+ 17%
Earnings before interest expense and taxation			
Company and subsidiary companies	13,347	13,378	-
Share of associated companies and jointly controlled entities	6,220	3,087	+ 101%
Total earnings before interest expense and taxation (EBIT)	19,567	16,465	+ 19%
Profit on disposal of investments less provisions	25,742	109,532	- 76%
Finance cost			
Company and subsidiary companies	6,460	5,081	+ 27%
Share of associated companies and jointly controlled entities	1,454	930	+ 56%
Profit before taxation	37,395	119,986	- 69%
Taxation	1,978	1,251	+ 58%
Profit after taxation	35,417	118,735	- 70%
Minority interests	1,299	1,390	- 7%
Profit attributable to the shareholders	34,118	117,345	- 71%
Total assets	441,555	375,621	+ 18%
Net debts*	N/A	842	N/A
Shareholders' funds	248,147	245,950	+ 1%
Net assets per share – book value (HK\$)	58.2	57.7	+ 1%
Earnings per share (HK\$)	8.00	27.52	- 71%
Dividends per share (HK\$)	1.73	1.482	+ 17%
Dividend cover	4.6	18.6	- 75%
Net debts / net total capital*	N/A	1.0%	N/A
Return on average shareholders' funds	13.8%	71.1%	- 81%

* Net debts is defined as total interest bearing borrowings net of bank balances and cash equivalents, long term deposits, managed funds and listed debt and equity securities ("cash and liquid investments"). Net total capital is defined as total borrowings plus share capital, reserves and minority interests net of cash and liquid investments. In 2000, cash and liquid investments exceeds total interest bearing borrowings. In 1999, for the purpose of this calculation, listed equity securities exclude investments in Mannesmann AG and VoiceStream Wireless Corporation shares.

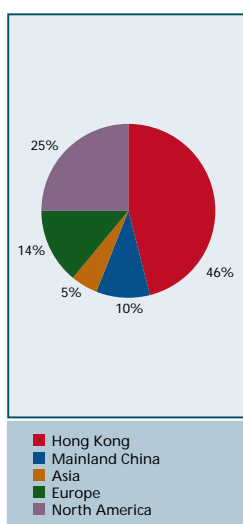
Analysis by Core Business of Group

Turnover, EBIT and Profit

Turnover by Geographical Area 2000



EBIT by Geographical Area 2000



	2000 HK\$ millions	1999 HK\$ millions	Percentage change
Turnover			
Ports and related services	14,226	12,121	+ 17%
Telecommunications and e-commerce	10,057	8,491	+ 18%
Property and hotels	7,273	11,225	- 35%
Retail and manufacturing	27,248	23,805	+ 14%
Infrastructure	8,897	6,729	+ 32%
Energy	11,442	7,179	+ 59%
Finance and investments	5,682	2,822	+ 101%
Total	84,825	72,372	+ 17%
Earnings before interest expense and taxation			
Ports and related services	5,341	4,823	+ 11%
Telecommunications and e-commerce	476	563	- 16%
Property and hotels	1,536	2,334	- 34%
Retail and manufacturing	665	1,313	- 49%
Infrastructure	3,972	3,728	+ 7%
Energy	2,116	714	+ 196%
Finance and investments	5,461	2,990	+ 83%
Total	19,567	16,465	+ 19%
Profit attributable to the shareholders			
Ports and related services	2,653	2,989	- 11%
Telecommunications and e-commerce	21,818	116,736	- 81%
Property and hotels	(997)	(198)	- 404%
Retail and manufacturing	(217)	32	- 778%
Infrastructure	2,689	2,629	+ 2%
Energy	5,266	372	+ 1,316%
Finance and investments	2,906	(5,215)	N/A
Total	34,118	117,345	- 71%

The above information includes the Company, its subsidiary companies and its proportionate share of associated companies' and jointly controlled entities' amounts.

Chairman's Statement

The Group's audited consolidated net profit for the year ended 31 December 2000 was HK\$34,118 million, 71% less than the record high profit of HK\$117,345 million in 1999 which included the profit on the disposal of the Group's 49.01% interest in Orange plc. Earnings per share were HK\$8.00 compared to HK\$27.52 in 1999 after adjusting for the share bonus issue last year. The results include profit on disposal of investments less provisions of HK\$25,742 million (1999 – HK\$109,532 million) which is comprised of the following items; (i) a HK\$50,000 million profit from the exchange of a 10.2% interest in Mannesmann for an approximate 5% interest in Vodafone Group; (ii) a HK\$1,600 million profit from the subsequent disposal for cash of an approximate 1.5% interest in Vodafone Group; (iii) a HK\$1,720 million profit on the sale of a 50% interest in the Hong Kong fixed line telecommunications business to Global Crossing; (iv) a HK\$2,200 million profit on the sale of a 19% interest in the Hong Kong mobile operation to NTT DoCoMo; (v) a HK\$4,222 million profit arising on the merger of Husky Oil with Renaissance Energy; and (vi) a HK\$34,000 million provision for the potential effect of share price and exchange rate fluctuations on the Group's overseas investments. Excluding these profits on disposal of investments less provisions, the Group's results increased 7% over the previous year's comparable results.

Your Directors will recommend a final dividend of HK\$1.22 at the forthcoming Annual General Meeting. This, together with the interim dividend of HK\$0.51 paid on 17 October 2000 gives a total dividend of HK\$1.73 per share which represents a 16.7% increase to the HK\$1.482 dividend paid in respect of 1999 after adjusting for the share bonus issue last year.

Profit of HK\$34,118 million

OVERALL REVIEW

The Group recorded a 19% increase in its earnings before interest expense and tax ("EBIT") from its core businesses in 2000 reflecting the continued recovery of the Hong Kong and Asian economies and the earnings on the Group's increased cash reserves generated over the past two years, mainly from the disposal of the Group's second generation telecommunications assets in Europe. Overall the Group's five core businesses have performed well, and the Group has continued to expand these businesses outside of its home base in Hong Kong. The overseas operations again performed exceptionally well, accounting for 70% of the Group's net profit.

Final dividend per share of HK\$1.22 making a total dividend of HK\$1.73 per share for the year

The Group's ports and related services division reported EBIT of HK\$5,341 million, an 11% increase over the previous year, and the combined throughput of its worldwide operations increased 40% to over 25 million TEUs. In Hong Kong, the Group's operations at Kwai Chung experienced combined throughput growth of 10%, reflecting an increase in trade volumes in the Asian region and globally. The Group's Mainland container terminal operations overall reported strong growth with combined throughput up 24% over 1999. Throughput at Shanghai Container Terminals grew by 14% and the Yantian facility reported another year of strong throughput growth of over 35% following the completion of this port's second phase expansion at the end of 1999. Combined throughput at Hutchison Delta Ports' six joint venture river and coastal ports in the Mainland was 44%

better than the previous year. The Group's container terminals in the United Kingdom ("UK") reported combined throughput growth of 4%. Following the acquisition of an effective 31.5% interest in Europe Combined Terminals in Rotterdam in November 1999, the port has performed in line with expectations. In Indonesia, Jakarta International Container Terminal ("JICT") reported an annualised growth of 6% in throughput to over 1.5 million TEUs. The Group expanded its Asian port interests with the acquisition in July of a 47.9% interest in Koja Terminal which is adjacent to JICT, and in September and December with the acquisition of an aggregate 31.5% interest in Kelang Multi Terminal in Malaysia. Both of these new ports have good potential for capacity and earnings growth. Development work to expand the Balboa facility in Panama was completed in the fourth quarter and throughput for the year was 37% better than in 1999. The Group's Grand Bahama container port throughput grew by 5%. The Ports group is continuing to expand its operations globally as opportunities arise.

The Group's telecommunications businesses reported EBIT totalling HK\$476 million, 16% lower than the comparable 1999 EBIT of HK\$563 million. These earnings do not include the profits on disposal of telecommunications investments mentioned earlier.

The Hong Kong mobile operations continued to report positive EBIT and increased its subscriber base during the year by 22%, despite severe competition. Hutchison Telephone maintained its position as the largest mobile operator in Hong Kong with currently over 1.7 million subscribers and an approximate 32%

70% of net profit was generated outside of Hong Kong

market share. The Group currently plans to apply for a third generation ("3G") mobile licence with a competitive bid when they are offered by the Hong Kong government later this year. Hutchison Global Crossing ("HGC") reported strong subscriber growth for its local voice and data line service. HGC has established a direct interconnection with China Telecom and expects to interconnect with China Unicom later this year, to provide direct fibre optic linkage with the Mainland. In January this year, HGC connected its Hong Kong fibre optic network with Asia Global Crossing's fibre optic submarine cable to directly link with Global Crossing's worldwide cable network which will provide HGC's customers with high speed connection to the world.

Overseas, Hutchison Telecommunications (Australia) ("HTA") successfully bid for 1800 MHz licences covering five major cities in Australia which will be used to provide 3G network services and in June, approximately A\$700 million was raised through a rights issue to fund these licences. During the second half of the year, HTA launched its Orange One CDMA networks in the greater Sydney and Melbourne areas and the subscriber base currently totals more than 74,000. HTA's GSM mobile service provider business increased its subscriber base by 16% over the comparable period last year. In India, the Group made significant progress with three acquisitions of 49% shareholdings in GSM mobile operations in each of New Delhi, Calcutta and the state of Gujarat. As a result, the Group currently has an approximate 20% share of the Indian mobile market with a combined subscriber base of over 675,000 compared to 144,000 subscribers from its sole operation in

Mumbai at the end of 1999. In October, the Group further expanded its presence in the Asian mobile market with the acquisition of a controlling interest in i-Mobile Holdings which has an effective 65% interest in Tawan Mobile Telecom Company, which provides CDMA services in Central Thailand under a 15 year concession. In Israel, Partner Communications continued its impressive growth profile, more than doubling its subscriber base to over 800,000 subscribers. In the United States of America, the shareholders of VoiceStream in a meeting held on the 13 March this year, voted in favour of a proposed merger between VoiceStream and Deutsche Telekom which currently values the Group's effective 18.4% in VoiceStream at approximately HK\$46,000 million compared to its cost of approximately HK\$10,000 million. This cash and share exchange transaction is expected to be completed on or about 31 May, subject to regulatory approvals. The profit on disposal will be recorded at that time calculated with reference to the then share price of Deutsche Telekom. The Group's international operations are continuing to explore other expansion opportunities in underdeveloped mobile telecommunications markets.

In Europe, the Group has successfully laid the foundations to be a competitive provider of 3G mobile services. Following the acquisition in April of a 3G licence in the UK with 35 MHz of spectrum, in September the Group forged a strategic alliance with NTT DoCoMo and KPN Mobile purchasing a 20% and 15% interest respectively in Hutchison 3G UK for a total consideration of £2,100 million. Hutchison 3G UK has quickly established an experienced management team, arranged

Geographic spread of investments now reaches 28 countries

stand alone project financing to fund the development of the network and initial start up losses, and has commenced the network rollout to meet an initial launch target date in mid 2002. In Italy, the Group acquired one of five 3G licences with 35 MHz of spectrum in October for €3,254 million. The Group currently holds a 78.3% interest in this project and Tiscali, an existing strategic partner and a leading European Internet service provider, has an option to acquire up to 25.2% of the Group's interest in stages to December 2002. Good progress has been made to establish this network with a planned launch in mid 2002. In November, Hutchison 3G Austria, a wholly owned subsidiary, acquired one of six 3G licences with 25 MHz of spectrum for a fee of €139 million. In December, the Group's 60% owned subsidiary, HI3G Access, acquired one of four 3G licences to operate a 3G network with 35 MHz of spectrum in Sweden. This licence was awarded after a government assessment of the merits of the applicants and no licence fee is payable. Third generation mobile services are planned to be launched in Austria and Sweden in 2002. These European 3G businesses have a footprint covering a large target market population with a competitively low cost structure which provides a solid base for development and the Group currently has no plans to pursue additional 3G investments in Europe.

Start up operations in 3G telecommunication projects overseas

During the year the Group continued to develop its e-commerce operations as extensions to its core businesses and alliances were also formed with strategic partners. During the year, the Group launched two new businesses in Hong Kong; an online office supplies and procurement operation, BigboXX.com, and an online securities joint venture, Hutchison CSFB*direct*. Following TOM.COM's listing on Hong Kong's Growth Enterprise Market in March, the company has been actively developing its online and offline businesses both through organic growth and by acquisition.

The property and hotels division's EBIT amounted to HK\$1,536 million, 34% below the previous year mainly due to reduced property development activity after the completion of the Tierra Verde residential housing project in 1999. Gross rental income from the Group's investment properties, which are mainly in Hong Kong, increased by 4% over 1999 mainly due to a full year's contribution following the completion of the Cheung Kong Center office tower in 1999. Almost all residential units of the Peninsula Heights and Monte Vista developments have been sold and the related property development profits were recorded in the year. The Group is currently focusing on the development and sale of its existing portfolio of joint venture development properties, all of which are scheduled for completion over the next three years. The Group's portfolio of eight operating hotels generally reported improved occupancy compared to 1999 as the number of international travellers has steadily increased with the recovering economies in Asia.

Cash and marketable securities far exceeds total debt

The retail and manufacturing division reported EBIT of HK\$665 million, which is, after adjusting for non-recurring profits in 1999, 358% ahead of last year mainly as a result of the improved performances of the Fortress and airport retail concessions in Hong Kong, the retail and manufacturing operations in the Mainland and expansion activity in South East Asia and Europe. In 1999 non-recurring profits were realised from the Group's Mainland joint ventures with Procter & Gamble and the sale of the division's ice cream businesses and therefore, including these items the division's EBIT decreased 49% in absolute terms. PARKNSHOP Hong Kong has successfully increased its leading market share and sales grew at an encouraging rate despite a price war during most of the year. PARKNSHOP in the Mainland also reported an improved performance, following a successful restructuring exercise in the first half of 2000 that significantly reduced reported losses. The Fortress consumer electronics chain in Hong Kong increased sales and reported strong earnings growth. Watson's The Chemist in Hong Kong and in Taiwan both reported sales growth but competitive pressure on margins in both businesses resulted in a decline in earnings. Overseas, Watson's The Chemist in South East Asia reported increased sales and earnings and is continuing to expand its network of retail outlets which now total over 160. In the UK, the Group acquired in September a discount health and beauty chain of over 170 stores and has embarked on an aggressive new store expansion plan to grow this business. The manufacturing division reported solid earnings growth from its water and beverage businesses in Hong Kong, the Mainland and the UK, and

during the year, the Group further expanded the business with the acquisition of home and office water operations in Germany, Holland, Denmark and Portugal.

The energy, infrastructure, finance and investments division reported EBIT of HK\$11,549 million, an increase of 55% compared to the previous year reflecting the strong performance of Husky Energy and the returns earned on the Group's substantial cash reserves, which together with the overseas listed share investments, currently totals over HK\$200,000 million. Cheung Kong Infrastructure ("CKI") announced a profit attributable to shareholders of HK\$3,228 million for the year ended 31 December 2000, an increase of 3%. In 2000 CKI, together with Hongkong Electric Holdings, completed two new investments in Australia with the joint acquisition of ETSA Utilities and Powercor. Hongkong Electric Holdings performed well in 2000 with a 4.7% increase in profit attributable to the shareholders over 1999. The merger of Husky Oil and Renaissance Energy was completed in August to form Husky Energy Inc, which is listed on the Toronto Stock Exchange. The Group realised a profit on disposal of HK\$4,222 million from this transaction which reduced its shareholding to 35.1%. The contribution from the Group's share of Husky Energy's EBIT was 196% greater than the previous year reflecting strong oil and gas prices and the contribution from Renaissance Energy's assets after the merger.

OUTLOOK

The year 2000 presented a very challenging economic environment with declining and volatile stock markets. The property

Prudent overseas expansion strategy while maintaining stability

development market in Hong Kong has been difficult but is expected to improve in 2001 as interest rates continue to decline. Starting from a lower base after the recent Asian economic turmoil, the economies of Hong Kong and Southeast Asia continued a steady recovery and all of the Group's core businesses reported solid operating results. The Group's overseas operations again performed very well in 2000 and the telecommunication businesses in particular contributed significant profits from value creation. The potential effect of a slowdown in the United States economic growth, the Group's start up telecommunication operations and continuing competitive pressure in all of the Group's businesses will make 2001 another challenging year. The Group's geographically diversified five core businesses will provide a solid and steady earnings base to meet this challenge.

The Group continues to have a large pool of liquid assets, a solid long term debt capital structure, ready access to capital markets and strong recurring cash flows which provide a solid base for the Group to cautiously expand its core businesses as opportunities arise. Currently, total cash and marketable securities total over HK\$200,000 million and far exceeds the Group's total debt. In light of the current economic conditions and investment climate, the Group currently plans to maintain a large pool of cash and other liquid assets which will provide low risk and substantial cash flow to the Group.

In recent years the Group has successfully expanded its core businesses overseas and both created and realised value from its international operations. Currently the

Group has operations in 28 countries. The Peoples Republic of China is expected to enter the World Trade Organisation and it is anticipated that the Mainland market will be further liberalised. The National People's Congress has recently adopted the Tenth Five Year Plan to achieve an annual growth of 7%. These two milestones will provide Hong Kong and the world with significant business opportunities. Hong Kong will continue to provide a solid home base of operations to further expand our core operations overseas and in the Mainland. The Group will continue to follow its policies of maintaining low gearing levels and a steady recurring income base while pursuing controlled expansion in our core businesses where we have expertise and in overseas markets where we can meet our investment criteria at appropriate risk levels. It is expected that the overseas operations will continue to make substantial contributions to the Group, including the European 3G operations which are currently in a start up investment phase and are expected to provide growth and value creation in the future.

I am very pleased and proud that the Group has recently received top honours from several authoritative international business magazines and I wish to thank the Board of Directors and all the Group's employees for their support, dedication and hard work throughout the year.

LI Ka-shing
Chairman

Hong Kong, 22 March 2001

Operations Review

The Group's activities are concentrated in five core businesses – ports and related services; telecommunications and e-commerce; property and hotels; retail and manufacturing; and energy, infrastructure, finance and investments.

The Group's turnover and earnings before interest expense and tax ("EBIT") for 2000, including the Group's share of associated companies' and jointly controlled entities' turnover and EBIT, are shown by business segment on pages 4 and 5 of this Annual Report. Turnover for the year was HK\$84,825 million, a 17% increase compared to 1999, principally due to the ports, telecommunications, retail and manufacturing, energy, infrastructure, finance and investments operations which benefited respectively from increased throughput, a gradual recovery of the Asian economies, increased oil and gas prices and increased interest income on a larger pool of cash reserves. All the Group's core businesses continued to report positive EBIT during the year despite strong competition, particularly in the telecommunications, property and retail and manufacturing divisions. Total EBIT for the year was HK\$19,567 million, 19% ahead of the previous year's EBIT of HK\$16,465 million. The Group's interest expense for the year, including its share of associated companies' and

jointly controlled entities' interest expense, increased by 32% to HK\$7,914 million, mainly due to an increased average loan balance and higher average interest rates than in 1999. The increased average loan balance reflects the Australian dollar loan facilities used to fund Cheung Kong Infrastructure's and Hongkong Electric Holdings' acquisitions in Australia of ETSA Utilities in January and of Powercor in September, and the issuance of a US\$3,000 million note, bearing interest of 2.875%, which is exchangeable into Vodafone Group shares. The details of the profit on disposal of investments less provisions of HK\$25,742 million (1999 – HK\$109,532 million) are shown in Note 3 to the Accounts. The Group's tax charge increased by HK\$727 million, or 58%, almost entirely due to the increased deferred taxation expense of Husky Energy. Minority interests' share of the Group's profit decreased by HK\$91 million, or 7%, reflecting the minority shareholders' share of reduced profits in certain property projects partially offset by the minority shareholders' share of increased profits in certain ports. The profit attributable to shareholders reduced from HK\$117,345 million in 1999 to HK\$34,118 million in 2000 due to the profit on disposal of Group's 49% interest in Orange plc (Note 3 to the Accounts) reported in 1999.



Hongkong International Terminals (HIT) is the flagship operation of Hutchison Port Holdings.

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transportation and logistics
geographic boundaries are becoming blurred. The
revolutionized by technology. New
created at a pace unthinkable

Building on the experience gained as one of the world's largest independently owned operators of container terminals, the Group has continued to expand its operations to strategic locations around the world and currently operates 19 ports in Asia, Europe and the Americas.



Myanmar International Container Terminals is Myanmar's first purpose built international container terminal.

ECT is the largest container port in Europe.



Turnover for the ports and related services division for 2000 totalled HK\$14,226 million, an increase of HK\$2,105 million, or 17%, compared to 1999, principally due to combined throughput growth at all operations of over 40% to reach 25.3 million TEUs (twenty foot equivalent units) handled. The combined throughput growth is due to growth at the existing ports in Hong Kong, Shanghai, Yantian and the United Kingdom, and additional contributions from Jakarta's Koja Terminal and Kelang Multi Terminal in Malaysia, which were acquired in 2000, and a full year contribution from Jakarta International Container Terminal and Europe Combined Terminal which were acquired in 1999. EBIT from the Group's ports and related services increased 11% in 2000, totalling HK\$5,341 million (1999 - HK\$4,823 million) mainly due to increased throughput and the contribution from acquired ports.



HONG KONG

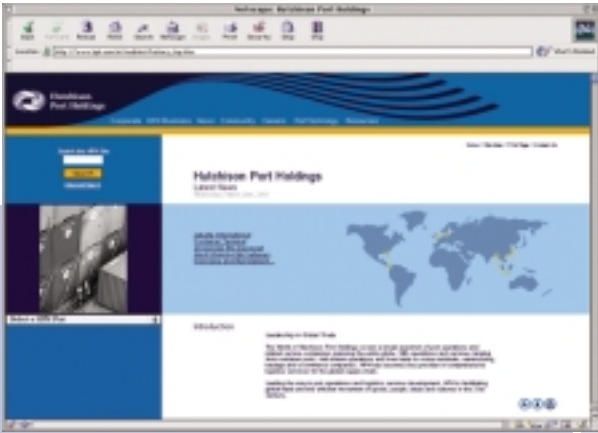
The port of Hong Kong was the world's busiest container facility in 2000 and combined throughput of the Group's port operations in Hong Kong increased by 20% over 1999.

The Group holds an 89% interest in Hongkong International Terminals ("HIT") which operates Terminals 4, 6 and 7 at Kwai Chung and an effective 44.5% interest in COSCO-HIT, which operates Terminal 8 East. Combined throughput increased by 10% over 1999 to 6.6 million

TEUs, and combined EBIT was 3% better than the previous year, reflecting a general improvement of economic conditions and trade in Asia and increased export volumes to the United States of America and Europe. Mid-Stream Holdings reported 27% growth in throughput to over 1.3 million TEUs.

During the year construction work commenced on a new six berth facility, Container Terminal 9, which is being developed by a consortium, and HIT has the right to develop, own and operate

The HPH website utilises the latest Internet technologies to provide extensive information about HPH's business operations.



COSCO-HIT is a joint venture between COSCO-Pacific and HIT.

two of the six berths. HIT's first berth is expected to be completed in 2002 and the entire facility is scheduled to be completed in 2004, increasing the Group's capacity to 9 million TEUs per year.

The River Trade Terminal Company (33% interest) completed construction of a 3.5 million TEU facility and reported throughput of 0.9 million TEUs. The terminal's operations, which principally serve the water borne trade between the Pearl River Delta and Hong Kong, continued to be affected by strong competition and start up losses were incurred.

MAINLAND CHINA

Combined throughput at the Group's container terminals in the Mainland increased by 24% in 2000. Throughput at the Group's 40% owned Shanghai Container Terminals rose 14% to 2.9 million TEUs and EBIT increased 29% over the previous year. The increased EBIT reflects productivity enhancements completed in 2000 which have increased capacity and improved the port's efficiency.

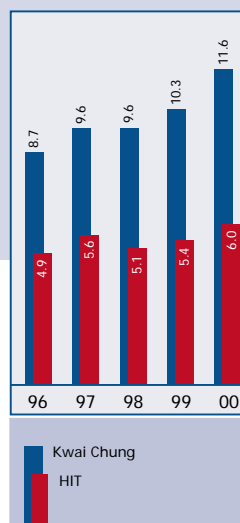
Yantian International Container Terminals (50.5% interest) recorded another year of strong growth with total throughput exceeding 2 million TEUs for

Yantian International Container Terminals handled in excess of 2 million TEUs, an increase of 35% over 1999.



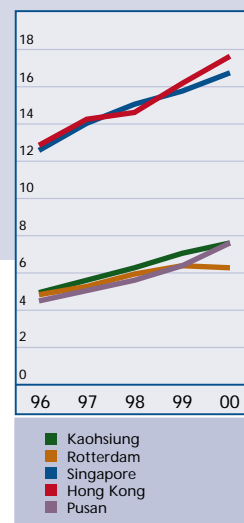
Kwai Chung Container Throughputs

Millions TEUs



Comparison Container Throughputs

Millions TEUs



the first time, an increase of 35% over 1999, and EBIT rose an impressive 67%. Plans for capacity expansion are underway to handle further growth in cargo containerisation and trade volumes as Mainland China enters the World Trade Organisation.

Hutchison Delta Ports' six joint venture ports in the Mainland handled a total of 0.8 million TEUs and 3.2 million tonnes of general cargo, a 44% and 16% increase over 1999 respectively. Combined EBIT increased 147% over the previous year.

INDONESIA

In July, the Group acquired a 47.9% interest in Koja Terminal at Tanjung Priok

Port in Jakarta which operates under a 20 year concession. This port is adjacent to the Group's 51% owned Jakarta International Container Terminal ("JICT") which is also operated under a 20 year concession agreement. Throughput at JICT grew at an annualised rate of 6% and the combined throughput from both operations was over 1.7 million TEUs. JICT's EBIT increased 44% compared to the previous year and the Koja operation made a positive contribution to the Group's earnings.

MALAYSIA

In a two stage purchase in September and December, the Group acquired an effective 31.5% interest in Kelang Multi Terminal



HIT's control tower is a perfect blend of people and technology working together to ensure that quayside operations function smoothly and efficiently.

("KMT") at Port Klang in Malaysia. KMT, strategically located on the Straits of Malacca, has a current annual handling capacity of 1.8 million TEUs and potential for significant expansion.

EUROPE

The Port of Felixstowe and Thamesport, in which the Group has an effective 90% interest, reported combined throughput and EBIT, 4% and 10% ahead of 1999 respectively. Felixstowe remains the largest container port in the United Kingdom and is one of the busiest terminals in terms of roll-on roll-off traffic. During the year, an efficiency programme was implemented to capture operating synergies between the two

container facilities. The Group's Harwich International Port (90% interest) which serves Northern European and Scandinavian routes with regular passenger and freight roll-on roll-off services, recorded a moderate growth in revenue.

The Group has an effective 31.5% stake in Europe Combined Terminals ("ECT"), a 16 berth facility in Rotterdam. ECT is the largest container port in Europe and handled a total throughput of 4.4 million TEUs during the year. The port has contributed positive earnings to the Group since its acquisition in November 1999.

In July, HPH acquired a 47.9% stake in Koja Terminal, situated adjacent to Jakarta International Container Terminal.



A redevelopment project at the Port of Balboa was completed in December.

THE AMERICAS AND THE CARIBBEAN

The Group has a 72% joint venture interest in the concession to operate the ports of Balboa and Cristobal, located on the Pacific Ocean and Caribbean Sea ends of the Panama Canal respectively. Redevelopment of the Balboa facility was completed in December and has doubled the combined annual throughput capacity to 650,000 TEUs. The combined operation reported positive EBIT for the year compared to start up losses in the previous year. The take up of the new capacity has been very encouraging.

Following the completion of the second phase expansion of Freeport Container Port on Grand Bahama Island (45% interest) at the end of 1999, throughput has increased by 5% over the previous year. Despite an 8% growth in revenues, EBIT for 2000 was less than 1999 due to increased operating costs to support the expanded infrastructure.

OTHERS

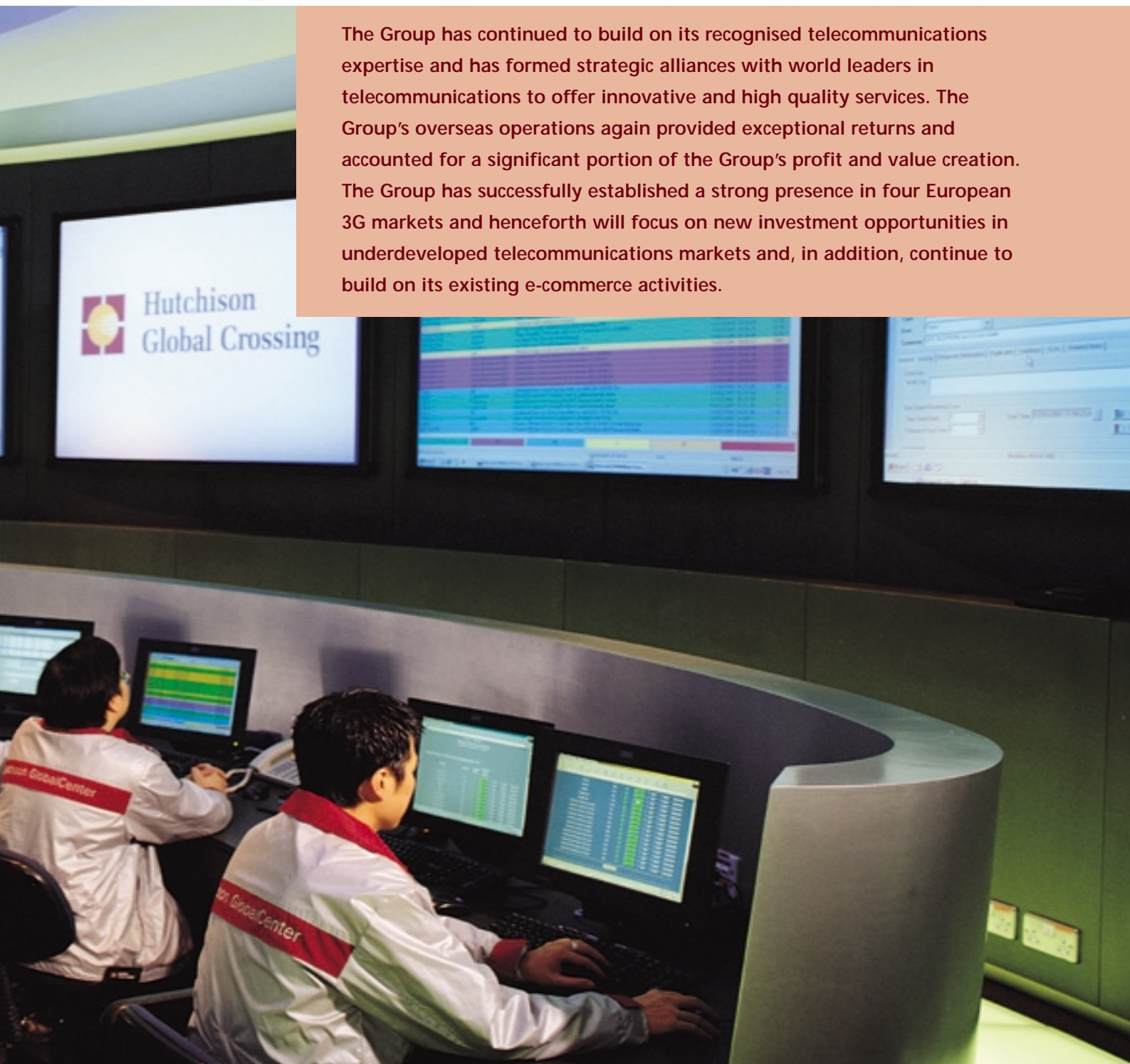
Logistics Information Network Enterprise ("LINE") is continuing to develop its e-logistic solutions business to provide global services to shippers and transportation providers.



Hutchison Global Center integrates the world class connectivity of Global Crossing's fibre optic network with state-of-the-art data centre architecture and professional service to create a high performance Internet business.



The Group has continued to build on its recognised telecommunications expertise and has formed strategic alliances with world leaders in telecommunications to offer innovative and high quality services. The Group's overseas operations again provided exceptional returns and accounted for a significant portion of the Group's profit and value creation. The Group has successfully established a strong presence in four European 3G markets and henceforth will focus on new investment opportunities in underdeveloped telecommunications markets and, in addition, continue to build on its existing e-commerce activities.



Hutchison Telecom's Customer Services Centre provides a "one-stop-shop" for customer services of the highest quality, staffed by professional service ambassadors and equipped with advanced technology.



Turnover for the telecommunications and e-commerce division for 2000 totalled HK\$10,057 million, an increase of 18% compared to 1999, reflecting the increase in the Group's global mobile subscriber base which grew 66% from 2.1 million subscribers at the end of 1999 to 3.5 million subscribers at the end of 2000. EBIT from the Group's telecommunications division totalled HK\$476 million, a 16% decrease compared to the HK\$563 million reported in 1999. The amount recorded for the year excludes the profits totalling HK\$21,520 million (1999 – HK\$116,916 million) comprised of a HK\$50,000 million profit from the exchange of a 10.2% interest in Mannesmann for an approximate 5% interest in Vodafone Group; a HK\$1,600 million profit from the subsequent disposal for cash of an approximate 1.5% interest in Vodafone Group; a HK\$1,720 million profit on the sale of a 50% interest in the Hong Kong fixed line telecommunications business to Global Crossing; a HK\$2,200 million profit on the sale of a 19% interest in the Hong Kong mobile operation to NTT DoCoMo; and a HK\$34,000 million provision for the potential effect of share price and exchange rate fluctuations on the Group's overseas investments.



HONG KONG OPERATIONS

Hutchison Telecommunications in Hong Kong, which provides mobile telephony services through Hutchison Telephone and fixed line, Internet and data services through Hutchison Global Crossing ("HGC") (50% interest), recorded positive EBIT, although 5% lower than the previous year reflecting a continuation of intense competition in the mobile market and losses from the fixed line businesses as it continues to build its business and market share. Despite intense competitive pressure the Group has continued to grow its customer base and is well positioned in each of its markets.

Hutchison Telephone recorded a 22% increase in its mobile subscriber base in 2000 and maintained its leading market share of approximately 32%. Currently the subscriber base exceeds 1.7 million. In May, Hutchison Telephone launched its mobile Internet portal, Orangeworld, which has proved to be a successful platform, attracting approximately 70% of Hong Kong's Wireless Application Protocol ("WAP") subscribers. Hutchison Telephone has upgraded its networks to facilitate the use of higher speed services such as GPRS and IS95B on its GSM and CDMA networks and is working closely with its strategic partner, NTT DoCoMo,

Customers can try out the latest handsets and services, and enjoy free Internet access at the innovative handset and Internet stations at the Customer Services Centre.



The launch of Oraneworld has marked an important strategic move to lead the development of mobile Internet services in Hong Kong.

to ensure state-of-the-art and innovative services continue to be available to all subscribers. With the expected issuance of 3G licences in Hong Kong later this year, the Group has been participating in a consultation process with the Government and currently plans to apply for a licence with a competitive bid. In February this year, the Group signed an agreement to increase its interest in Hutchison Telephone from 55.9% to 81% with the acquisition of a 25.1% stake from Motorola.

The Group's fixed line business is still building its business and has made good progress to establish itself as a quality service operator in Hong Kong's wireline voice and data market. Currently over 1,000 kilometres of ductwork have been laid and the number of buildings

connected to the Group's fibre optic backbone has progressed satisfactorily during the year. At the end of the year, the 0080 international direct dialing service had over 1.9 million activated lines and, despite strong competition, EBIT grew by 35%. The fixed line businesses have benefited from reduced carrier charges and are expected to benefit in the future from the direct connection in January this year to Global Crossing's worldwide fibre optic submarine cable network and interconnection with both China Telecom and China Unicom to provide direct optical fibre linkage with the Mainland. In June, HGC launched its first global data centre in Hong Kong. This is modelled on Global Crossing's data centres around the world and provides web hosting, application services and other Internet

ESD*life* has now set up ESD kiosks at convenient locations in Hong Kong. Through the kiosks, the public can obtain access to over 70 public services on the ESD*life* website.



Hutchison Telecom's website, Orangehk.com, offers customers easy access to comprehensive online shopping and customer services for Orange products and services.

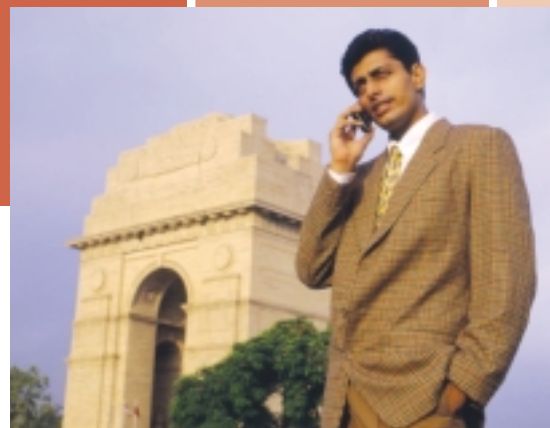
facilities management services. In December, a joint venture company held by HGC (85% interest) and Compaq Computer (15% interest) officially launched the Electronic Service Delivery ("ESD") system in Hong Kong with ESD*life* which enables users to conduct a wide variety of online transactions with various government departments and with commercial electronic services. HGC is expanding this platform to facilitate more government and private sector e-commerce activities. The HutchCITY branded Internet service provider business has reported steady growth and currently has over 140,000 subscribers on its bilingual service. To build on this service, HGC recently launched a high density broadband service which offers a dedicated access speed of 10 Mbps.

ASIA PACIFIC OPERATIONS

The Group's 57.82% owned listed subsidiary in Australia, Hutchison Telecommunications (Australia) ("HTA"), reported a 23% increase in turnover to A\$404.7 million for the year, primarily due to a 33% increase in subscriber numbers. Consistent with the start up nature of its business, HTA reported a loss before interest expense and tax of A\$98.9 million compared to A\$5.9 million EBIT last year. The GSM mobile service provision subscriber base grew 16% during the year to over 280,000 subscribers. HTA officially launched its Orange One CDMA network during the year with the world's first application of Local Zone technology which was pioneered by HTA and its network supplier Samsung Electronics. At the year



The launching of CDMA network in July to provide Local Zone wireless and full mobile services in Sydney and Melbourne positioned HTA at the forefront of mobile communications services.



Enhanced technology, user friendly products and superior services have made Orange the most recognised brand for offering the latest wirefree services in Mumbai, India.

end this network covering Sydney and Melbourne had approximately 75,000 subscribers. Detailed planning for a 3G network, utilising the 1800 MHz spectrum that was acquired in March, is at an advanced stage, and an initial launch date for high speed mobile services on this platform is scheduled for the second half of 2002.

In India, Hutchison Max Telecom, 49% owned by the Group, recorded a 56% increase in its subscriber base in 2000 and reported EBIT more than double the previous year. Strong subscriber growth in the Indian operation in Mumbai was augmented by the acquisition of approximate 49% interests in each of three GSM operations in New Delhi, Calcutta and

the state of Gujarat. The combined subscriber base of the Indian operations currently totals over 675,000 compared to 144,000 subscribers from its sole operation in Mumbai at the end of 1999. All of these operations are EBIT positive and have strong growth potential.

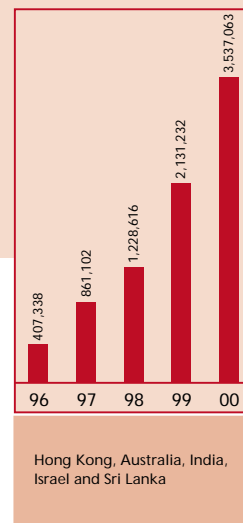
EUROPEAN OPERATIONS

Following the disposal in 1999 of the Group's European second generation telecommunications asset base, Orange plc, the Group has successfully embarked on a reinvestment programme to apply a portion of the sales proceeds to invest in new 3G business opportunities in Europe. In the UK, the Group acquired in April, and fully paid for, a 3G licence with 35MHz of spectrum for a consideration of



The Group's operation in Gujarat, under the brand name CelForce, is the largest non-metro mobile operation in India.

Mobile Telephone Subscribers



£4,385 million. In September, the Group completed the sale of a 20% interest and a 15% interest in the licence to NTT DoCoMo and KPN Mobile respectively for a total consideration of £2,100 million. The profit generated from this transaction has been set aside to offset the start up losses that are expected to be generated from this business. An experienced management team is already in place and the network rollout has commenced with a target launch date in mid 2002. Hutchison 3G UK has successfully arranged a three year stand alone project financing facility of £3,000 million, including a tranche of £375 million held by the Group, which will fund the budgeted capital expenditures and operating losses during this period.

In Italy, the Group acquired in October, and fully paid for, one of five 3G licences with 35MHz of spectrum for €3,254 million. The Group's interest in Hutchison 3G Italy (formerly Andala) is currently 78.3%. Tiscali, an existing partner and a leading European Internet service provider, has an option to acquire up to 25.2% of the Group's interest in stages before December 2002. Network vendor selection is at an advanced stage and the network rollout is targeted to support a launch in mid 2002. In November, Hutchison 3G Austria, a wholly owned subsidiary, acquired and fully paid for one of six 3G licences with 25MHz of spectrum in Austria for a fee of €139 million, and in December the Group's 60% owned joint venture with



Building upon its strong engineering and marketing expertise, Partner Communications in Israel offers its customers one of the widest ranges of services in the industry, including WAP and HSCSD, and is also piloting GPRS services.

Investor AB, HI3G Access, acquired one of four 3G licences with 35MHz of spectrum to operate a 3G network in Sweden. The licence in Sweden was awarded after a government assessment of the merits of the applicants and no licence fee was payable. Third generation mobile multimedia services are expected to be launched in Austria and Sweden in 2002. Based on the footprint of these licences and combined with 3G aspirations in Hong Kong and Australia, the Group's footprint covers a population of over 160 million which provides opportunities for economies of scale for equipment and other supplies as well as an attractive sized target market for content providers and the Group's offering of 3G value added products.

REST OF THE WORLD

The Group's 35% owned associated company in Israel, Partner Communications ("Partner") is quoted on the NASDAQ National and listed on London stock exchanges and operates a GSM network using the Orange brandname. Partner had another outstanding year of growth, reaching over 800,000 subscribers at the end of the year, which is more than double its subscriber base at the end of 1999.

In the United States of America, the shareholders of VoiceStream, in a meeting held on 13 March this year, voted in favour of a merger between VoiceStream and Deutsche Telekom and the transaction, which is subject to

Hutchison E-Commerce operates and holds e-commerce companies, develops e-commerce strategies and supports e-commerce initiatives within the Group.



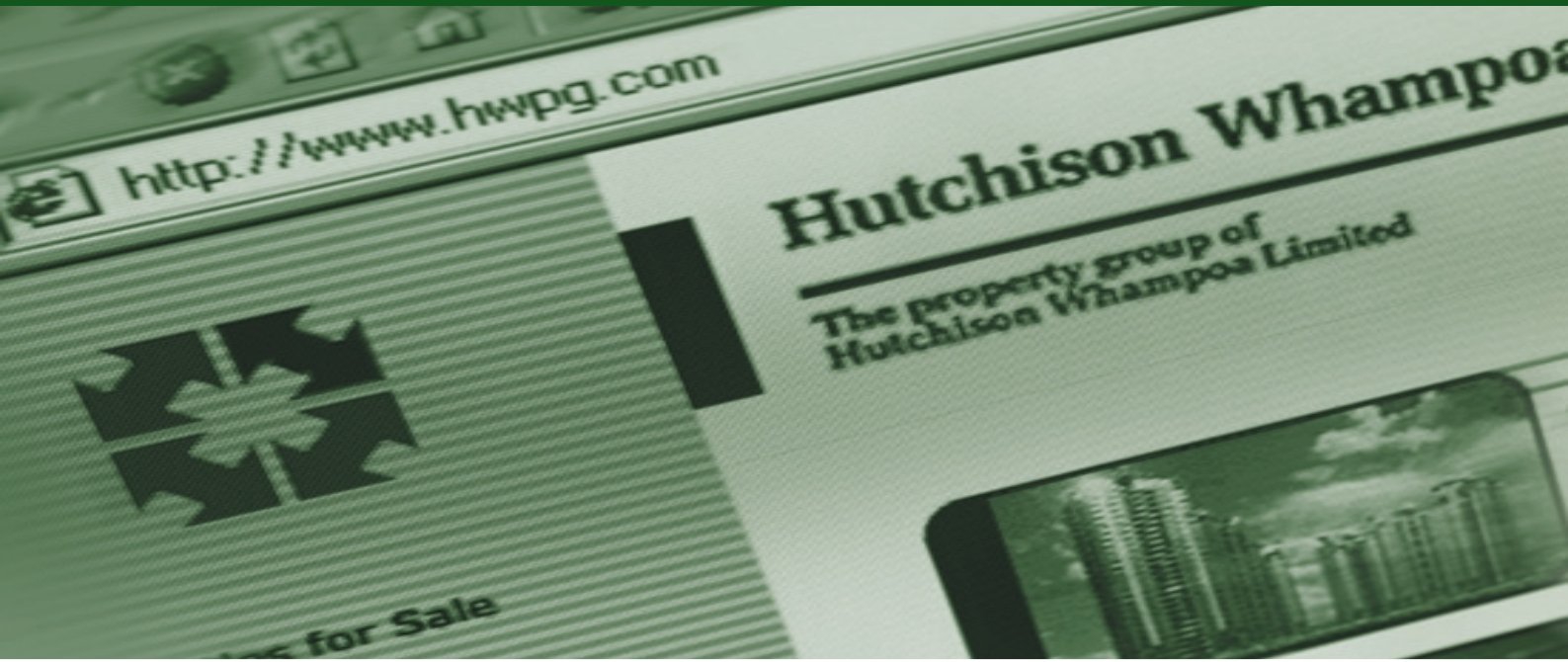
TOM's Mainland portal launched a popular online communication tool, TOM-Q, enabling users to chat online through text, voice with audio, and visual transmission support.

regulatory approval, is expected to be completed on or about 31 May this year. On completion, the Group will exchange its approximate 18.4% effective interest in VoiceStream for a combination of cash and an approximate 4.5% shareholding in Deutsche Telekom (as described in the proxy statement / prospectus dated 9 February 2001 sent to VoiceStream shareholders), which in total is valued at approximately HK\$46,000 million at current market prices. The profit on disposal of VoiceStream will be calculated with reference to the share price of Deutsche Telekom at the time of completion and the investment cost of VoiceStream of approximately HK\$10,000 million.

E-COMMERCE

During the year the Group continued to build on its existing e-commerce operations. Alliances have been formed with strategic partners to invest in e-commerce enablement, business to consumer and business to business enterprises. In particular, the Group has successfully launched its office supplies and procurement portal in Hong Kong, BigboXX.com, and an online discount securities joint venture, Hutchison CSFB*direct*.

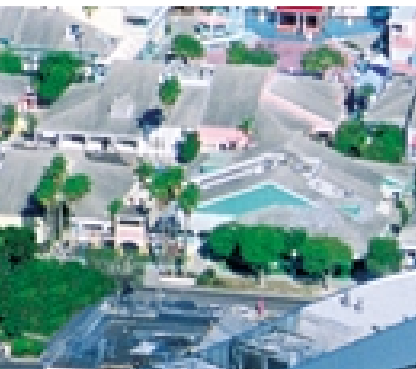
Following TOM.COM's (29% interest) listing on Hong Kong's newly established Growth Enterprise Market in March 2000, the company has been actively expanding its online and offline business activities.



Our Lucaya is the most spectacular new resort on Grand Bahama Island. This vibrant, new island playground sits on 7 1/2 acres of sun drenched white sand beaches.



The Group's property activities comprise an investment portfolio of approximately 13.7 million sq ft of commercial, office, industrial and residential premises which provides a steady flow of recurrent income. This division's activities also include interests in joint ventures for the development and sale of high quality residential, commercial, office, hotel and recreational projects in Hong Kong, the Mainland and overseas, and in addition, the operation of the Group's portfolio of premium quality hotels.



The Harbour Plaza Golf Club, located in Dongguan and designed by Robert Trent Jones II, is one of Hutchison Whampoa Property Group's largest developments in China.



Turnover for the property and hotels division for 2000 totalled HK\$7,273 million, a decrease of HK\$3,952 million, or 35%, compared to 1999, due to reduced property development activity in Hong Kong. Earnings before interest expense and tax from the property and hotels division, which arose mainly from rental income, amounted to HK\$1,536 million (1999 – HK\$2,334 million). No specific provisions were made during the year against the Group's property developments (1999 – nil).



HONG KONG – RENTAL PROPERTIES

The Group's portfolio of rental properties in Hong Kong of approximately 12.4 million sq ft of office (24%), commercial (24%), industrial (51%) and residential (1%) investment properties continues to provide a strong recurrent earnings base. Gross rental income of HK\$2,065 million overall was 4% higher than 1999 mainly as a result of a full year of rental income generated from Cheung Kong Center, which was completed in 1999, although this was partially offset by lower rental rates on scheduled lease renewals. All of the Group's premises remain substantially

fully let with satisfactory rental levels. Rental rates have recently shown signs of a recovery, particularly in the office sector.

HONG KONG – PROPERTY SALES

Development profits in 2000 were below those of 1999 due to significantly reduced development property activity after the completion of the Tierra Verde residential housing project in 1999. During the year construction was completed at the residential developments of Peninsula Heights on Broadcast Drive (229,000 sq ft) and Monte Vista in Ma On Shan (1.39 million sq ft). Almost all of the units have been



Top security is ensured at all times with 24 hour monitored security CCTV system at Cheung Kong Center.



Monte Vista is close to the future terminal station of Ma On Shan railway extension. The multi storey residential blocks fan out in spectacular V-formation to embrace the mountain and sea views at Tolo Harbour.

sold and a modest return has been recorded for these 50% owned joint venture developments.

HONG KONG – PROPERTIES UNDER DEVELOPMENT

During the year construction continued on the Harbourfront Landmark, a 672,000 sq ft residential and commercial project at Wan Hoi Street in Hunghom adjacent to the Harbour Plaza Hotel. The Group has a 50% interest in this development which is on schedule for completion later this year. Construction is well advanced and progressing on schedule at the 1.4 million sq ft development “Metropolis” above the Kowloon Canton Railway terminus in Hunghom. The Group has a joint venture interest with a profit sharing arrangement for this project, which when completed will comprise an

office tower and a hotel, which are scheduled for completion later this year, and two serviced apartment towers which are scheduled for completion in 2002.

Superstructure work commenced on Victoria Tower, a 1.0 million sq ft residential and commercial complex on Canton Road in Kowloon. The Group has a 42.5% interest in this development which is expected to be completed in 2002.

At Tung Chung, the Group has a joint venture interest with a profit sharing arrangement in a multiphase residential and commercial development totalling approximately 4.4 million sq ft. Presale activity is expected to commence later this year and construction is on schedule for a phased completion of the development between 2002 and 2004.

Located at the mid level luxury residential section of Broadcast Drive in Kowloon Tong and in the vicinity of prestigious schools, the Peninsula Heights development sets new standards for quality residential projects.



Whampoa Gourmet Place, located at Wonderful Worlds of Whampoa and officially opened in January, has become one of the most popular dining attractions in Hong Kong.

Plans are well advanced to develop a commercial, hotel and serviced suites complex of approximately 2.5 million sq ft on Tsing Yi Island. The Group has a 70% interest in this project which is planned for completion in 2003. Adjacent to this site, the Group has a preliminary plan to develop a 0.4 million sq ft office complex.

MAINLAND CHINA – RENTAL PROPERTIES

The Group has various joint venture interests in a portfolio of investment property in the Mainland, which totals 3.1 million sq ft. The portfolio includes a 50% interest in 957,000 sq ft of retail space (93% occupied) and 554,000 sq ft of office space (46% occupied) above a shopping arcade at Metropolitan Plaza in Chongqing, a 15% interest in 687,000 sq ft of retail space (96% occupied) and 367,000 sq ft of office space

(98% occupied) in the Westgate Mall in Shanghai, and a 50% interest in 493,000 sq ft of low rise residential units (83% occupied) at Seasons Villas in the Huamu district of Pudong, Shanghai. All the Group's investments are generating rental income in line with current expectations.

MAINLAND CHINA – PROPERTIES UNDER DEVELOPMENT

In the Mainland, the Group has interests in a number of joint ventures to develop properties in phases over the next six years. In Beijing, construction of the six million sq ft multiphase development Beijing Oriental Plaza (18% interest) has progressed on schedule. The commercial podium and three office towers were completed during the year and leasing of these premises is progressing well. The remaining five office towers and



The premium Le Parc Clubhouse, with the theme of “nurturing the new generation”, offers all-in-one facilities for the family.



The Harbour Plaza Hotels and Resorts homepage offers a global perspective of the hospitality industry. The website features subsections on hotels in Hong Kong, Beijing, Chongqing, Kunming and the Bahamas.

an 875 room hotel are scheduled for completion later this year. The final phase, which comprises two towers with 674 serviced apartments, is expected to be completed by 2002.

In Shanghai, the Group has a 50% interest in a joint venture which is continuing to develop a low density housing project in the Huamu district of Pudong. The final phases of Seasons Villas, comprising 0.8 million sq ft of villas and apartments, are scheduled for completion in 2001 and 2002. At a nearby site, the Group has a 31% interest in a joint venture for the staged development, over the next six years, of a 1.7 million sq ft villa and apartment complex. The Group also has a 42.5% interest in Walton Plaza, a 1.6 million sq ft residential and office development

in the Xuhui district in Shanghai and construction remains on schedule for completion in phases to 2004.

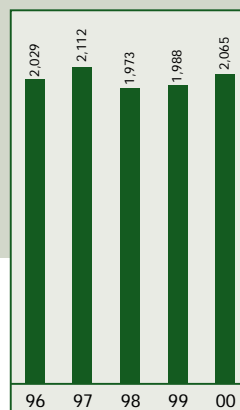
In Qingdao, substantially all the units of the two completed high rise residential towers of Pacific Plaza have been sold and the remaining two high rise residential towers are expected to be completed in 2002. The Group has an effective 15% interest in this project.

Adjacent to the 27 hole Harbour Plaza Golf Club in which the Group has a 42% interest, the Group has a 46% interest in a site covering approximately 32 million sq ft near Houjie, Dongguan. Planning is at an advanced stage for the next phase of this development, consisting of deluxe residential accommodation totalling 0.8 million sq ft.

Belgravia Place, the exquisite residential project in London, United Kingdom, will be completed in the third quarter of this year.



Gross Rental Income
(Includes Intra Group Rental)
HK\$ millions



In Shenzhen, construction is almost complete on the first phase of a residential development, Le Parc, near the Futian central district and all of the units have been presold. The final phases of the development, which comprise a further 3.3 million sq ft of residential and commercial space, are targeted for completion in phases by 2003.

The Group also has a 50% interest in a project to develop a 4.8 million sq ft estate of low rise apartments and villas in Zhuhai. Phase one construction is expected to be completed later this year and the final phase of this project is planned for completion in 2007.

Planning for a residential and commercial complex above the Guangzhou Huangsha Underground Railway Station is progressing and the first phase is

currently scheduled for completion in 2003. When completed in phases, the project will consist of approximately 1.3 million sq ft of residential and 0.5 million sq ft of commercial space.

OVERSEAS – PROPERTIES UNDER DEVELOPMENT

London

At the Montevetro site on the banks of the Thames river (22.5% interest) the remaining two residential blocks were completed during the year and almost all of the flats in this 164,000 sq ft residential development have now been sold. Construction of the Group's 42.5% owned 116,000 sq ft Belgravia Place residential development near Sloane Square remains on schedule for completion this year and all of the units have been presold. The Group also owns a 45% interest in a site at the Albion

Situated along the Kowloon waterfront, the Harbour Plaza Hong Kong offers unique and spectacular views over Victoria Harbour towards Hong Kong Island and the South China Sea.



The newest resort in the Bahamas. Our Lucaya introduces a fresh new attitude to revive the rhythm and spirit of the Caribbean.

and Bridge Wharves which will be developed into a residential / commercial development of 410,000 sq ft. Construction is expected to commence this year and completion is scheduled for 2003. The Group has a 22.5% interest in a 270,000 sq ft site on Lots Road in London with the intention to build an approximate 588,000 sq ft residential / commercial development for phased completion from 2003 to 2006.

Singapore

The Group has a 24% interest in Costa Del Sol, a 1.5 million sq ft residential development which is due for completion in 2003. Approximately 18% of this development has already been presold. During the year the Group acquired a 50% interest in a 440,000 sq ft residential project which is located in

the Cairnhill Circle and is scheduled for completion in 2003.

Tokyo

The Group has an effective 38% interest in a 784,000 sq ft high rise office and hotel tower adjacent to the Tokyo Station in the Marunouchi district. Construction is progressing on schedule for completion later this year.

HOTELS

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

The market in Hong Kong improved with a steadily rising number of travellers during the year. The Harbour Plaza Hong Kong reported a 53% increase in EBIT while the EBIT of Sheraton Hong Kong

Harbour Plaza Kunming is located along the picturesque Green Lake Park, one of the most popular tourist attractions in the city.



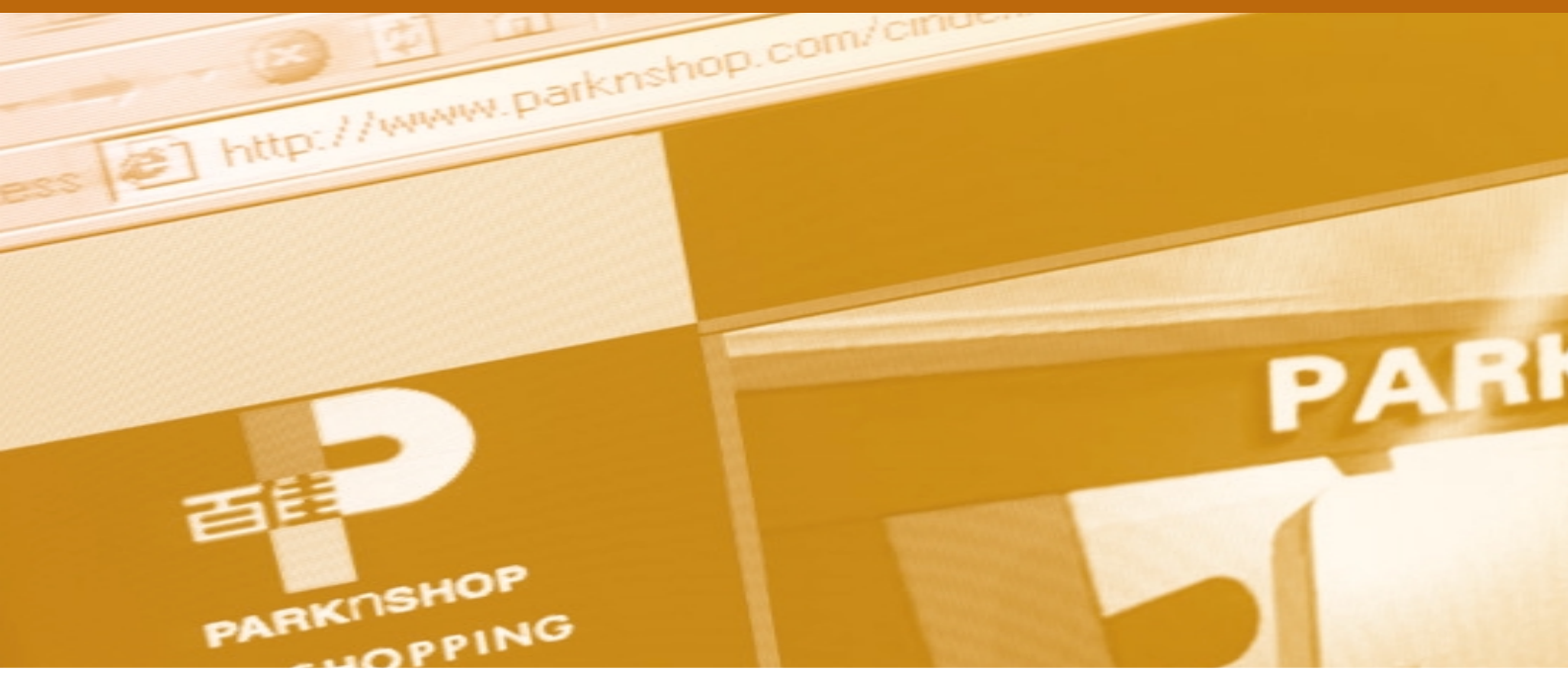
Hotel and Towers, in which the Group has a 39% interest, increased by 31% compared to 1999, mainly due to higher occupancy levels. During the year, construction of Harbour Plaza North Point (39% interest) with 566 guest rooms and suites was completed and the initial occupancy levels and operating results have been encouraging.

Despite strong competition, the Harbour Plaza Beijing (95% interest) and Great Wall Sheraton in Beijing (49% interest) both reported increased EBIT from improved occupancy and food and beverage operations. The Harbour Plaza Chongqing (49% interest) reported improved occupancy and room rates and reduced its operating losses from the previous year. The Harbour Plaza Kunming (95% interest) continued to be affected by an over supply of rooms from

new and existing hotels and occupancy levels and room rates were below those reported in 1999.

Our Lucaya, the 1,267 room hotel and golf resort on Grand Bahama Island completed its redevelopment at the end of the year. A major marketing programme has commenced to support the official launch of this resort later this year.

Three other hotels are currently in various phases of development. The Harbour Plaza Metropolis in Hunghom (25% interest), which will have 690 rooms and suites, is expected to open later this year. The Oriental Harbour Plaza Beijing (18% interest) plans to offer 875 deluxe rooms and suites on completion later this year. A hotel in Ma On Shan with 831 rooms and suites is scheduled to open in mid 2002.



Savers Health & Beauty chain focuses on branded products at discount prices but also provides a clean, bright, easy to shop environment and excellent service standards.

KN SHOP CYBERSTORE

15% DISCOUNT
Moscow Circuit

Case

The Group's A S Watson division is one of Asia's largest retailers, operating three major retail chains with more than 800 stores in the region. The division also operates a chain of over 170 health and beauty stores in the UK under the name Savers. The division manufactures and distributes water and other beverage products in the region as well as "POWWOW" branded mineral and spring water products in Europe. The Hutchison Whampoa (China) division invests in various ventures in the Mainland.

ers



Watsons new logo is the frontage to an updated store design to be rolled out throughout Asia.

PARKNSHOP wet markets offer the freshest and widest selection of live and icebed fish at very competitive prices.



Turnover for the retail and manufacturing division for 2000 totalled HK\$27,248 million, an increase of HK\$3,443 million, or 14%, compared to 1999, due to continued growth in, and expansion of, these businesses in Hong Kong, the Mainland and overseas. Reported EBIT of HK\$665 million is, after adjusting for non-recurring profits in 1999, 358% ahead of last year, mainly as a result of the improved performances of the Fortress and airport retail concessions in Hong Kong, the retail and manufacturing operations in the Mainland and expansion activity in Southeast Asia and Europe. In 1999 non-recurring profits were realised from the Group's Mainland joint ventures with Procter & Gamble and the sale of the division's ice cream businesses and therefore, including these items, the division's EBIT decreased 49% in absolute terms.



A S WATSON

2000 was another difficult year in the Asian retail sector with strong competition in all the businesses and weak, although gradually improving, consumer demand in most markets. The A S Watson division again performed better than the retail industry average due to the division's focus on essential consumer goods and to its successful promotion campaigns.

The 189 store PARKNSHOP supermarket chain in Hong Kong maintained and increased its leading market share despite an extremely competitive market. Sales increased by 13% and a positive EBIT was

reported despite a price war during the year. PARKNSHOP continued to expand and implement its successful "wet market" concept for fresh foods and larger format superstores during the year and increased its trading area by 22% to 1.8 million sq ft.

PARKNSHOP's chain store operation in the Mainland reported an impressive improvement following a successful restructuring exercise in the first half of the year. Sales increased 11% and losses were significantly reduced. In addition, the performance of a larger format store which was opened in Guangzhou in November has initially proved to be



Watson's Water has established itself as the leading five gallon water supplier in the UK, with the acquired companies united under the POWWOW brand.



The Fortress chain of stores enjoyed a record year in 2000.

very encouraging and, if its current performance continues this year, a cautious expansion plan in China will be implemented.

Watson's The Chemist ("WTC") is a leading retail chain of personal care products with strong brand name recognition in Hong Kong, Taiwan and other countries in South East Asia. WTC successfully expanded the total number of its outlets in the region to 539 at the end of the year. The 61 store Fortress electrical consumer goods store chain in Hong Kong performed very well. Although these operations were affected by heightened competition and difficult consumer market conditions, combined sales and EBIT increased 15% and 3% respectively.

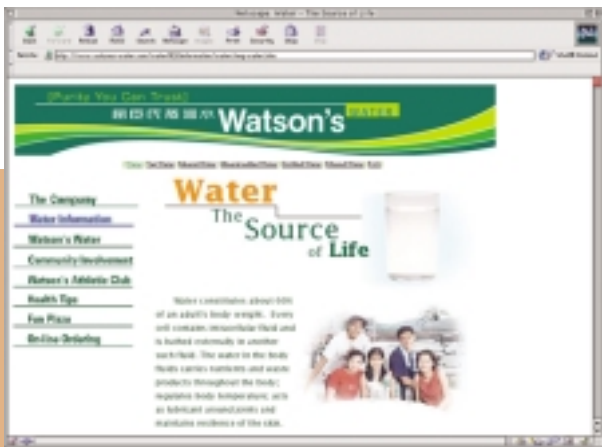
In September, the Group acquired a chain of discount health and beauty outlets in the UK operating under the brand name

Savers. The performance to date of this chain of over 170 stores located in small and medium size cities has been better than expected. The Group plans to capitalise on its expertise developed in the personal care store businesses in Asia to aggressively expand the Savers chain of stores in the UK.

A S Watson, together with its 50% joint venture partner Nuance International Holdings holds concessions for the sale of perfume, cosmetics and general merchandise at the Hong Kong International Airport. As a result of an increase in the number of travellers passing through the airport facilities, and enhanced product offerings and promotions, the joint venture reported improved sales and results.

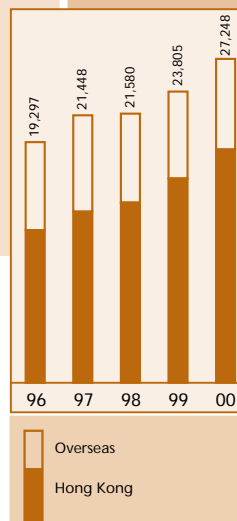
The manufacturing division's operations are comprised of well known brands of distilled water, soft drinks and fruit juices which are manufactured and

The Watson's Water web site is one of many ways to communicate with consumers and understand their needs – a crucial step to help us achieve excellent customer services.

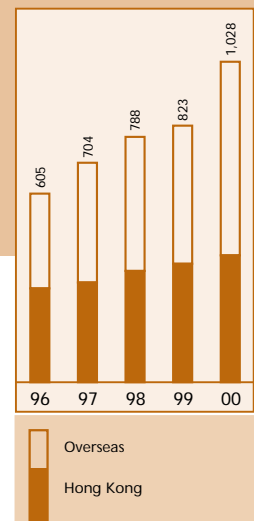


Retail and Manufacturing Turnover

HK\$ millions



Number of Retail Outlets



distributed in the region and mineral and spring water which is manufactured and distributed to the home and office market in Europe. Sales increased 22% and EBIT improved by 11% over 1999 due to expansion of the businesses, mainly in continental Europe. During the year, a major rebranding exercise for the European water business commenced under the brand name "POWWOW".

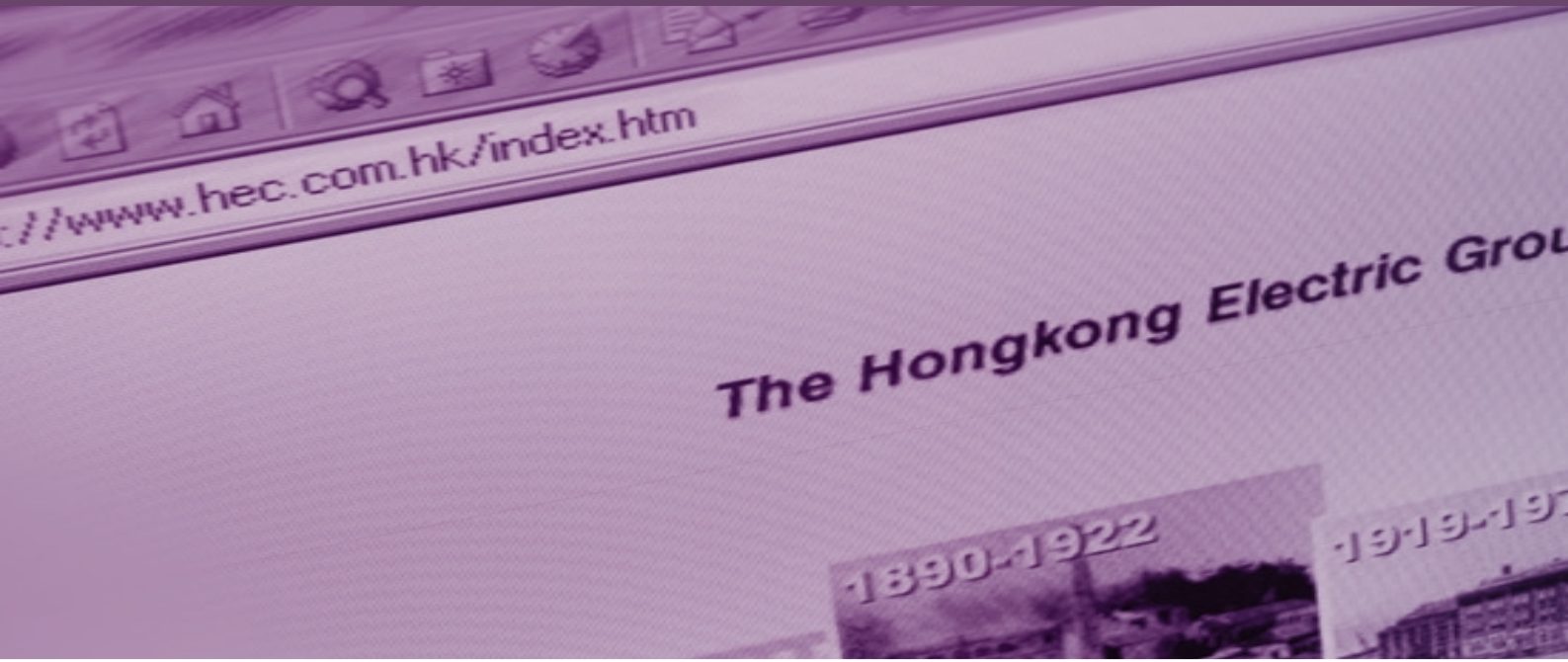
HUTCHISON WHAMPOA (CHINA)

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

The Group's principal investment is a 20% interest in Procter & Gamble-Hutchison which manufactures and distributes a range of hair care, skin care, soap,

detergent, dental hygiene and paper products throughout the Mainland. The Group's share of EBIT, before non-recurring items, from this joint venture improved marginally over the previous year despite strong competition from international and domestic companies for market share.

The Guangzhou Aircraft Maintenance Engineering Company in which the Group has a 25% interest, reported a 20% increase in EBIT due to increased demand for maintenance services. China Aircraft Services (20% interest), a joint venture operation providing line maintenance and cabin cleaning services at the new Hong Kong International Airport, also had a successful year and reported a 16% increase in EBIT. The Group's rice farming project in Heilongjiang Province has made steady progress and is marketing and distributing its products in Southern China and Hong Kong.



One of the largest plants of its kind in North America, the Ram River plant processes sour gas from western Alberta.



The Group holds an 84.6% interest in Cheung Kong Infrastructure, a leading investor in the infrastructure sector in Hong Kong, the Mainland and Australia, and a 35.1% interest in Husky Energy, one of Canada's largest integrated oil and gas companies.



ETSA Utilities and Powercor together have made CKI-Hongkong Electric the largest electricity distributor in Australia, serving over 1.3 million customers in the states of South Australia and Victoria.



Turnover for the energy, infrastructure, finance and investments division for 2000 totalled HK\$26,021 million in 2000, a 56% increase over 1999. EBIT from this division totalled HK\$11,549 million, a 55% increase over the EBIT reported in 1999 of HK\$7,432 million. The increase in turnover and EBIT are primarily due to the strong performance of Husky Energy, as a result of increased oil and gas prices and production volumes, and to increased finance and investments income derived from interest earned on surplus cash as a result of significantly higher cash reserves which arose from the sale of selected telecommunication assets and the Group's recurring cash flow.



CHEUNG KONG INFRASTRUCTURE

The Group has an 84.6% interest in Cheung Kong Infrastructure ("CKI"), which is listed on the Stock Exchange of Hong Kong ("SEHK"). CKI reported an increase in profit attributable to the shareholders of HK\$3,228 million, an increase of 3% compared with the previous year, and successfully acquired several overseas investments which further diversified its portfolio.

CKI's energy division which recorded a 52% increase in profits after the commissioning of the Zhuhai power plant during the year, accounted for 78% of

CKI's total earnings with the largest contribution attributable to its 38.9% interest in Hongkong Electric Holdings ("HEH"). HEH, which is listed on the SEHK and is the sole provider of electricity to Hong Kong and Lamma islands, reported a profit attributable to the shareholders of HK\$5,535 million, a 4.7% increase compared with HK\$5,286 million in 1999. In addition, CKI currently has joint venture interests in power plants in four provinces in the Mainland with a total capacity of 2,539 MW. In September, CKI formed a joint venture with HEH, with each holding a 50% interest, and entered into an agreement to acquire Powercor, the largest of five electricity distributors



An exciting milestone for CKI transportation in 2000 was the completion of the 360 metre, Ya Jia Sha Bridge, which enabled the entire 39 kilometre Guangzhou East-South-West Ring Road to become fully operational in June 2000, one year ahead of schedule.



The new integrated voice and data support system installed in the Hongkong Electric customer centre provides more efficient telephone service to customers.

in the state of Victoria, Australia, for a consideration of A\$2,315 million. Powercor's principal activity is to operate an electricity distribution network which covers more than half of the state of Victoria, with approximately one third of its population and manufacturing output.

CKI's transportation division recorded a 9% increase in its profits in 2000 reflecting increased traffic from projects completed in the later part of last year. CKI currently has joint venture interests in toll roads and bridges with a total length of approximately 660 kilometers in five provinces in the Mainland.

CKI's cement, concrete, asphalt, aggregates and spray coating businesses in Hong Kong and the Mainland recorded a 44% decline in profits during the year due to excess production capacity and a slowdown of construction in the Hong Kong property sectors and infrastructure.

HUSKY ENERGY

Husky Energy, the Group's 35.1% owned listed Canadian based integrated oil and

gas company, announced profit, before ownership charges, of C\$546 million, a 241% increase over the comparable 1999 profit. The growth is mainly attributable to strong oil and gas prices and increased production volumes, partly from the merger with Renaissance Energy, as well as increased profitability from Husky's midstream business.

The merger of Husky Oil with Renaissance Energy, which was mentioned in the Group's interim report, was completed in August and, as a result, a profit of HK\$4,222 million was recorded at that time. The merged entity, Husky Energy, is listed on the Toronto Stock Exchange.

In 2000, Husky Energy's annual production volumes averaged 176,800 BOE (barrels of oil equivalent) per day compared to 110,400 in 1999. At the end of 2000, Husky Energy had estimated proved reserves of crude oil, liquids and natural gas of 872 million BOE and a production replacement ratio of 143%. Husky Energy has a significant land position that includes 8.6 million acres of



Husky's 1,900 kilometre pipeline system transports oil production from Alberta and Saskatchewan to the company's upgrading and refining operations in Lloydminster.



Two oil rig workers, known as "rough necks", prepare a new drill stem at an exploration drilling site.

undeveloped land in Western Canada that provides opportunities for future exploration and development of conventional crude oil and natural gas, as well as heavy oil reserves. Husky Energy's upstream division has continued its delineation and development programme off the east coast of Canada and production from the Terra Nova oil field is expected to commence near the end of this year. Husky Energy has filed a development application for the promising White Rose oil field which is targeted to commence production by 2004. Husky Energy is one of the largest working interest holders in the Jeanne d'Arc basin off the east coast of Canada and the development of these offshore fields has the potential to provide significant growth to Husky Energy's light oil production and reserves.

Husky Energy has continued to expand its midstream division which includes the upgrader facility at Lloydminster, pipeline systems, commodity marketing, and power generation. Husky Energy's midstream operations enhance the value of the

upstream commodities and help to modify the effects of commodity price volatility. The refined products division comprises the wholesale, commercial and retail marketing of a range of refined petroleum products, through a network of more than 575 branded retail outlets, as well as the marketing of asphalt products.

GROUP CAPITAL RESOURCES AND LIQUIDITY

The Group's total shareholders funds increased to HK\$248,147 million at the year end compared to HK\$245,950 million at the end of last year, mainly due to the Group's profit for the year.

At 31 December 2000, the Group's cash, managed funds and other listed investments (including equity investments in Vodafone Group of HK\$52,268 million at book cost and VoiceStream of HK\$43,874 million at their 31 December 2000 market value) totalled HK\$174,976 million (1999 - HK\$214,279 million) of which 10% (1999 - 6%) were denominated in HK dollars, 56% (1999 - 36%) in US dollars, 30% (1999 - 1%) in



Pounds Sterling, 2% (1999 – 57%) in Euro dollars and 2% in other currencies. This pool of cash and liquid assets exceeded the Group's total borrowings by HK\$50,295 million (1999 – net debt of HK\$842 million, excluding Mannesmann and VoiceStream investments). Approximately 36% of the Group's total borrowings of HK\$124,681 million (1999 – HK\$90,642 million) were denominated in HK dollars, 49% in US dollars, 5% in Pounds Sterling, 3% in Euro dollars and the remaining 7% in other currencies. Total borrowings include US\$3,000 million principal amount of 2.875% exchangeable notes due in 2003 which are exchangeable on the basis of US\$1,000 principal amount for 196.61 ordinary shares of Vodafone Group at an exchange price of US\$5.086 per share. If all of the notes are exchanged, the Group's interest in Vodafone Group will reduce by 0.9% to 2.4%. The non-HK dollar and non-US dollar denominated loans are either directly related to the Group's businesses in the countries of the currencies concerned, or the loans are balanced by assets in the same currencies.

Approximately 55% of the Group's total borrowings bear interest at floating rates and the remaining 45% are at fixed rates.

During the year, all bilateral borrowings that matured were either renewed at satisfactory rates and terms or, at the Group's option, were repaid on maturity. A HK\$5,000 million, five year syndicated bank loan and other loans totalling HK\$1,629 million that matured during the year were repaid on maturity. A loan of US\$600 million was repaid early, without penalty and funded by a HK\$5,000 million five year loan to better match the currency of the underlying assets. In addition, bridging loans totalling HK\$21,600 million were drawn down to temporarily fund the purchase of 3G licences and infrastructure investments and repaid during the year. Loan notes issued during the year and to date this year were as follows:

- (i) In September the Group issued HK\$1,000 million principal amount, three year, 7% fixed interest rate notes due in 2003, which are listed on the SEHK.

(ii) In September, the Group issued US\$3,000 million principal amount of 2.875% notes due in 2003, exchangeable into ordinary shares of Vodafone Group on the basis of US\$1,000 principal amount for 196.61 ordinary shares at an exchange price of US\$5.086 per share. If all of the notes are exchanged, the Group's interest in Vodafone Group will reduce by 0.9% to 2.4%. The notes are listed on the Luxembourg stock exchange.

(iii) In January this year the Group issued US\$2,657 million principal amount of 2% notes due in 2004, exchangeable into ordinary shares of Vodafone Group on the basis of US\$1,000 principal amount for 214.51 ordinary shares at an exchange price of US\$4.6618 per share. If all of the notes are exchanged, the Group's interest in Vodafone Group will be further reduced by 0.9%. These notes are also listed on the Luxembourg stock exchange.

(iv) In February this year the Group issued US\$1,500 million principal

amount of 7% notes due in 2011 which are listed on the Luxembourg stock exchange. The proceeds from this issue are scheduled to be used later this month to repay early, without penalty, a US\$1,500 million bank loan facility which was due to mature in 2003.

At the end of the year assets of HK\$7,272 million (1999 – HK\$3,566 million) were pledged as security for bank and other loans of the Group. The Group's investment in the ordinary shares of Vodafone Group are not pledged or otherwise restricted pursuant to the covenants of the two notes described above which are exchangeable into Vodafone Group shares. Committed borrowing facilities available to Group companies, but not drawn at 31 December 2000, amounted to the equivalent of HK\$6,554 million. Excluding non-interest bearing loans from minority shareholders, the Group's borrowings at the year end were repayable as shown on the following page.

	HK\$	US\$	£	Euro	Others	Total
Within 1 year	5%	6%	–	–	3%	14%
In years 2 to 4	23%	31%	1%	–	3%	58%
In year 5	8%	–	–	–	1%	9%
In years 6 to10	–	6%	1%	3%	–	10%
In years 11 to 20	–	3%	3%	–	–	6%
Beyond 20 years	–	3%	–	–	–	3%
	36%	49%	5%	3%	7%	100%

At the year end, the Group was in a net cash position of HK\$50,295 million (1999 net debt to net capital ratio of 1%) and the earnings before interest expense, tax, depreciation and amortisation covered the gross interest expense for the year 6.2 times (1999 – 3.6 times). The Group's share of expenditures for spectrum for 3G licences for the year totalled HK\$44,371 million (1999 – nil). The Group's capital expenditures, excluding expenditures for properties under development and for sale, totalled HK\$6,324 million (1999 – HK\$7,565 million). These expenditures were funded primarily from cash generated from the sale of selected telecommunications assets, cash on hand, internal cash generation, and to the

extent required, by borrowings. The Group's 65% owned subsidiary, Hutchison 3G UK is commencing the development of its high speed wireless network and the related capital expenditures are estimated to total approximately £2,100 million over the next three years. Hutchison 3G UK has arranged a three year stand-alone project financing facility of £3,000 million, including a tranche of £375 million held by the Group, bearing interest at LIBOR plus 1.75% to 2.25%, to fund these capital expenditures and the budgeted operating losses during this period. Hutchison 3G Italy (78.3% owned) is also planning to develop its 3G network, with related capital expenditures estimated to total approximately € 1,700

million over the next three years, and is currently in discussions to arrange loan financing for this project.

TREASURY POLICIES

The Group's overall treasury and funding policies focus on managing financial risks, including interest rate and foreign exchange risks, and on cost efficient funding of the Group and its companies. For synergies, efficiency and control, the Group operates a central cash management system for all its unlisted subsidiaries in Hong Kong. Except for listed companies and certain overseas companies, the Group generally obtains long term financing at the Group level to on-lend to its subsidiaries and associates to meet their funding requirements. For overseas subsidiaries and associates and other investments which consist of non-HK and non-US dollar assets, the Group endeavors to hedge its foreign currency position with the appropriate level of borrowings in those currencies. For transactions directly related to the underlying businesses, forward foreign exchange contracts and interest and currency swaps are utilised when suitable

opportunities arise and, when considered appropriate, to hedge against major non-HK and non-US dollar exposures as well as assist in managing the Group's interest rate exposures. At the year end the Group had no significant exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

COMMUNITY RELATIONS

The Group is aware of and gives serious consideration to its role as a corporate citizen and regularly supports numerous community programmes through active participation and financial assistance.

In particular, the Group has been a significant donor to educational institutions such as the Chinese University of Hong Kong, the Hong Kong Museum of Medical Sciences, the Qing Hua University and Beijing Polytechnic University in the Mainland, Stanford University in the United States of America, and the University of Cambridge in the UK to further various research projects ranging from future Internet technology to Western and traditional Chinese medicine projects.

At the *Clean Up The World in Hong Kong 2000* opening ceremony, the Group's deputy chairman Mr Victor Li reminded all citizens to help keep Hong Kong clean.



Watson's Water has a fine tradition of sports sponsorship and development – from grass roots athletic training to world class tennis tournaments.



The Group established the Metro Mutual Aid Foundation during the year to provide emergency relief to the needy in times of crisis. In addition, the Group also made donations to several charities including the Community Chest, which provides funds to more than 140 member agencies. Some of the other organisations that received assistance from the Group included China Disabled Persons' Federation, Children's Miracle Charity and several arts and culture related programmes.

The Group also supports various sports events and for a second consecutive year, sponsored the "Watson's Water Challenge", a four day tennis tournament in January bringing top women tennis stars to Hong Kong.

EMPLOYEE RELATIONS

Excluding associated companies, the Group employs 49,570 people (1999 - 42,510 people) of whom 22,405 (1999 - 20,858) are employed in Hong Kong. Employee costs, excluding Directors' emoluments, totalled HK\$7,642 million (1999 - HK\$7,036 million). All of the Group's subsidiary companies are equal opportunity employers, with the selection and promotion of individuals

being based on suitability for the position offered. The salary and benefit levels of the Group's employees are kept at a competitive level and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system which is reviewed annually. A wide range of benefits, including medical coverage, provident funds and retirement plans, and long service awards are also provided to employees. In addition, training and development programmes are provided on an ongoing basis throughout the Group. Financial assistance is also available to qualifying employees who wish to further their education through part time diploma or degree courses. Many social, sporting and recreational activities were arranged during the year for employees on a Group-wide basis. Group employees regularly participated in charity walks as well as other community oriented events.

OUTLOOK

The Group's results for 2000 were achieved in a year characterised by a continued, but gradual recovery in the Hong Kong and Asian economies, increased global trade

The chairman Mr Li Ka-shing enjoying his moment with staff and their families at the fun filled Sports and Family Day.



flows, and volatile and declining equity markets, particularly in the technology sector in the second half of the year. More recently, there are signs of a slowing economy in the United States of America and of worsening economic conditions in Japan. Despite this environment, the Group reported improved and solid results from its recurring operations and in the first half of the year realised significant profits from value creation from its timely disposal of selected telecommunications interests in Europe and Hong Kong.

The Group is approaching this year cautiously and, although the Group will not be immune to the effects of the slowing major economies of the world nor to the interest rate policies of the United States of America, our solid businesses and well diversified operations provide a platform for another solid operating performance this year.

The Group's financial position is exceptionally strong with cash and marketable securities exceeding total borrowings, a long term debt profile, and geographically and sectorally diversified

core businesses which continue to generate healthy recurrent cash flows. Hong Kong continues to provide a strong home base of operations to expand the Group's core businesses overseas and in the Mainland as it enters the World Trade Organisation. Overseas investments have made significant contributions to the Group and investments overseas in 3G telecommunications businesses, which are currently in a start up phase, and in other expansion opportunities are viewed as investments that will provide future growth and value for our shareholders.

The results for 2000 were achieved with the effort and dedication of the Group's employees and I would like to join our Chairman in thanking them for their support and hard work throughout the year.

FOK Kin-ning, Canning
Group Managing Director

Hong Kong, 22 March 2001

Biographical Details of Directors and Senior Management

LI Ka-shing, KBE, JP, aged 72, has been an Executive Director since 1979 and the Chairman since 1981. He is the founder and the Chairman of Cheung Kong (Holdings) Limited (“Cheung Kong”), a substantial shareholder of the Company under the Securities (Disclosure of Interests) Ordinance, and has been engaged in many major commercial developments in Hong Kong for more than 40 years. Mr Li served as a member of the Hong Kong Special Administrative Region’s Basic Law Drafting Committee, Hong Kong Affairs Adviser, the Preparatory Committee and the Selection Committee for the First Government of the Hong Kong SAR. He is also an Honorary Citizen of Beijing, Shantou, Guangzhou, Shenzhen, Nanhai, Foshan, Chaozhou and Zhuhai respectively. Mr Li is a keen supporter of community service organisations, and has served as honorary chairman of many such groups over the years. Mr Li has received Honorary Doctorates from Beijing University, University of Hong Kong, Hong Kong University of Science and Technology, Chinese University of Hong Kong, City University of Hong Kong, The Open University of Hong Kong, University of Calgary in Canada and Cambridge University in the United Kingdom. Mr Li Ka-shing is the father of Deputy Chairman, Mr Li Tzar Kuoi, Victor.

LI Tzar Kuoi, Victor, aged 36, has been an Executive Director since 1995 and Deputy Chairman since 1999. He is the Chairman of Cheung Kong Infrastructure Holdings Limited (“Cheung Kong Infrastructure”) and the Managing Director and Deputy Chairman of Cheung Kong. He is also the Co-Chairman of Husky Energy Inc. (“Husky Energy”), an Executive Director of Hongkong Electric Holdings Limited (“Hongkong Electric”) and a Director of The Hongkong and Shanghai Banking Corporation Limited. He is a member of the Chinese People’s Political Consultative Conference, the Commission on Strategic Development and the Business Advisory Group. He holds a Bachelor of Science degree in Civil Engineering and a Master of Science degree in Structural Engineering.

FOK Kin-ning, Canning, aged 49, has been an Executive Director since 1984 and Group Managing Director since 1993. He is the Chairman of Hutchison Telecommunications (Australia) Limited (“HTAL”) and Partner Communications Company Ltd. (“Partner Communications”) and the Co-Chairman of Husky Energy. He is also the Deputy Chairman of Cheung Kong Infrastructure and Hongkong Electric and a Director of Cheung Kong and

VoiceStream Wireless Corporation (“VoiceStream”). He holds a Bachelor of Arts degree and is a member of the Australian Institute of Chartered Accountants.

CHOW WOO Mo Fong, Susan, aged 47, has been an Executive Director since 1993 and Deputy Group Managing Director since 1998. She is a solicitor and holds a Bachelor’s degree in Business Administration. She is also an Executive Director of Cheung Kong Infrastructure and a Director of Hongkong Electric, Partner Communications, TOM.COM LIMITED (“TOM.COM”) and VoiceStream.

Frank John SIXT, aged 49, has been an Executive Director since 1991 and Group Finance Director since 1998. He is the Chairman of TOM.COM. He is also an Executive Director of Cheung Kong Infrastructure and Hongkong Electric and a Director of Cheung Kong, HTAL, Husky Energy, Partner Communications and VoiceStream. He holds a Master’s degree in Arts and a Bachelor’s degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

LAI Kai Ming, Dominic, aged 47, has been an Executive Director since 2000. He is also a Director of ICG Asia Limited, Computer And Technologies Holdings Limited and Vanda Systems & Communications Holdings Limited. He has over 20 years of management experience in different industries. He holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration.

George Colin MAGNUS, aged 65, has been an Executive Director since 1980. He is also Chairman of Hongkong Electric and Deputy Chairman of Cheung Kong and Cheung Kong Infrastructure. He holds a Master's degree in Economics.

KAM Hing Lam, aged 54, has been an Executive Director since 1993. He is also Deputy Managing Director of Cheung Kong, Group Managing Director of Cheung Kong Infrastructure and a Director of Hongkong Electric. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration.

The Hon Michael David KADOORIE, aged 59, has been a Director since 1995. He is also Chairman of CLP Holdings Limited and The Hongkong and Shanghai Hotels Limited as well as Heliservices (Hong Kong) Limited.

LI Fook-wo, aged 84, has been a Director since 1977. He is also a Director of The Bank of East Asia, Limited and Johnson Electric Holdings Limited.

Simon MURRAY, CBE, aged 61, has been a Director since 1984. He is the Chairman of General Enterprise Management Services Limited, a private equity fund management company sponsored by Simon Murray And Associates Limited. He is also a Director of a number of listed companies including Cheung Kong and Orient Overseas (International) Limited.

OR Ching Fai, Raymond, aged 51, has been a Director since 2000. He is a General Manager of The Hongkong and Shanghai Banking Corporation Limited, and a Director of Cathay Pacific Airways Limited, Esprit Holdings Limited and Hang Seng Bank Limited. He was Chairman of the Hong Kong Association of Banks in 2000.

William SHURNIAK, aged 69, has been a Director since 1984. He is Chairman of both ETSA Utilities and Powercor Australia Limited, a Director of Envestra Limited, and a Director and Deputy Chairman of Husky Energy. He has broad banking experience and he holds Honorary Doctor of Laws degrees from the University of Saskatchewan and The University of Western Ontario in Canada.

Peter Alan Lee VINE, OBE, LLD, VRD, JP, aged 79, is a solicitor and has been a Director since 1977. He is also a Director of the Cross-Harbour (Holdings) Ltd and a number of other listed companies in Hong Kong including Liu Chong Hing Investments Limited and Liu Chong Hing Bank Limited.

WONG Chung Hin, aged 67, is a solicitor and has been a Director since 1984. He is also a Director of The Bank of East Asia, Limited and Hongkong Electric.

The Executive Directors of the Company are also the Senior Managers of the Group.

Report of the Directors

The directors have pleasure in submitting to shareholders their report and statement of accounts for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of its principal subsidiary and associated companies and jointly controlled entities are shown on pages 109 to 116.

GROUP PROFIT

The consolidated profit and loss account is set out on page 74 and shows the Group profit for the year ended 31 December 2000.

DIVIDENDS

An interim dividend of 51 cents per share was paid to shareholders on 17 October 2000 and the directors recommend the declaration of a final dividend at the rate of HK\$1.22 per share payable on 25 May 2001 to all persons registered as holders of shares on 24 May 2001.

RESERVES

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

CHARITABLE DONATIONS

Donations to charitable organisations by the Group during the year amounted to HK\$86,814,000 (1999 – HK\$50,434,000).

FIXED ASSETS

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

SHARE CAPITAL

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

DIRECTORS

The board of directors as at 31 December 2000 comprises Messrs Li Ka-shing, Li Tzar Kuoi, Victor, Fok Kin-ning, Canning, Chow Woo Mo Fong, Susan, Frank John Sixt, Lai Kai Ming, Dominic, George Colin Magnus, Kam Hing Lam, Michael David Kadoorie, Li Fook-wo, Simon Murray, Or Ching Fai, Raymond, William Shurniak, Peter Alan Lee Vine and Wong Chung Hin.

Messrs Christopher Patrick Langley and Li Tzar Kai, Richard resigned as directors with effect on 31 January 2000 and 16 August 2000 respectively. Messrs Lai Kai Ming, Dominic and Or Ching Fai, Raymond were appointed as directors with effect from 1 February 2000. The directors would like to record their appreciation for the services of Messrs Christopher Patrick Langley and Li Tzar Kai, Richard to the Group and are pleased to welcome the appointment of Messrs Lai Kai Ming, Dominic and Or Ching Fai, Raymond.

Messrs Li Ka-shing, Li Tzar Kuoi, Victor, Frank John Sixt, George Colin Magnus and Michael David Kadoorie will retire by rotation at the forthcoming annual general meeting under the provisions of Article 85 of the Articles of Association of the Company and, being eligible, will offer themselves for reelection.

The Directors' biographical details are set out on pages 60 and 61.

INTEREST IN CONTRACTS

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

CONNECTED TRANSACTIONS

On 5 May 2000, the Company entered into an agreement with Hutchison Telecommunications (Australia) Limited ("HTAL") to underwrite all the shares of HTAL offered in HTAL's rights issue, other than those to which Hutchison Communications (Australia) Pty. Ltd. was entitled as of its right as a shareholder of HTAL. HTAL is a non wholly owned subsidiary of the Company listed on the Australian Stock Exchange, which was then owned as to approximately 54% by the Company, as to approximately 16.5% by Leanrose Pty. Ltd. ("Leanrose") and the balance by the public. The number of HTAL shares underwritten was approximately 93.6 million and the maximum amount underwritten by the Company under the rights issue was approximately A\$323 million. The underwriting of the rights issue was a connected transaction for the Company as Leanrose is a connected person of the Company by virtue of it being a substantial shareholder of a subsidiary of the Company and of it being an associate of a director of HTAL.

CONNECTED TRANSACTIONS (cont'd)

On 9 June 2000, the Company provided a guarantee (the "Ostani Guarantee") in respect of 50% of all the obligations of Ostani Limited, which is owned as to 50% by the Company and 50% by Cheung Kong (Holdings) Limited ("Cheung Kong"), under a short term revolving loan facility of HK\$1,000 million made available to Ostani Limited by an independent financial institution. The Ostani Guarantee constituted a connected transaction for the Company under Rule 14.25(2)(b) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

On 20 June 2000, the Company provided a guarantee (the "Glenfield Guarantee I") in respect of 50% of all the obligations of Glenfield Investments Pte Ltd ("Glenfield") under a bank guarantee facility of S\$185 million made available by an independent financial institution to Glenfield, which is owned as to 50% by the Company and 50% by Cheung Kong. The Glenfield Guarantee I constituted a connected transaction for the Company under Rule 14.25(2)(b) of the Listing Rules.

On 3 July 2000, the Company provided a guarantee (the "Glenfield Guarantee II") in respect of 50% of all the obligations of Glenfield under a revolving credit facility of S\$300 million made available to Glenfield by independent financial institutions. The Glenfield Guarantee II constituted a connected transaction for the Company under Rule 14.25(2)(b) of the Listing Rules.

On 12 July 2000, the Company and New Millennium Corp., an indirect wholly owned subsidiary of the Company, entered into a conditional sale and purchase agreement with NTT DoCoMo, Inc. in relation to the disposal of the entire issued share capital of Brilliant Design Limited, a wholly owned subsidiary of New Millennium Corp., for a cash consideration of £1,200 million (approximately HK\$14,200 million). At completion of the sale and purchase agreement, the principal asset of Brilliant Design Limited was a 20% shareholding in Hutchison 3G UK Holdings Limited, the holding company of Hutchison 3G UK Limited. In addition, the Company procured a banking facility of £25 million to Hutchison 3G UK Limited for working capital purposes and guaranteed such banking facility in full until long term financing is obtained. The sale and purchase agreement and the guarantee constituted connected transactions for the Company as NTT DoCoMo, Inc. is a connected person of the Company by virtue of it being a substantial shareholder of a subsidiary of the Company.

For the period from October 2000 to December 2000, Hutchison Whampoa Properties Limited ("HWPL"), an indirect wholly owned subsidiary of the Company, provided three guarantees (together the "SWMC Guarantees") in respect of 50% of all the obligations of Shanghai Westgate Mall Co., Ltd. ("SWMC"), on a several basis pro rata to the then respective interests of the Company and Cheung Kong, under four standby letters of credit for an aggregate amount of US\$29,155,752 issued by an independent financial institution for securing four loans in an aggregate amount of RMB230 million made available to SWMC by another independent financial institution. The SWMC Guarantees constituted connected transactions for the Company under Rule 14.25(2)(b) of the Listing Rules.

On 5 October 2000, Hutchison International Limited (“HIL”), a wholly owned subsidiary of the Company provided a guarantee (the “HIL Guarantee”) in respect of 76.5% of the liabilities of Hutchison 3G Italia S.p.A. (then known as Andala S.p.A.) (“H3G Italy”) under a bank guarantee facility for Lire 4,000 billion taken out by H3G Italy from an independent financial institution in support of H3G Italy’s tender for a third generation telecommunications licence in Italy. H3G Italy was then indirectly owned as to 51% by the Company and as to 25.5% by Tiscali S.p.A. The HIL Guarantee constituted a connected transaction for the Company as Tiscali S.p.A. was a connected person by virtue of it being a substantial shareholder of a subsidiary of the Company.

On 12 October 2000, HWPL provided a guarantee (the “GMFPD Guarantee”) in respect of 50% of all the obligations of Guangzhou Metro-Ford Property Development Co., Ltd. (“GMFPD”), which is owned as to 50% by the Company and 50% by Cheung Kong, under a loan of RMB800 million made available to GMFPD by an independent financial institution. The GMFPD Guarantee constituted a connected transaction for the Company under Rule 14.25(2)(b) of the Listing Rules.

On 14 November 2000, HWPL provided a guarantee (the “HWPZ Guarantee”) in respect of 50% of all the obligations of Hutchison Whampoa Properties (Zhuhai) Company Limited (“HWPZ”), which is owned as to 50% by the Company and 50% by Cheung Kong, under a construction loan facility of RMB200 million made available to HWPZ by an independent financial institution. The HWPZ Guarantee constituted a connected transaction for the Company under Rule 14.25(2)(b) of the Listing Rules.

On 21 November 2000, the Company provided a guarantee (the “BOP Guarantee”) in respect of 18.2% of all liabilities of Beijing Oriental Plaza Co., Ltd. (“BOP”) under a loan facility in the amount of RMB4,460 million extended by an independent financial institution. The Company and Cheung Kong then had an effective interest of approximately 18.2% and 33.8% respectively in the issued voting shares of the foreign party of BOP. The BOP Guarantee was provided on a several basis pro rata to the then respective effective interests of the Company and Cheung Kong in BOP and constituted a connected transaction for the Company under Rule 14.25(2)(b) of the Listing Rules.

On 5 December 2000 and 17 January 2001, Ideal Start Limited, an indirect wholly owned subsidiary of the Company, made available loans (the “Loans”) in an aggregate amount of HK\$173 million to Shenzhen Park’N Shop Limited, a non wholly owned subsidiary of the Company. The Loans constituted connected transactions for the Company under Rule 14.25(2)(a) of the Listing Rules.

CONNECTED TRANSACTIONS (cont'd)

On 8 December 2000, HWPL provided a guarantee (the "Bayswater Guarantee") in respect of 50% of all the obligations of Bayswater Developments (Shanghai) Limited ("Bayswater"), which is owned as to 50% by the Company and 50% by Cheung Kong, under standby letters of credit for an aggregate amount of US\$31,820,785 issued by an independent financial institution for securing a loan of RMB250 million made available to Bayswater by another independent financial institution. The Bayswater Guarantee constituted a connected transaction for the Company under Rule 14.25(2)(b) of the Listing Rules.

On 14 February 2001, Hutchison Telecommunications Limited, an indirect wholly owned subsidiary of the Company, provided a guarantee (the "HTL Guarantee") in respect of all the liabilities of HTAL under a bid bond facility for A\$116,250,000 taken out by it from an independent financial institution in support of HTAL's tender in an auction to acquire radio frequency spectrum licence in the 2.1GHz band in Australia. HTAL is indirectly owned as to approximately 57.8% by the Company, directly owned as to approximately 12.5% by Leanrose and approximately 29.7% owned by the public. The HTL Guarantee was a connected transaction for the Company as Leanrose is a connected person by virtue of it being a substantial shareholder of a subsidiary of the Company and of it being an associate of a director of HTAL.

On 22 February 2001, Hutchison Telecommunications International Limited ("HTIL"), an indirect wholly owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Pacific Century CyberWorks Limited ("PCCW") in relation to the disposal of the entire issued share capital of Hutchison Telecommunications Technology Investments Limited, a wholly owned subsidiary of HTIL, and the shareholder's loan of approximately HK\$546 million (the "Disposal") for a total consideration of HK\$803.4 million. The consideration was satisfied by the issue and allotment of 183,634,285 new shares of HK\$0.05 each in PCCW at a value of HK\$4.375 each credited as fully paid. The Disposal constituted a connected transaction of the Company as Mr Li Tzar Kai, Richard, who controls PCCW, was a director of the Company within the last twelve months prior to the Disposal.

On 22 February 2001, an agreement was entered into between (i) Whampoa Holdings Limited ("WHL"), an indirect wholly owned subsidiary of the Company; (ii) Motorola Asia Limited ("MAL"); (iii) Motorola Inc. and (iv) HIL, a wholly owned subsidiary of the Company for the acquisition (the "Acquisition") of 25.1% of the issued share capital of Hutchison Telephone Company Limited ("HTCL") by WHL from MAL for a cash consideration of US\$120 million. HTCL is a non wholly owned subsidiary of the Company and is indirectly owned as to approximately 55.9% by the Company. The Acquisition constituted a connected transaction for the Company as MAL is a connected person by virtue of it being a substantial shareholder of a subsidiary of the Company.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' SERVICE CONTRACT

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

DIRECTORS' INTERESTS

As at 31 December 2000, the interests of the directors in the shares of the Company and its associated corporations as required to be recorded in the register maintained under Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

(a) Interests in the Company

Name	No of Ordinary Shares				Total
	Personal Interests	Family Interests	Corporate Interests	Other Interests	
Li Ka-shing	–	–	–	2,139,002,773 ⁽¹⁾	2,139,002,773
Li Tzar Kuoi, Victor	–	–	971,000	2,139,002,773 ⁽¹⁾	2,139,973,773
Fok Kin-ning, Canning	962,597	–	48,278	–	1,010,875
George Colin Magnus	880,000	9,900	–	–	889,900
Michael David Kadoorie	–	–	–	15,984,095 ⁽²⁾	15,984,095
Simon Murray	23,000	–	–	–	23,000
William Shurniak	165,000	–	–	–	165,000
Peter Alan Lee Vine	33,000	–	–	–	33,000

(a) Interests in the Company (cont'd)

Notes:

(1) The two references to 2,139,002,773 shares relate to the same block of shares in the Company comprising:

(a) 2,130,202,773 shares held by certain subsidiaries of Cheung Kong. Li Ka-Shing Unity Trustee Company Limited ("TUT") as trustee of The Li Ka-Shing Unity Trust (the "LKS Unity Trust") and companies controlled by TUT as trustee of the LKS Unity Trust hold more than one-third of the issued share capital of Cheung Kong. All the issued and outstanding units in the LKS Unity Trust are held by Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust and by another discretionary trust. The discretionary beneficiaries of such discretionary trusts are, inter alia, Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and his wife and two daughters and Mr Li Tzar Kai, Richard. Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as directors of the Company, are taken to be interested in such shares in the Company held by the subsidiaries of Cheung Kong by virtue of their deemed interests in the shares of Cheung Kong as discretionary beneficiaries of such discretionary trusts. In accordance with the provisions of the SDI Ordinance, Mr Li Ka-shing is also taken to be interested in such 2,130,202,773 shares by virtue of his owning more than one-third of the issued share capital of Li Ka-Shing Unity Holdings Limited which in turn owns more than one-third of the issued share capital of the trustees of the LKS Unity Trust and the abovementioned discretionary trusts; and

(b) 8,800,000 shares held by a unit trust. All issued and outstanding units of such unit trust are held by discretionary trusts. The discretionary beneficiaries of such discretionary trusts are, inter alia, Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and his wife and two daughters and Mr Li Tzar Kai, Richard and accordingly Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as directors of the Company, are taken to be interested in such 8,800,000 shares under the SDI Ordinance. In accordance with the provisions of the SDI Ordinance, Mr Li Ka-shing also is taken to be interested in the same 8,800,000 shares in the Company by virtue of his owning more than one-third of the issued share capital of Li Ka-Shing Castle Holdings Limited which in turn owns more than one-third of the issued share capital of the trustees of the abovementioned unit trust and discretionary trusts.

(2) The Hon Michael David Kadoorie is deemed to be interested by virtue of the SDI Ordinance in 15,984,095 shares in the Company.

(b) Interests in Associated Corporations

As at 31 December 2000, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as directors of the Company, were deemed to be interested in the following:

- (i) 1,912,109,945 shares in Cheung Kong Infrastructure Holdings Limited ("Cheung Kong Infrastructure") of which 1,906,681,945 shares were held by a subsidiary of the Company and 5,428,000 shares were held by companies controlled by TUT as trustee of the LKS Unity Trust as described in Note (1) above under the SDI Ordinance;
- (ii) 829,599,612 shares in Hongkong Electric Holdings Limited ("Hongkong Electric") which shares were held by certain subsidiaries of Cheung Kong Infrastructure;
- (iii) 1,392,000,000 shares in TOM.COM LIMITED ("TOM.COM") of which 928,000,000 shares were held by a subsidiary of the Company and 464,000,000 shares were held by a subsidiary of Cheung Kong;
- (iv) 137,103,086 common shares and 631,037 transferable warrants in Husky Energy Inc. ("Husky Energy") which were held by a company in respect of which a trust company as trustee of The Li Ka-Shing Castle Discretionary Trust is indirectly entitled to substantially all the net assets thereof by virtue of their interests as the discretionary beneficiaries of certain discretionary trusts as described in Note (1) above; and
- (v) all the shares of the subsidiary and associated companies of the Company held by the Company and its subsidiary companies by virtue of their interests in the shares of the Company as described in Note (1) above.

In addition, Mr Li Ka-shing had, as at 31 December 2000, corporate interests in 4,600 class C common shares in Husky Oil Holdings Limited and a total of 152,005,596 common shares and 699,628 transferable warrants in Husky Energy of which 137,103,086 common shares and 631,037 transferable warrants are duplicated in his deemed interests as described in (iv) above.

Mr Fok Kin-ning, Canning had, as at 31 December 2000, (i) a personal interest of 100,000 ordinary shares in HTAL and (ii) corporate interests in a nominal amount of US\$11,000,000 in the 6.95% Notes due 2007 issued by Hutchison Whampoa Finance (CI) Limited, 300,000 common shares in Husky Energy and 225,000 American Depositary Shares (each representing one ordinary share) of Partner Communications Company Ltd. ("Partner Communications").

(b) Interests in Associated Corporations (cont'd)

Mr Frank John Sixt had, as at 31 December 2000, a personal interest in a nominal amount of US\$530,000 in the 7% convertible bonds due 2001 issued by Hutchison Delta Finance Limited.

Mr George Colin Magnus had, as at 31 December 2000, a personal interest in 25,000 American Depositary Shares (each representing one ordinary share) in Partner Communications.

Mr Kam Hing Lam had, as at 31 December 2000, a personal interest in 100,000 shares in Cheung Kong Infrastructure.

Mr Peter Alan Lee Vine had, as at 31 December 2000, a personal interest in 80,000 shares in Hongkong Electric.

Save as outlined above, none of the directors had, as at 31 December 2000, any interests in the ordinary shares of the Company and its associated corporations or any right to subscribe for ordinary shares of the Company or its associated corporations which had been granted and exercised as recorded in the register required to be kept under Section 29 of the SDI Ordinance since no right to subscribe for the ordinary shares of the Company or its associated corporations had been granted to any director or his spouse or children under 18 years of age since 1 September 1991, the commencement of the SDI Ordinance.

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

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2000, the register required to be kept under Section 16(1) of the SDI Ordinance showed that the Company had been notified of the following interests in the issued ordinary share capital of the Company. These interests were in addition to those disclosed above in respect of the directors.

Name	No of Ordinary Shares
Cheung Kong (Holdings) Limited	2,130,202,773 ⁽¹⁾
Continental Realty Limited	465,265,969 ⁽²⁾

Notes :

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

(2) This is a subsidiary of Cheung Kong and its interests in the ordinary shares of the Company is duplicated in the interests of Cheung Kong. In addition, Li Ka-Shing Unity Holdings Limited, TUT as trustee of The LKS Unity Trust and Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust have notified the Company that each of them is to be taken as interested in the same 2,130,202,773 shares of the Company as described in Note (1)(a) above.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2000 and up to the date of this report, the directors of the Company have interests in companies of which their businesses compete or are likely to compete, either directly or indirectly, with the businesses of the Company as required to be disclosed pursuant to Rule 8.10 of the Listing Rules, by virtue of either (i) their directorship in a number (in excess of 100) of associated companies or other companies in which the Company has less than 20% shareholding interest, as a result of their nomination by the Company to the board of such companies; or (ii) their deemed interests in the following companies:

Name	Name of Company	Nature of Competing Business
Li Ka-shing	Cheung Kong and its associated companies	- Property development and investment
Li Tzar Kuoi, Victor		- Hotels ownership, management, operations and related services - E-commerce and general information portals - Finance and investment
	Husky Energy	- Integrated oil and gas business
	TOM.COM	- E-commerce and general information portals

Save as disclosed above, none of the directors is interested in any businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Company during the year ended 31 December 2000 and up to the date of this report.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

CODE OF BEST PRACTICE

With the exception that non executive directors have no set term of office but retire from office on a rotational basis, the Company has complied throughout the year ended 31 December 2000 with Appendix 14 to the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

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

AUDITORS

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

By order of the board

Edith SHIH

Company Secretary

Hong Kong, 22 March 2001

Auditors' Report

To the Shareholders of Hutchison Whampoa Limited

(incorporated in Hong Kong with limited liability)

We have audited the accounts on pages 74 to 116 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Hong Kong Companies Ordinance requires the directors to prepare accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

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

OPINION

In our opinion, the accounts give a true and fair view of the state of the affairs of the Company and the Group as at 31 December 2000 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 March 2001

Consolidated Profit and Loss Account

for the year ended 31 December 2000

2000 US\$ millions		Note	2000 HK\$ millions	1999 HK\$ millions
7,310	Turnover	2	57,022	55,442
2,991	Cost of inventories sold		23,332	24,115
981	Staff costs		7,648	6,873
413	Depreciation and amortisation		3,222	3,314
1,214	Other operating expenses		9,473	7,762
5,599	Total operating expenses		43,675	42,064
1,711	Operating profit	2	13,347	13,378
828	Finance costs		6,460	5,081
3,300	Profit on disposal of investments less provisions	3	25,742	109,532
448	Share of profits less losses of associated companies		3,494	2,209
163	Share of profits less losses of jointly controlled entities		1,272	(52)
4,794	Profit before taxation	4	37,395	119,986
254	Taxation	7	1,978	1,251
4,540	Profit after taxation		35,417	118,735
166	Minority interests		1,299	1,390
4,374	Profit attributable to the shareholders	8	34,118	117,345
946	Dividends	9	7,375	6,318
3,428	Profit for the year retained	10	26,743	111,027
US\$1.03	Earnings per share	11	HK\$8.00	HK\$27.52

Consolidated Balance Sheet

at 31 December 2000

2000 US\$ millions		Note	2000 HK\$ millions	1999 HK\$ millions
	ASSETS			
	Non-current assets			
10,954	Fixed assets	12	85,438	83,687
10,261	Other non-current assets	13	80,039	–
5,037	Associated companies	15	39,291	26,832
5,068	Interests in joint ventures	16	39,533	34,966
17,319	Managed funds and other investments	17	135,091	176,167
48,639	Total non-current assets		379,392	321,652
7,970	Current assets	18	62,163	53,969
6,450	Current liabilities	19	50,315	38,771
1,520	Net current assets		11,848	15,198
50,159	Total assets less current liabilities		391,240	336,850
	Non-current liabilities			
13,718	Long term liabilities	20	107,004	80,662
13	Deferred taxation	21	100	139
13,731	Total non-current liabilities		107,104	80,801
4,614	Minority interests	22	35,989	10,099
31,814	Net assets		248,147	245,950
	CAPITAL AND RESERVES			
137	Share capital	23	1,066	969
31,677	Reserves	24	247,081	244,981
31,814	Shareholders' funds		248,147	245,950

FOK Kin-ning, Canning
Director

Frank John SIXT
Director

Balance Sheet

at 31 December 2000

2000 US\$ millions		Note	2000 HK\$ millions	1999 HK\$ millions
	ASSETS			
	Non-current assets			
7,788	Subsidiary companies	14	60,744	62,328
949	Current assets	18	7,400	5,000
715	Current liabilities	19	5,573	4,810
234	Net current assets		1,827	190
8,022	Total assets less current liabilities		62,571	62,518
	Non-current liabilities			
1,500	Long term liabilities	20	11,700	11,655
6,522	Net assets		50,871	50,863
	CAPITAL AND RESERVES			
137	Share capital	23	1,066	969
6,385	Reserves	24	49,805	49,894
6,522	Shareholders' funds		50,871	50,863

FOK Kin-ning, Canning
Director

Frank John SIXT
Director

Consolidated Cash Flow Statement

for the year ended 31 December 2000

2000 US\$ millions	Note	2000 HK\$ millions	1999 HK\$ millions
1,169			
		9,119	12,802
(789)	25 (a)		
		(6,153)	2,352
167			
163		1,301	1,079
778		1,272	1,214
1,108		6,066	2,553
1,108		8,639	4,846
(885)			
		(6,905)	(5,894)
(156)		(1,213)	(1,220)
(850)		(6,632)	(5,271)
(1,891)		(14,750)	(12,385)
(74)			
(34)		(575)	(460)
(108)		(267)	(110)
(108)		(842)	(570)
9			
3,336		73	257
831	25 (c)	26,024	1,397
582		6,482	28,212
58		4,542	2,997
7,911		450	462
(811)		61,708	2,870
-		(6,324)	(7,565)
(10,261)		-	(2,524)
(188)		(80,039)	-
(2,106)	25 (d)	(1,466)	(2,419)
(1,090)		(16,428)	(3,650)
126		(8,504)	(5,695)
(23)		979	1,001
(2,106)		(180)	(3)
(3,732)		(16,426)	(8,487)
(3,732)		(29,109)	6,853
(4,243)			
		(33,096)	13,898
5,187	25 (e)		
		40,458	8,835
944	25 (f)		
		7,362	22,733

Consolidated Statement of Total Recognised Gains and Losses

for the year ended 31 December 2000

2000 US\$ millions		2000 HK\$ millions	1999 HK\$ millions
55	Surplus on revaluation of investment properties	425	675
1,129	Surplus on revaluation of investments	8,810	48,861
(11)	Share of deficit on revaluation of investment properties of jointly controlled entities	(86)	(32)
1	Share of surplus (deficit) on revaluation of investments in associated companies	6	(40)
(365)	Exchange differences on translation of financial statements of overseas subsidiary and associated companies and jointly controlled entities	(2,844)	742
809	Net gains not recognised in the profit and loss account	6,311	50,206
4,374	Net profit for the year	34,118	117,345
5,183	Total recognised gains and losses	40,429	167,551
(720)	Net goodwill charge in reserves	(5,621)	353
4,463		34,808	167,904

Notes to the Accounts

1 PRINCIPAL ACCOUNTING POLICIES

A Basis of preparation

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

B Basis of consolidation

The consolidated accounts of the Group include the accounts for the year ended 31 December 2000 of the Company and of all its direct and indirect subsidiary companies and also incorporate the Group's interests in associated companies and jointly controlled entities on the basis set out in notes 1D and 1E below. Results of subsidiary and associated companies and jointly controlled entities acquired or disposed of during the year are included as from their effective dates of acquisition to 31 December 2000 or up to the dates of disposal as the case may be.

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

C Subsidiary companies

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

D Associated companies

A company or a joint venture is classified as an associated company if not less than 20% nor more than 50% of the equity voting rights are held as a long term investment, a significant influence is exercised over its management and there is no contractual agreement between the shareholders to establish joint control over the economic activities of the entity. Results of the associated companies are incorporated in the accounts to the extent of the Group's share of the post acquisition results calculated from their accounts made up to 31 December 2000. Investments in associated companies represent the Group's share of their net assets, after attributing fair values to their net tangible and intangible assets at the date of acquisition, less provision for diminution in value.

1 PRINCIPAL ACCOUNTING POLICIES (cont'd)

E Joint ventures

A joint venture is classified as a jointly controlled entity if it is held as a long term investment and a contractual arrangement between the shareholders establishes joint control over the economic activities of the joint venture. Results of the jointly controlled entities are incorporated in the accounts to the extent of the Group's share of the post acquisition results calculated from their accounts made up to 31 December 2000. Investments in jointly controlled entities represent the Group's share of their net assets, after attributing fair values to their net tangible and intangible assets at the date of acquisition, less provision for diminution in value.

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

F Managed funds and other investments

The Group's managed funds and other investments have been classified as held-to-maturity debt securities and other debt and equity securities ("other securities"). Held-to-maturity debt securities are carried at cost less provision for diminution in value. Other securities are carried at fair value and represent listed and unlisted investments in companies which are not subsidiary nor associated companies nor joint ventures. Changes in the fair value of other securities are dealt with as movements in the investment revaluation reserve. In circumstances where the fair value of other securities has declined below their cost and the decline is determined not to be temporary, a provision for diminution in their value is charged to the profit and loss account. Upon disposal of other securities, the relevant revaluation surplus or deficit is dealt with in the profit and loss account. Dividends and interest income from these investments are recognised on the accrual basis.

1 PRINCIPAL ACCOUNTING POLICIES (cont'd)

G Fixed assets

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

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

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

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

H Investment properties

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

I Leases

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

J Other non-current assets

Licences for 3G Telecommunications spectrum ("3G licences") costs are capitalised at cost and amortised over the periods of the licences from the date of commencement of commercial operations.

1 PRINCIPAL ACCOUNTING POLICIES (cont'd)

K Borrowing costs

Borrowing costs are accounted for on the accrual basis and charged to the profit and loss account in the year incurred, except for costs related to funding of fixed assets, properties under development, 3G licences and infrastructure joint ventures which are capitalised as part of the cost of that asset up to the date of commencement of its operations.

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

L Properties under development

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

M Stocks

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

N Deferred taxation

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

O Foreign exchange

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

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

2 TURNOVER AND OPERATING PROFIT

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

	Group 2000 HK\$ millions	Group 1999 HK\$ millions
Sale of goods	26,578	30,741
Rendering of services	23,691	21,359
Interest	5,914	2,656
Dividends	839	686
	57,022	55,442

An analysis of turnover and contribution to operating profit, excluding from both the Group's share of associated companies and jointly controlled entities, for the year by principal activities and geographical areas is as follows:

	Turnover		Operating Profit	
	Group 2000 HK\$ millions	Group 1999 HK\$ millions	Group 2000 HK\$ millions	Group 1999 HK\$ millions
Principal activities:				
Ports and related services	11,501	10,333	4,445	4,127
Telecommunications and e-commerce	7,653	7,216	705	811
Property and hotels	3,451	10,618	1,566	2,355
Retail and manufacturing	25,014	21,553	630	1,388
Energy, infrastructure, finance and investments	9,403	5,722	6,001	4,697
	57,022	55,442	13,347	13,378
Geographical areas:				
Hong Kong	34,869	39,092	5,633	6,278
Mainland China	4,364	4,278	921	1,783
Asia	8,123	6,297	1,207	767
Europe	6,060	3,290	2,594	1,044
North America	3,606	2,485	2,992	3,506
	57,022	55,442	13,347	13,378

3 PROFIT ON DISPOSAL OF INVESTMENTS LESS PROVISIONS

	Group 2000 HK\$ millions	Group 1999 HK\$ millions
Profit on disposal of investments	59,742	119,392
Provision for share price and exchange rate fluctuations on overseas investments	(34,000)	-
Provision against accumulated capitalised cost of acquiring Hong Kong mobile subscribers	-	(2,060)
Provision for diminution in value of investments in joint venture projects	-	(7,800)
	25,742	109,532

Profit on disposal of investments comprises a profit of HK\$50,000 million on disposal of Mannesmann AG ("Mannesmann") common shares in exchange for Vodafone Group Plc ("Vodafone") ordinary shares (see note 25 (h)), a profit of HK\$1,600 million on the subsequent disposal of 925 million Vodafone shares, a profit of HK\$2,200 million on the sale of a 19% interest in Hong Kong mobile operation, a profit of HK\$4,222 million on the merger of Husky Oil Limited with Renaissance Energy Ltd. (see note 25(h)) and a profit of HK\$1,720 million on the sale of a 50% interest in fixed line telecommunications business. The 1999 profit on disposal of investments comprises a profit of HK\$118,000 million on disposal of Orange plc and a profit of HK\$1,392 million on the flotation of Partner Communications Company Ltd.

4 PROFIT BEFORE TAXATION

	Group 2000 HK\$ millions	Group 1999 HK\$ millions
Profit before taxation is shown after crediting and charging the following items:		
Credits:		
Share of profits less losses of associated companies		
Listed	2,809	1,944
Unlisted	685	265
	3,494	2,209
Gross rental income from investment properties	2,065	1,988
Less: Intra group rental income	(300)	(313)
	1,765	1,675
Less: Related outgoings	(48)	(149)
Net rental income	1,717	1,526
Dividend and interest income from managed funds and other investments		
Listed	1,989	952
Unlisted	666	655
Charges:		
Interest		
Bank loans and overdrafts	4,415	3,599
Other loans repayable within 5 years	125	264
Other loans not wholly repayable within 5 years	-	40
Notes and bonds repayable within 5 years	1,314	664
Notes and bonds not wholly repayable within 5 years	1,585	1,515
	7,439	6,082
Less: Interest capitalised	(979)	(1,001)
	6,460	5,081
Depreciation of fixed assets	3,222	3,013
Amortisation of deferred expenditures	-	301
Share of depreciation and amortisation of associated companies and jointly controlled entities	2,677	2,007
Operating leases		
Properties	2,109	1,886
Hire of plant and machinery	1,159	487
Auditors' remuneration	35	31

5 DIRECTORS' EMOLUMENTS

	Group 2000 HK\$ millions	Group 1999 HK\$ millions
The emoluments of the directors of the Company are as follows:		
Fees	1	1
Basic salaries and allowances	39	39
Provident fund contributions	5	4
Bonuses	208	329

The emoluments of the seven independent non-executive directors of the Company are HK\$0.5 million (1999 – six directors, HK\$0.4 million).

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

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

HK\$	2000 Number of Directors	1999 Number of Directors
Nil – 1,000,000	8	7
1,000,001 – 1,500,000	1	–
2,000,001 – 2,500,000	–	1
6,000,001 – 6,500,000	1	–
9,000,001 – 9,500,000	2	–
13,000,001 – 13,500,000	1	1
14,000,001 – 14,500,000	–	1
19,500,001 – 20,000,000	–	1
24,000,001 – 24,500,000	–	1
29,000,001 – 29,500,000	1	–
31,000,001 – 31,500,000	1	–
32,500,001 – 33,000,000	1	–
44,000,001 – 44,500,000	–	1
47,500,001 – 48,000,000	–	1
120,000,001 – 120,500,000	1	–
206,000,001 – 206,500,000	–	1

The five individuals whose emoluments were the highest for the year were four directors of the Company and one director of a subsidiary of the Company. The remuneration of the director of the subsidiary company consisted of basic salary and allowance – HK\$5.6 million; provident fund contribution – HK\$0.9 million; and bonus – HK\$12 million.

6 PENSION SCHEMES

The Group has established pension schemes for employees located in Hong Kong and in some overseas locations. Total pension expense for the year was HK\$313 million (1999 – HK\$295 million) of which HK\$112 million (1999 – HK\$90 million) related to overseas schemes. Contributions to all plans are charged to the profit and loss account in the year incurred.

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

The Group's Hong Kong employees, excluding CKI group employees, who commenced employment subsequent to 31 December 1993 are members of a defined contribution scheme. All contributions are made by the employer at either 7.5% or 10% of the employee's basic monthly salary. Benefits are equal to the vested contributions plus a minimum interest thereon of 5% per annum. Except for the employees of the Group's port business in the United Kingdom, overseas employees are members of defined contribution schemes in their respective country of operation. Forfeited contributions of the Group's defined contribution schemes in the amount of HK\$34 million (1999 – HK\$23 million) were used to reduce the current year's level of contributions and HK\$8 million is available at 31 December 2000 (1999 – HK\$4 million) to reduce future year's contribution.

The CKI group provides defined contribution retirement schemes for the majority of its employees. One of its subsidiary companies provides a defined benefit scheme. Contributions to the defined contribution schemes are made either by the employer only at 10% of the employees' basic monthly salary or by both the employers and employees each at 10% of the employees' basic monthly salary. Forfeited contributions of the CKI group's defined contribution schemes in the amount of HK\$3 million (1999 – HK\$1 million) were used to reduce the current year's level of contributions. At 31 December 2000, there was no forfeited contributions and earnings available to reduce its contributions to the defined contribution scheme in future years (1999 – HK\$1 million).

The CKI group's defined benefit scheme is substantially the same as that described above for the Group's Hong Kong employees. The latest actuarial valuation of this defined benefit scheme was completed at 1 January 2000 by Joseph K L Yip, FSA, a fellow member of the Society of Actuaries, of The Watson Wyatt Hong Kong Limited. The actuarial method adopted was the attained age funding method and the main assumptions were an average annual investment return on the scheme assets of 9% per annum and average annual salary increases of 7% per annum. The market value of the defined benefit scheme's assets as at 31 December 1999 was HK\$120 million and the latest actuarial valuation showed that the scheme's assets covered 81% of the accrued actuarial liabilities at the valuation date. CKI's future annual contribution is designed to fund the shortfall over a period of time.

6 PENSION SCHEMES (cont'd)

With the implementation of the Mandatory Provident Fund ("MPF") Schemes Ordinance on 1 December 2000 in Hong Kong, the Group also participates 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% of the employees' monthly relevant income capped at HK\$20,000. As the Group's pension schemes in Hong Kong (including those of CKI) 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. The Group's Hong Kong employees, excluding CKI group employees, who commenced employment after 30 November 2000, can also elect to become members of the MPF schemes or to become members of the Group's defined contribution scheme in Hong Kong. Except for certain CKI group's subsidiaries of which the new employees join the MPF schemes, CKI group offers an option to its Hong Kong employees who commenced employment after 30 November 2000 to elect between the ORSO schemes and the MPF schemes.

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

7 TAXATION

	Group 2000 HK\$ millions	Group 1999 HK\$ millions
Current taxation expense		
Hong Kong		
Subsidiary companies	585	738
Associated companies	256	184
Jointly controlled entities	76	48
Overseas		
Subsidiary companies	280	196
Associated companies	54	119
Jointly controlled entities	51	40
	1,302	1,325
Deferred taxation expense (credit)		
Hong Kong		
Subsidiary companies	(44)	(77)
Associated companies	-	5
Jointly controlled entities	(5)	(12)
Overseas		
Subsidiary companies	(2)	8
Associated companies	727	-
Jointly controlled entities	-	2
	676	(74)
	1,978	1,251
Hong Kong profits tax has been provided for at the rate of 16% (1999 – 16%) on the estimated assessable profit less available tax losses. Overseas taxation has been provided for at the applicable rate on the estimated assessable profit less available tax losses.		
The potential tax liabilities (assets) which have not been provided for in respect of the current year are as follows:		
Arising from accelerated depreciation allowances on continuing operations	(230)	8
Arising from tax losses	276	(776)

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

8 PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS

The net profit of the Company is HK\$7,383 million (1999 – HK\$21,505 million) and is included in determining the profit attributable to the shareholders in the consolidated profit and loss account.

9 DIVIDENDS

	Company 2000 HK\$ millions	Company 1999 HK\$ millions
Interim dividend paid of HK\$0.51 per share (1999 – HK\$0.436, adjusted for bonus issue)	2,174	1,860
Proposed final dividend of HK\$1.22 per share (1999 – HK\$1.046, adjusted for bonus issue)	5,201	4,458
	7,375	6,318

10 PROFIT FOR THE YEAR RETAINED

	Group 2000 HK\$ millions	Group 1999 HK\$ millions
Profit (loss) for the year retained after deducting minority interests is as follows:		
Company and subsidiary companies	25,817	111,825
Associated companies	1,017	704
Jointly controlled entities	(91)	(1,502)
	26,743	111,027

11 EARNINGS PER SHARE

The calculation of earnings per share is based on profit attributable to the shareholders of HK\$34,118 million (1999 – HK\$117,345 million) and on 4,263,370,780 shares in issue during 2000 (1999 – on 4,263,370,780 shares, adjusted for bonus issue).

12 FIXED ASSETS – GROUP

	Investment properties HK\$ millions	Other properties HK\$ millions	Other assets HK\$ millions	2000 Total HK\$ millions	1999 Total HK\$ millions
Cost or valuation					
At 1 January	29,872	38,103	31,391	99,366	90,597
Exchange translation differences	–	(354)	(504)	(858)	(98)
Additions	103	2,946	3,275	6,324	7,565
Transfer from current assets	–	–	153	153	–
Disposals	–	(29)	(816)	(845)	(1,287)
Relating to subsidiaries acquired	95	563	891	1,549	2,276
Relating to subsidiaries disposed of	–	(86)	(2,719)	(2,805)	(198)
Revaluation	416	–	–	416	511
Transfer between categories	(59)	553	(494)	–	–
At 31 December	30,427	41,696	31,177	103,300	99,366
Accumulated depreciation					
At 1 January	–	3,396	12,283	15,679	13,670
Exchange translation differences	–	(68)	(202)	(270)	(27)
Charge for the year	–	866	2,356	3,222	3,013
Disposals	–	(23)	(670)	(693)	(901)
Relating to subsidiaries acquired	–	6	123	129	21
Relating to subsidiaries disposed of	–	(3)	(202)	(205)	(97)
Transfer between categories	–	33	(33)	–	–
At 31 December	–	4,207	13,655	17,862	15,679
Net book value at 31 December	30,427	37,489	17,522	85,438	83,687
Cost or valuation at 31 December					
At cost	–	41,696	31,177	72,873	69,494
At valuation	30,427	–	–	30,427	29,872
	30,427	41,696	31,177	103,300	99,366

12 FIXED ASSETS – GROUP (cont'd)

	2000 HK\$ millions	1999 HK\$ millions
Net book value of investment properties and other properties comprises:		
Hong Kong		
Long leasehold (not less than 50 years)	16,463	15,915
Medium leasehold (less than 50 years but not less than 10 years)	34,523	34,561
Short leasehold (less than 10 years)	34	–
Overseas		
Freehold	4,255	2,177
Long leasehold	2,410	2,664
Medium leasehold	10,200	9,237
Short leasehold	31	25
	67,916	64,579

Other properties include projects under development in the amount of HK\$2,567 million at 31 December 2000 (1999 – HK\$3,530 million).

Other assets include telecommunication equipment held under finance leases at a cost of HK\$3,222 million (1999 – HK\$3,222 million) and accumulated depreciation of HK\$848 million at 31 December 2000 (1999 – HK\$633 million). Depreciation for the year amounted to HK\$215 million (1999 – HK\$215 million).

The investment properties have been revalued as at 31 December 2000 by DTZ Debenham Tie Leung Limited, professional valuers, on an open market value basis based on existing use.

13 OTHER NON-CURRENT ASSETS

	Group 2000 HK\$ millions	Group 1999 HK\$ millions
Licences for 3G Telecommunications spectrum	80,039	–

14 SUBSIDIARY COMPANIES

	Company 2000 HK\$ millions	Company 1999 HK\$ millions
Unlisted shares	728	728
Amounts due from subsidiary companies	60,016	61,600
	60,744	62,328

Particulars regarding the principal subsidiary companies are set forth on pages 109 to 116.

15 ASSOCIATED COMPANIES

	Group 2000 HK\$ millions	Group 1999 HK\$ millions
Unlisted shares	1,665	3,895
Listed shares, Hong Kong	9,422	8,436
Listed shares, overseas	10,342	–
Share of undistributed post acquisition reserves	10,104	6,948
Investments in associated companies	31,533	19,279
Amounts due from associated companies	9,313	8,959
Amounts due to associated companies	(1,555)	(1,406)
	39,291	26,832

The market value of the listed investments at 31 December 2000 was HK\$40,026 million (1999 – HK\$31,767 million).

Particulars regarding the principal associated companies are set forth on pages 109 to 116.

16 INTERESTS IN JOINT VENTURES

	Group 2000 HK\$ millions	Group 1999 HK\$ millions
Jointly controlled entities		
Unlisted shares	18,858	9,041
Share of undistributed post acquisition reserves	(4,479)	(50)
Investments in jointly controlled entities	14,379	8,991
Amounts due from jointly controlled entities	16,505	13,576
Amounts due to jointly controlled entities	(548)	(276)
	30,336	22,291
Other joint ventures		
Cost of investments	8,350	11,761
Amounts due from other joint ventures	847	914
	9,197	12,675
	39,533	34,966

Particulars regarding the principal jointly controlled entities are set forth on pages 109 to 116.

17 MANAGED FUNDS AND OTHER INVESTMENTS

	Group 2000 HK\$ millions	Group 1999 HK\$ millions
Managed funds, overseas		
Listed held-to-maturity debt securities	14,868	3,077
Cash and cash equivalents	1,825	13,251
Other listed equity securities	11	13
	16,704	16,341
Held-to-maturity debt securities		
Listed debt securities	2,711	23,988
Long term deposits	4,174	4,185
Convertible debt securities	5,442	450
Other securities		
Listed equity securities, Hong Kong	4,813	1,993
Listed equity securities, overseas	99,044	126,399
Unlisted equity securities and advances	2,203	2,811
	135,091	176,167

The market value of the listed securities at 31 December 2000 was HK\$130,475 million (1999 – HK\$155,460 million).

Included in listed equity securities, overseas are investments of 2,131,910,365 ordinary shares in Vodafone, a company incorporated in England and listed on the London Stock Exchange, which were received as consideration on disposal of Mannesmann common shares (see note 25 (h)) and of 55,899,252 common shares in VoiceStream Wireless Corporation, a company incorporated in the United States of America and quoted on the Nasdaq Stock Market.

Convertible debt securities carry interest and are convertible into ordinary shares of the issuers which are listed companies.

18 CURRENT ASSETS

	Company 2000 HK\$ millions	Company 1999 HK\$ millions	Group 2000 HK\$ millions	Group 1999 HK\$ millions
Stocks	-	-	4,132	3,673
Trade receivables	-	-	3,569	3,361
Prepayments and other receivables	-	-	6,932	6,735
Dividends and other receivables from subsidiary companies	7,400	5,000	-	-
Bank balances and cash equivalents	-	-	47,530	40,200
	7,400	5,000	62,163	53,969

The Group has established credit policies for customers in each of its core businesses. The average credit period granted for trade receivables ranges from 30 to 45 days.

	Group 2000 HK\$ millions	Group 1999 HK\$ millions
At 31 December 2000, the ageing analysis of the trade receivables is as follows:		
Current	2,318	2,550
30 – 60 days	614	526
61 – 90 days	181	186
Over 90 days	456	99
	3,569	3,361

19 CURRENT LIABILITIES

	Company 2000 HK\$ millions	Company 1999 HK\$ millions	Group 2000 HK\$ millions	Group 1999 HK\$ millions
Bank loans and overdrafts	305	285	15,146	9,299
Other loans	–	–	48	41
Notes and bonds				
US\$ exchangeable bonds, 7% due 2001	–	–	2,145	–
Trade payables	–	–	4,717	3,990
Accruals and other payables	67	67	22,252	20,205
Taxation	–	–	806	778
Proposed final dividend	5,201	4,458	5,201	4,458
	5,573	4,810	50,315	38,771

The bank and other loans of the Group are secured to the extent of HK\$3,816 million (1999 – HK\$125 million).

The US\$ exchangeable bonds are exchangeable into shares of Hutchison Delta Ports Limited, a wholly owned subsidiary company, after an initial public offering of its shares. If there is no such offering, the bonds will mature in 2001.

	Group 2000 HK\$ millions	Group 1999 HK\$ millions
At 31 December 2000, the ageing analysis of the trade payables is as follows:		
Current	2,748	2,185
30 – 60 days	914	952
61 – 90 days	620	462
Over 90 days	435	391
	4,717	3,990

20 LONG TERM LIABILITIES

	Company 2000 HK\$ millions	Company 1999 HK\$ millions	Group 2000 HK\$ millions	Group 1999 HK\$ millions
Bank loans				
Repayable within 5 years	12,002	11,938	66,352	57,483
Not wholly repayable within 5 years	-	-	3,207	1,572
Less: current portion	(302)	(283)	(14,991)	(9,112)
	11,700	11,655	54,568	49,943
Other loans				
Repayable within 5 years	-	-	106	49
Not wholly repayable within 5 years	-	-	-	66
Less: current portion	-	-	(48)	(41)
	-	-	58	74
Notes and bonds				
HK\$ notes, 7.88% due 2002	-	-	1,500	1,500
HK\$ notes, 7.82% due 2002	-	-	500	500
HK\$ notes, 7% due 2003	-	-	1,000	-
HK\$ notes, HIBOR+0.8% due 2004	-	-	1,500	1,500
US\$275 million exchangeable bonds, 7% due 2001	-	-	-	2,137
US\$3,000 million exchangeable notes, 2.875% due 2003	-	-	23,393	-
US\$199 million notes, LIBOR+0.85% due 2004	-	-	1,537	1,531
US\$750 million notes – Series A, 6.95% due 2007	-	-	5,807	5,807
US\$500 million notes – Series B, 7.45% due 2017	-	-	3,871	3,871
US\$500 million notes – Series C, 7.5% due 2027	-	-	3,871	3,871
US\$250 million notes – Series D, 6.988% due 2037	-	-	1,935	1,935
EUR500 million bonds, 5.5% due 2006	-	-	3,675	3,905
GBP325 million bonds, 6.75% due 2015	-	-	3,789	4,088
	-	-	52,378	30,645
	11,700	11,655	107,004	80,662

20 LONG TERM LIABILITIES (cont'd)

	Company 2000 HK\$ millions	Company 1999 HK\$ millions	Group 2000 HK\$ millions	Group 1999 HK\$ millions
The loans are repayable as follows:				
Bank loans				
After 1 year, but within 2 years	-	-	22,911	8,520
After 2 years, but within 5 years	11,700	11,655	29,928	39,851
After 5 years	-	-	1,729	1,572
Other loans				
After 1 year, but within 2 years	-	-	16	18
After 2 years, but within 5 years	-	-	42	50
After 5 years	-	-	-	6
Notes and bonds				
After 1 year, but within 2 years	-	-	2,000	2,137
After 2 years, but within 5 years	-	-	27,430	5,031
After 5 years	-	-	22,948	23,477
	11,700	11,655	107,004	80,662

The bank and other loans of the Group are secured to the extent of HK\$2,882 million (1999 – HK\$3,376 million).

All issued notes and bonds are not redeemable prior to maturity except the Series D US dollar notes which are subject to repayment at the option of the holders thereof on 1 August 2009 and the GBP bonds which are redeemable anytime at the option of the Group. The US\$3,000 million exchangeable notes are exchangeable into ordinary shares of Vodafone anytime at the option of the holders on the basis of US\$1,000 principal amount for 196.61 shares at US\$5.086 per share.

21 DEFERRED TAXATION

	Group 2000 HK\$ millions	Group 1999 HK\$ millions
The movements in deferred taxation, arising from accelerated depreciation allowances, are as follows:		
At 1 January	139	203
Relating to subsidiaries acquired	7	5
Net credit for the year	(46)	(69)
At 31 December	100	139
The potential tax liabilities (assets) which have not been provided for in the accounts are as follows:		
Arising from accelerated depreciation allowances	432	662
Arising from tax losses	(988)	(1,264)

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

22 MINORITY INTERESTS

	Group 2000 HK\$ millions	Group 1999 HK\$ millions
Equity interests	28,351	6,911
Loans – interest free	7,300	2,548
Loans – interest bearing	338	640
	35,989	10,099

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

23 SHARE CAPITAL

	Number of shares 2000	Number of shares 1999	Company 2000 HK\$ millions	Company 1999 HK\$ millions
Authorised:				
Ordinary shares of HK\$0.25 each	5,500,000,000	4,651,000,000	1,375	1,162
7 ¹ / ₂ % cumulative redeemable participating preference shares of HK\$1 each	402,717,856	402,717,856	403	403
			1,778	1,565
Issued and fully paid:				
Ordinary shares				
At 1 January	3,875,791,619	3,875,791,619	969	969
Bonus issue 1 for 10	387,579,161	-	97	-
At 31 December	4,263,370,780	3,875,791,619	1,066	969

By an ordinary resolution passed at the Annual General Meeting of the Company held on 25 May 2000, the issued share capital was increased by way of a bonus share issue on the basis of one new share for every ten shares held on 25 May 2000 and HK\$97 million in the share premium account was applied as payment in full at par of HK\$0.25 each for 387,579,161 shares. These shares rank pari passu with the existing shares.

24 RESERVES

	Share premium HK\$ millions	Investment properties revaluation HK\$ millions	Investment revaluation HK\$ millions	Exchange translation HK\$ millions	Retained profit HK\$ millions	Total HK\$ millions
Company						
At 1 January 2000	28,456	-	-	-	21,438	49,894
Bonus issue	(97)	-	-	-	-	(97)
Profit for the year retained	-	-	-	-	8	8
At 31 December 2000	28,359	-	-	-	21,446	49,805
Company						
At 1 January 1999	28,456	-	-	-	6,251	34,707
Profit for the year retained	-	-	-	-	15,187	15,187
At 31 December 1999	28,456	-	-	-	21,438	49,894

24 RESERVES (cont'd)

	Share premium HK\$ millions	Investment properties revaluation HK\$ millions	Investment revaluation HK\$ millions	Exchange translation HK\$ millions	Retained profit HK\$ millions	Total HK\$ millions
Group						
At 1 January 2000	28,456	15,963	48,821	(452)	152,193	244,981
Bonus issue	(97)	-	-	-	-	(97)
Revaluation surplus	-	425	8,810	-	-	9,235
Valuation released to profit and loss account	-	-	(25,236)	-	-	(25,236)
Net goodwill charge in reserves	-	-	-	-	(5,621)	(5,621)
Exchange translation differences	-	-	-	(2,408)	-	(2,408)
Profit for the year retained	-	-	-	-	25,817	25,817
Share of reserves of associated companies	-	-	6	(478)	1,017	545
Share of reserves of jointly controlled entities	-	(86)	-	42	(91)	(135)
At 31 December 2000	28,359	16,302	32,401	(3,296)	173,315	247,081
Including retained reserves of						
- Associated companies	-	-	(34)	222	9,401	9,589
- Jointly controlled entities	-	300	-	249	(342)	207
At 1 January 1999	28,456	15,320	-	(1,194)	40,813	83,395
Revaluation surplus	-	675	48,861	-	-	49,536
Net goodwill charge in reserves	-	-	-	-	353	353
Exchange translation differences	-	-	-	397	-	397
Profit for the year retained	-	-	-	-	111,825	111,825
Share of reserves of associated companies	-	-	(40)	341	704	1,005
Share of reserves of jointly controlled entities	-	(32)	-	4	(1,502)	(1,530)
At 31 December 1999	28,456	15,963	48,821	(452)	152,193	244,981
Including retained reserves of						
- Associated companies	-	-	(40)	700	6,716	7,376
- Jointly controlled entities	-	385	-	207	296	888

Included in share premium of the Group is a capital redemption reserve of HK\$404 million (1999 – HK\$404 million). Reserves of the Company available for distribution to shareholders amount to HK\$21,446 million (1999 – HK\$21,438 million).

25 NOTES TO CONSOLIDATED CASH FLOW STATEMENT

	Group 2000 HK\$ millions	Group 1999 HK\$ millions
(a) Reconciliation of profit before taxation to net cash inflow from operating activities before changes in working capital		
Profit before taxation	37,395	119,986
Dividend and interest income	(6,753)	(3,342)
Interest expense	6,460	5,081
Share of profits less losses of associated companies	(3,494)	(2,209)
Share of profits less losses of jointly controlled entities	(1,272)	52
Profit on disposal of investments less provisions	(25,742)	(109,532)
Profit on disposal of other investments	(776)	(677)
Depreciation and amortisation	3,222	3,314
Loss on disposal of fixed assets	79	129
Net cash inflow from operating activities before changes in working capital	9,119	12,802
(b) Changes in working capital		
Decrease in properties under development	-	4,990
Decrease in deposits received from pre sales of properties under development	-	(6,326)
Increase in stocks	(318)	(525)
Increase in debtors and prepayments	(605)	(188)
Increase (decrease) in creditors	(4,133)	4,998
Other non-cash items	(1,097)	(597)
	(6,153)	2,352

25 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (cont'd)

	Group 2000 HK\$ millions	Group 1999 HK\$ millions
(c) Disposal of subsidiary companies		
<i>Net assets disposed of (excluding cash and cash equivalents):</i>		
Fixed assets	2,600	101
Stocks	24	–
Debtors	626	4
Bank and other loans	(15)	(2)
Creditors and taxation	(470)	(55)
Goodwill	266	80
Minority interests	19,141	693
	22,172	821
Exchange reserves	–	23
Provision	5,978	–
Profit on disposal	3,920	553
	32,070	1,397
<i>Satisfied by:</i>		
Cash consideration	26,109	1,397
Less: Cash and cash equivalents sold	(85)	–
Total net cash consideration	26,024	1,397
Increase in managed funds and other investments	3,111	–
Increase in investments in jointly controlled entities	2,935	–
Total non-cash consideration	6,046	–
	32,070	1,397

25 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (cont'd)

	Group 2000 HK\$ millions	Group 1999 HK\$ millions
(d) Purchase of subsidiary companies		
<i>Net assets acquired (excluding cash and cash equivalents):</i>		
Fixed assets	1,420	2,255
Stocks	189	2
Debtors	284	69
Bank and other loans	(744)	(5)
Creditors and taxation	(742)	(104)
Deferred taxation	(7)	-
Goodwill	2,492	279
Minority interests	(1,002)	(66)
	1,890	2,430
<i>Discharged by:</i>		
Cash payment	1,622	2,424
Less: Cash and cash equivalents purchased	(156)	(5)
Total net cash consideration	1,466	2,419
Deferred consideration	424	-
Investments in subsidiary companies held prior to acquisition	-	11
Total non-cash consideration	424	11
	1,890	2,430

25 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (cont'd)

	Share capital and premium HK\$ millions	Bank and other loans HK\$ millions	Minority interests HK\$ millions	Group total HK\$ millions
(e) Analysis of changes in financing during the year				
At 1 January 2000	29,425	89,815	10,099	129,339
New loans	-	67,434	4,601	72,035
Repayment of loans	-	(32,939)	(151)	(33,090)
Redemption of shares	-	-	(168)	(168)
Issue of shares by subsidiary companies to minorities	-	-	1,681	1,681
Net cash inflow from financing	-	34,495	5,963	40,458
Minority interests in profit	-	-	1,299	1,299
Dividends paid to minority shareholders	-	-	(1,108)	(1,108)
Minority interests in revaluation reserve	-	-	(9)	(9)
Exchange translation differences	-	(851)	(398)	(1,249)
Purchase of minority interests	-	-	744	744
Relating to subsidiary companies acquired	-	744	258	1,002
Relating to subsidiary companies disposed of	-	(15)	19,141	19,126
At 31 December 2000	29,425	124,188	35,989	189,602
At 1 January 1999	29,425	81,334	10,534	121,293
New loans	-	18,659	71	18,730
Repayment of loans	-	(9,795)	(162)	(9,957)
Issue of shares by subsidiary companies to minorities	-	-	62	62
Net cash inflow (outflow) from financing	-	8,864	(29)	8,835
Minority interests in profit	-	-	1,390	1,390
Minority interests in provision against accumulated capitalised cost of acquiring Hong Kong mobile subscribers	-	-	(1,028)	(1,028)
Dividends paid to minority shareholders	-	-	(1,372)	(1,372)
Minority interests in revaluation reserve	-	-	(170)	(170)
Exchange translation differences	-	(386)	15	(371)
Purchase of minority interests	-	-	(117)	(117)
Relating to subsidiary companies acquired	-	5	183	188
Relating to subsidiary companies disposed of	-	(2)	693	691
At 31 December 1999	29,425	89,815	10,099	129,339

25 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (cont'd)

	Group 2000 HK\$ millions	Group 1999 HK\$ millions
(f) Movement in cash and cash equivalents		
At 1 January	40,013	17,280
Increase in cash and cash equivalents	7,362	22,733
At 31 December	47,375	40,013
(g) Analysis of the balances of cash and cash equivalents		
Bank balances and cash equivalents	47,530	40,200
Bank overdrafts	(155)	(187)
	47,375	40,013

(h) Major non-cash transactions

During the year, the investments in Mannesmann common shares were disposed of in exchange for Vodafone ordinary shares at a consideration of HK\$123,700 million and a profit of HK\$50,000 million was recognised at that time calculated with reference to the then market value of the Vodafone shares.

A provision of HK\$34,000 million was also made during the year for share price and exchange rate fluctuations on overseas investments.

The merger of Husky Oil Limited with Renaissance Energy Ltd. was completed in August 2000 and the Group recognised a profit of HK\$4,222 million calculated with reference to the then market value of Husky Energy Inc.

26 CONTINGENT LIABILITIES

	Company 2000 HK\$ millions	Company 1999 HK\$ millions	Group 2000 HK\$ millions	Group 1999 HK\$ millions
Guarantees have been executed in respect of bank and other borrowing facilities available as follows:				
To subsidiary companies	96,378	65,171	-	-
To associated companies	2,416	1,942	2,503	2,037
To jointly controlled entities	3,481	2,216	7,345	5,209

At 31 December 2000 the Company had contingent liabilities in respect of other guarantees amounting to HK\$1,580 million (1999 – HK\$150 million) and the Group had contingent liabilities in respect of other guarantees amounting to HK\$2,662 million (1999 – HK\$1,459 million).

27 COMMITMENTS

Outstanding Group commitments not provided for in the accounts at 31 December 2000 are as follows:

Capital commitments

1. Contracted for:
 - i. Container terminals, Hong Kong – HK\$1,155 million (1999 – HK\$100 million).
 - ii. Container terminals, Mainland China – HK\$115 million (1999 – HK\$291 million).
 - iii. Container terminals, others – HK\$325 million (1999 – HK\$228 million).
 - iv. Telecommunications – HK\$1,397 million (1999 – HK\$1,280 million).
 - v. Investment properties in Hong Kong – HK\$129 million (1999 – HK\$148 million).
 - vi. Investments in investment properties joint venture projects in Mainland China – HK\$81 million (1999 – nil).
 - vii. Investments in infrastructure joint venture projects in Mainland China – HK\$433 million (1999 – HK\$519 million).
 - viii. Other fixed assets – HK\$935 million (1999 – HK\$1,469 million).
 - ix. Other investments – HK\$357 million (1999 – HK\$1,739 million).
2. Authorised but not contracted for:
 - i. Container terminals, Hong Kong – HK\$1,439 million (1999 – HK\$4,030 million).
 - ii. Container terminals, Mainland China – HK\$472 million (1999 – HK\$1,187 million).
 - iii. Container terminals, others – HK\$1,683 million (1999 – HK\$2,025 million).
 - iv. Telecommunications – HK\$39,737 million (1999 – HK\$1,771 million).
 - v. Investment properties in Hong Kong – HK\$119 million (1999 – HK\$128 million).
 - vi. Investments in investment properties joint venture projects in Hong Kong – HK\$18 million (1999 – HK\$46 million).
 - vii. Investments in overseas investment properties joint venture projects – HK\$28 million (1999 – HK\$72 million).
 - viii. Other fixed assets – HK\$8,958 million (1999 – HK\$7,107 million).
 - ix. Other investments – HK\$1,342 million (1999 – HK\$1,652 million).

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

1. Expiring in the first year – HK\$386 million (1999 – HK\$344 million).
2. Expiring in the second to fifth years inclusive – HK\$1,193 million (1999 – HK\$1,087 million).
3. Expiring after the fifth year – HK\$408 million (1999 – HK\$191 million).

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

1. Expiring in the first year – HK\$115 million (1999 – HK\$169 million).
2. Expiring in the second to fifth years inclusive – HK\$171 million (1999 – HK\$149 million).
3. Expiring after the fifth year – HK\$29 million (1999 – HK\$4 million).

28 SUBSEQUENT EVENTS

In January 2001, the Group issued US\$2,657 million principal amount of 2% guaranteed exchangeable notes due 2004. The notes are exchangeable into ordinary shares of Vodafone anytime at the option of the holders on the basis of US\$1,000 principal amount for 214.51 shares at US\$4.6618 per share.

In February 2001, the Group issued US\$1,500 million principal amount of 7% guaranteed notes due 2011.

These notes are listed on the Luxembourg Stock Exchange.

29 RELATED PARTIES TRANSACTIONS

The Group has entered into joint ventures with various parties, including Cheung Kong (Holdings) Limited, a substantial shareholder of the Company, to undertake property development projects. At 31 December 2000, in aggregate the Group had advanced HK\$15,597 million (1999 – HK\$17,453 million) to and had guaranteed bank loans and other borrowing facilities of HK\$3,039 million (1999 – HK\$2,925 million) for the benefit of these joint ventures. The Group has also entered into a joint venture with a company controlled by Mr Li Tzar Kai, Richard, a then director of the Company who resigned on 16 August 2000, to develop a property in Japan. At 31 December 2000, the Group had advanced HK\$40 million (1999 – HK\$32 million) to and had guaranteed a bank loan facility of HK\$1,653 million (1999 – HK\$1,853 million) for the benefit of this joint venture. The risks, benefits and financing obligations of these joint ventures are shared in proportion to the respective shareholdings.

30 US DOLLAR EQUIVALENTS

The US dollar equivalents of the figures shown in the accounts have been translated at the rate of HK\$7.80 to US\$1.

31 APPROVAL OF ACCOUNTS

The accounts set out on pages 74 to 116 were approved by the Board of Directors on 22 March 2001.

Principal Subsidiary and Associated Companies and Jointly Controlled Entities

at 31 December 2000

Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Group	Principal activities
Ports and related services				
★ COSCO-HIT Terminals (Hong Kong) Limited	Hong Kong	HK\$ 40	45	Container terminal operating
#+ Europe Combined Terminals B.V.	Netherlands	NLG 100,000,000	32	Container terminal operating
# Freeport Container Port Limited	Bahamas	B\$ 2,000	45	Container terminal operating
Harwich International Port Limited	United Kingdom	GBP 16,812,002	90	Container terminal operating
Hongkong International Terminals Limited	Hong Kong	HK\$ 20	89	Holding company & container terminal operating
★ The Hongkong Salvage and Towage Company, Limited	Hong Kong	HK\$ 20,000,000	50	Tug fleet operating
★ Hongkong United Dockyards Limited	Hong Kong	HK\$ 76,000,000	50	Ship repairing & general engineering
Hutchison Delta Finance Limited	Cayman Islands / Luxembourg	US\$ 3	100	Finance
Hutchison Delta Ports Limited	Cayman Islands / Hong Kong	US\$ 2	100	Holding company
Hutchison International Port Holdings Limited	British Virgin Islands / Hong Kong	US\$ 1	100	Holding company
Hutchison Ports (UK) Finance Plc	United Kingdom	GBP 50,000	90	Finance
Hutchison Westports Limited	United Kingdom	GBP 50,000,000	90	Holding company
★ Jiangmen International Container Terminals Limited	China	US\$ 14,461,665	50	Container terminal operating
Logistics Information Network Enterprise Limited	Cayman Islands	US\$ 2	100	e-logistic services
Mid-Stream Holdings Limited	British Virgin Islands / Hong Kong	US\$ 25,400	100	Holding company & mid-stream container operating
+ Myanmar International Terminals Thilawa Limited	Myanmar	Kyat 1,000,000	85	Container terminal operating

Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Group	Principal activities
Ports and related services (cont'd)				
★ Nanhai International Container Terminals Limited	China	US\$ 31,200,000	50	Container terminal operating
★ River Trade Terminal Company Limited	British Virgin Islands / Hong Kong	US\$ 1	33	River trade terminal operation
Panama Ports Company, S.A.	Panama	US\$ 10,000,000	72	Container terminal operating
Port of Felixstowe Limited	United Kingdom	GBP 100,002	90	Container terminal operating
PT Jakarta International Container Terminal	Indonesia	Rupiah 221,450,406,500	51	Container terminal operating
★ Shanghai Container Terminals Limited	China	RMB 2,000,000,000	40	Container terminal operating
Shantou International Container Terminals Limited	China	US\$ 88,000,000	70	Container terminal operating
Shenzhen Hutchison Inland Container Depots Co., Ltd.	China	HK\$ 92,000,000	71	Inland container depots services
Thamesport (London) Limited	United Kingdom	GBP 2	90	Container terminal operating
# Westport Holdings Sdn. Bhd.	Malaysia	M\$ 117,000,000	31	Container terminal operating
★ Xiamen International Container Terminals Limited	China	RMB 900,000,000	49	Container terminal operating
Yantian International Container Terminals Limited	China	HK\$ 2,400,000,000	50.5	Container terminal operating
★ Zhuhai International Container Terminals (Gaolan) Limited	China	US\$ 23,500,000	50	Container terminal operating
★ Zhuhai International Container Terminals (Jiuzhou) Limited	China	US\$ 52,000,000	50	Container terminal operating

Principal Subsidiary and Associated Companies and Jointly Controlled Entities

Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Group	Principal activities
Telecommunications and e-commerce				
Andala 3G S.p.A.	Italy	Lire 800,000,000,000	78	3G mobile multimedia services
Celltel Limited	Ghana	GHC 13,165,886,000	80	Mobile telephone services
Comunicaciones Personales S.A.	Paraguay	PYG 500,000,000	100	Mobile telephone services
★ Fascel Limited	India	INR 5,000,000,000	49	Mobile telephone services
HI3G Access Aktiebolag	Sweden	SEK 10,000,000	60	3G mobile multimedia services
Hutchison 3G Austria GmbH	Austria	Euro 35,000	100	3G mobile multimedia services
Hutchison 3G UK Limited	United Kingdom	GBP 1	65	3G mobile multimedia services
Hutchison E-Commerce International Limited	British Virgin Islands	US\$ 1	100	Holding company
★ Hutchison Global Crossing Limited	Hong Kong	HK\$ 20	50	Fixed line communications
★ Hutchison Max Telecom Limited	India	INR 1,000,000,000	49.49	Mobile telephone services
Hutchison Paging Services Limited	Hong Kong	HK\$ 20	100	Paging services
#+ Hutchison Serting Telecom Sdn. Bhd.	Malaysia	M\$ 5,000,000	49	Paging services
Hutchison Telecommunications (Hong Kong) Limited	Hong Kong	HK\$ 20	100	Telecommunications
Hutchison Telecommunications PCS (USA) Limited	British Virgin Islands	US\$ 1	100	Holds investment in mobile business
Hutchison Telecommunications Limited	Hong Kong	HK\$ 10,000	100	Holding company
Hutchison Telecommunications Technology Investments Limited	British Virgin Islands	US\$ 10	100	Holding company and corporate access networks
* Hutchison Telecommunications (Australia) Limited	Australia	A\$ 1,031,244,000	58	Holding company & telecommunications
#+ Hutchison Telecommunications (Thailand) Limited	Thailand	THB 54,000,000	45	Paging services
Hutchison Telephone Company Limited	Hong Kong	HK\$ 1,195,210	56	Mobile telephone services
Hutchison Whampoa International (00/03) Limited	British Virgin Islands	US\$ 1	100	Finance & holding company

Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Group	Principal activities	
Telecommunications and e-commerce					
(cont'd)					
+ Lanka Cellular Services (Private) Limited	Sri Lanka	LKR	875,000,000	100	Mobile telephone services
# Metro Broadcast Corporation Limited	Hong Kong	HK\$	1,000,000	50	Radio broadcasting
*# Partner Communications Company Ltd.	Israel	NIS	1,788,889	35	Mobile telephone services
★ Sterling Cellular Limited	India	INR	173,196,500	49	Mobile telephone services
*# TOM.COM LIMITED	Cayman Islands / Hong Kong	HK\$	331,074,682	29	Internet portal
★ Usha Martin Telekom Limited	India	INR	536,000,000	49	Mobile telephone services
Property and hotels					
Aberdeen Commercial Investments Limited	Hong Kong	HK\$	2	100	Property owning
★ Afford Limited	Hong Kong	HK\$	20	50	Property investment
★ Bayswater Developments Limited	British Virgin Islands	US\$	2	50	Property investment
★+ Becogate Limited	Hong Kong	HK\$	4	50	Property investment
Beijing Harbour Plaza Co., Ltd.	China	US\$	17,200,000	95	Investment in hotel
Cavendish Hotels (Holdings) Limited	Hong Kong	HK\$	100,000,000	51	Investment in hotel
★ Chesgold Limited	Hong Kong	HK\$	4	50	Property investment
★ Cheung Wo Hing Fung Enterprises Limited	British Virgin Islands	US\$	100	25	Property investment
★ Conestoga Limited	Hong Kong	HK\$	10,000	39	Property owning
+ Consolidated Hotels Limited	Hong Kong	HK\$	78,000,000	39	Investment in hotel
Elbe Office Investments Limited	Hong Kong	HK\$	2	100	Property owning
★ Forton Investment Limited	Hong Kong	HK\$	4	50	Property investment
Foxtan Investments Limited	Hong Kong	HK\$	10,000	100	Property owning
Glenfuir Investments Limited	Hong Kong	HK\$	1,000,000	100	Property owning
★ Glory Sense Limited	Hong Kong	HK\$	100	50	Property investment
Grafton Properties Limited	Hong Kong	HK\$	100,000	100	Property owning

Principal Subsidiary and Associated Companies and Jointly Controlled Entities

Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Group	Principal activities	
Property and hotels (cont'd)					
# Harbour Plaza Hotel Management (International) Limited	British Virgin Islands / Hong Kong	US\$	2	50	Hotel Management
Harley Development Inc.	Panama / Hong Kong	US\$	2	100	Property owning
Hongkong and Whampoa Dock Company, Limited	Hong Kong	HK\$	139,254,060	100	Holding company
Hongville Limited	Hong Kong	HK\$	2	100	Property owning
Hutchison Estate Agents Limited	Hong Kong	HK\$	50,000	100	Property management
Hutchison Hotel Hong Kong Limited	Hong Kong	HK\$	2	100	Investment in hotel
Hutchison International Hotels Limited	British Virgin Islands	US\$	1	100	Holding company
Hutchison Lucaya Limited	Bahamas	US\$	5,000	100	Investment in hotel
Hutchison Properties Limited	Hong Kong	HK\$	166,758,910	100	Holding company
Hutchison Whampoa Properties Limited	Hong Kong	HK\$	2	100	Holding company
Hutchison Whampoa Properties (Management & Agency) Limited	Hong Kong	HK\$	20	100	Property management & related services
Hybonia Limited	Hong Kong	HK\$	20	100	Property owning
★ Konorus Investment Limited	Hong Kong	HK\$	2	43	Property developing
★ Marketon Investment Limited	Hong Kong	HK\$	4	50	Property owning
# Marunochi N. V.	Netherlands Antilles	US\$	20,120	45	Property owning
★ Montoya (HK) Limited	Hong Kong	HK\$	140	50	Property investment
Mossburn Investments Limited	Hong Kong	HK\$	1,000	100	Property owning
★ New China Sheen Limited	Hong Kong	HK\$	4	50	Property investment
★ New China Target Limited	Hong Kong	HK\$	4	50	Property investment
Omaha Investments Limited	Hong Kong	HK\$	10,000	88	Property owning
Palliser Investments Limited	Hong Kong	HK\$	100,000	100	Property owning
Provident Commercial Investments Limited	Hong Kong	HK\$	2	100	Property owning
#+ Randash Investment Limited	Hong Kong	HK\$	110	39	Investment in hotel
Rhine Office Investments Limited	Hong Kong	HK\$	2	100	Property owning
★ Southern Mount Limited	Hong Kong	HK\$	4	50	Property developing
Trillium Investment Limited	Bahamas / Hong Kong	US\$	1,060,000	100	Property owning
Turbo Top Limited	Hong Kong	HK\$	2	100	Property owning
Vember Lord Limited	Hong Kong	HK\$	2	100	Property owning
★ Wonder Pacific Investment Limited	Hong Kong	HK\$	4	50	Property developing

Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Group	Principal activities
Retail and manufacturing				
A.S. Watson & Company, Limited	Hong Kong	HK\$ 109,550,965	100	Holding company
A.S. Watson Group (Europe) Holdings Limited	British Virgin Islands / Europe	US\$ 1	100	Investments in water manufacturing & distributing
A.S. Watson Group (HK) Limited	British Virgin Islands / Hong Kong	US\$ 1	100	Retailing, supermarket operating, and water, beverage & fruit juice manufacturing & distributing
Fortress Limited	Hong Kong	HK\$ 20	100	Retailing
★+ Guangzhou Aircraft Maintenance Engineering Company Limited	China	US\$ 27,500,000	25	Aircraft maintenance
Guangzhou Watson's Food and Beverages Co. Ltd.	China	US\$ 12,000,000	95	Beverage manufacturing & trading
Guangzhou Park'N Shop Supermarkets Ltd.	China	HK\$ 50,000,000	95	Supermarket operating
Hutchison Whampoa (China) Limited	Hong Kong	HK\$ 15,000,000	100	Investment holding & China services
★ Nuance-Watson (HK) Limited	Hong Kong	HK\$ 20	50	Operating of duty free shops
Pan Asian Systems Limited	Hong Kong	HK\$ 100,000	100	Trading satellite equipment
Park'N Shop Limited	Hong Kong	HK\$ 1,000,000	100	Supermarket operating
#+ Procter & Gamble – Hutchison Limited	Hong Kong	US\$ 52,750,000	20	Investments in manufacturing consumer products
Shenzhen Park'N Shop Limited	China	HK\$ 25,000,000	65	Supermarket operating
Watson Park'N Shop Limited	Taiwan	NT\$ 711,000,000	100	Retailing
Watson's Personal Care Stores Pte. Ltd.	Singapore	S\$ 5,000,000	100	Retailing
Watson's The Chemist Limited	Hong Kong	HK\$ 1,000,000	100	Retailing
Energy and infrastructure				
+ Anderson Asia (Holdings) Limited	Hong Kong	HK\$ 1	85	Quarry operation and production; distribution of concrete & aggregates
+ Cheung Kong China Infrastructure Limited	Hong Kong / China	HK\$ 2	85	Investment in infrastructure projects

Principal Subsidiary and Associated Companies and Jointly Controlled Entities

Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Group	Principal activities
Energy and infrastructure (cont'd)				
*+ Cheung Kong Infrastructure Holdings Limited	Bermuda / Hong Kong	HK\$ 2,254,209,945	85	Holding Company
@#+ ETSA Utilities Partnership	Australia	N/A	42	Electricity distribution
+ Green Island Cement (Holdings) Limited	Hong Kong	HK\$ 203,098,914	85	Cement manufacturing & distributing
*#+ Hongkong Electric Holdings Limited	Hong Kong	HK\$ 2,134,261,654	33	Electricity generating
*#+ Husky Energy Inc.	Canada	C\$ 3,388,193,935	35	Investment in oil and gas
#+ Powercor Australia Limited	Australia	A\$ 12	42	Electricity distribution
Finance and investment				
#+ Asian Growth International Limited	British Virgin Islands	US\$ 100	45	Finance
Binion Investment Holdings Limited	Cayman Islands	US\$ 3	100	Overseas portfolio investment
Cavendish International Holdings Limited	Hong Kong	HK\$ 2,898,985,782	100	Holding company
Hornington Limited	British Virgin Islands	US\$ 1	100	Overseas portfolio investment
Hutchison International Finance (BVI) Limited	British Virgin Islands	US\$ 1	100	Finance
Hutchison International Limited	Hong Kong	HK\$ 446,349,093	100	Holding company & corporate head office
Hutchison OMF Limited	British Virgin Islands	US\$ 1	100	Overseas portfolio investment
Hutchison Whampoa (Europe) Limited	United Kingdom	GBP 1,000	100	Consultancy services
Hutchison Whampoa Finance (00/03) Limited	Cayman Islands	US\$ 2	100	Finance
Hutchison Whampoa Finance (CI) Limited	Cayman Islands	US\$ 1	100	Finance
Hutchison Whampoa Hongville Finance Limited	Cayman Islands	US\$ 1	100	Finance
Lunogo Limited	British Virgin Islands	US\$ 1	89	Overseas portfolio investment
Ottershaw Limited	British Virgin Islands	US\$ 1	100	Overseas portfolio investment
Sandalwood Group Limited	British Virgin Islands	US\$ 359,582,001	100	Overseas portfolio investment
Strategic Investments International Limited	British Virgin Islands	US\$ 1	89	Overseas portfolio investment & treasury
Symphonium S.à r.l.	Luxembourg	Euro 1,764,026,850	100	Overseas portfolio investment
Union Faith (Lincoln) Limited	Canada	C\$ 1	100	Finance
Willesden Limited	British Virgin Islands	US\$ 75,000,000	100	Overseas portfolio investment
Zeedane Investments Limited	British Virgin Islands	US\$ 1	100	Overseas portfolio investment

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

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

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

* *Company listed on the Stock Exchange of Hong Kong except Partner Communications Company Ltd. which is listed on the London Stock Exchange and quoted on the Nasdaq Stock Market, Hutchison Telecommunications (Australia) Limited which is listed on the Australian Stock Exchange Limited, Husky Energy Inc. which is listed on the Toronto Stock Exchange and TOM.COM LIMITED which is listed on the Growth Enterprise Market.*

Associated companies.

★ *Jointly controlled entities.*

@ *ETSA Utilities Partnership, an unincorporated body, consists of 5 associates of the Group as follows:*

CKI Utilities Development Limited

CKI Utilities Holdings Limited

CKI/HEI Utilities Distribution Limited

HEI Utilities Development Limited

HEI Utilities Holdings Limited

The partnership operates the electricity distribution network in the State of South Australia of Australia.

+ *The accounts of these subsidiary and associated companies and jointly controlled entities have been audited by firms other than PricewaterhouseCoopers. In this respect, (a) the turnover (excluding the turnover of associated companies and jointly controlled entities) is HK\$4,421 million, (b) the profit before taxation of subsidiary companies and the profit before taxation of associated companies and jointly controlled entities attributable to Hutchison Whampoa Limited is HK\$5,691 million and (c) the net assets are HK\$23,541 million.*

Schedule of Principal Properties

at 31 December 2000

Description	Lot number	Lease term	Group's interest	Approx gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Aberdeen Centre, Aberdeen, Hong Kong	AIL 302 & 304	Long	100%	345,026	C	Existing
Provident Centre, Wharf Road, Hong Kong	IL 8465	Long	100%	209,768	C	Existing
Hunghom Bay Centre, Hung Hom, Kowloon	RP of HHML 1	Long	100%	80,402	C	Existing
Whampoa Garden, Hung Hom, Kowloon	KIL 10750	Long	100%	1,713,990	C	Existing
Hutchison House, 10 Harcourt Road, Hong Kong	IL 8286	Long	100%	503,715	C	Existing
Aon China Building, 29 Queen's Road, Central, Hong Kong	IL 2317	Long	100%	258,751	C	Existing
Cheung Kong Center, 2 Queen's Road, Central, Hong Kong	IL 8887	Medium	100%	1,254,158	C	Existing
Harbour Plaza North Point and CEF Lend Lease Plaza, 661-665 King's Road, North Point, Hong Kong	IL 8885	Medium	39%	343,081	H	Existing
Trust Tower, 1/F -20/F, 68-74 Johnston Road, Wanchai, Hong Kong	IL 4280 & RP of Sec A of ML 64A	Long	39%	217,955	C	Existing
Shopping Centre of Belvedere Garden, Phase 1	TWTL 308	Medium	100%	21,340	C	Existing
Phase 2	TWTL 316 (Plot A)	Medium	65%	120,039	C	Existing
Phase 3	TWTL 316 (Plot B)	Medium	100%	131,945	C	Existing
Castle Peak Road, Tsuen Wan, New Territories						
Watson House, Wo Liu Hang Road, Shatin, New Territories	STTL 61	Medium	100%	280,900	C/W	Existing
Hongkong International Distribution Centre, Kwai Chung, New Territories	M/F to 6/F on KCL No 4	Medium	88%	4,705,141	C/W	Existing
798 guest rooms & shopping mall at the Sheraton Hong Kong Hotel & Towers, Salisbury Road, Tsimshatsui, Kowloon	G/F on KCL No 4	Medium	85%	737,394	C/W	Existing
	KIL 9172	Long	39%	729,945	H	Existing
One and Two Harbourfront and The Harbour Plaza Hong Kong, Hung Hom, Kowloon	Sec A, B & RP of HHML 6 and extension thereto	Long	100%	862,988	C	Existing
			100%	473,424	H	Existing
The Metropolis, Hung Hom Bay, Kowloon (site area approx 538,837 sq ft)	KIL 11077	Medium	25%	1,046,089	C	2001 (65%)
			25%	377,115	H	2002 (15%)
Tsing Yi office development at Container Terminal No 9, Kwai Chung, New Territories (site area approx 32,292 sq ft)	TYTL 139	Medium	89%	360,763	C	2004 (1%)
Tsing Yi Resort, a hotel development near Container Terminal No 9 (site area approx 268,000 sq ft)	TYTL 140	Medium	70%	2,546,000	H/C	2003 (1%)
Ma On Shan Hotel, New Territories (site area approx 86,112 sq ft.)	STTL 461	Medium	49%	602,784	H	2002 (13%)

Description	Lot number	Lease term	Group's interest	Approx gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Harbour Plaza Beijing, 8 Jiang Tai West Road, Chao Yang District, Beijing, China	Chao Yang District Beijing	Medium	95%	392,883	H	Existing
Great Wall Hotel, 10 North Dong San Huan Road, Chao Yang District, Beijing, China	Chao Yang District Beijing	Medium	49.8%	898,800	H	Existing
Times Plaza, Shenyang, Bai Lu, North Station, Shenhe District, Shenyang, China	Shenhe District Shenyang	Medium	87%	440,860	H	2001 (90%)
Harbour Plaza, Kunming, No 20 Hong Hua Qiao, Kunming, Yunnan, China	Wu Hua District, Kunming	Medium	95%	296,007	H	Existing
Our Lucaya Resort in Freeport, Grand Bahama, Bahamas (site area approx 372 acres)	Lucaya, Freeport, Grand Bahama Island	Freehold	100%	960,646	H	2001 (95%)
			100%	320 acres	G	Existing
Watson Centre, 16-24 Kung Yip Street, Kwai Chung, New Territories	KCTL 258	Medium	100%	687,200	I	Existing
Watson's Water Centre, 6 Dai Li Street, Tai Po Industrial Estate, New Territories	Tai Po Town Lot 1 Sec B SS2	Medium	100%	255,138	I	Existing
Cavendish Centre, 23 Yip Hing Street, Wong Chuk Hang, Hong Kong	AIL 399	Long	100%	342,868	I	Existing
One half of M/F, whole of 6/F-10/F & the roof, 1-11 Ka Ting Road, Kwai Chung, New Territories	RP of KCTL 129	Medium	100%	100,800	I	Existing
Food distribution depot, Sheung Shui, New Territories	FSSTL 97	Medium	100%	142,394	I	Existing
Cement manufacturing plant, Tap Shek Kok, Tuen Mun, New Territories	TMTL 201	Medium	85%	1,645,331	I	Existing
Trendy Centre, 682-684 Castle Peak Road, Kowloon	NKIL 6224	Medium	25%	179,931	I/O	Existing
A residential development at Tung Chung, New Territories (site area approx 730,876 sq ft)	TCTL 5	Medium	50%	1,306,860	R	2002 (19%)
			50%	1,697,689	R/C	2003 (16%)
			40%	660,213	R	2003 (16%)
			50%	296,770	R	2004 (16%)
			40%	476,465	R	2004 (16%)
Harbourfront Landmark, Wan Hoi Street, Hung Hom, Kowloon (site area approx 79,675 sq ft)	KIL 11055	Medium	50%	672,258	R/C	2001 (56%)
The Victoria Towers Canton Road, Kowloon (site area approx 112,871 sq ft)	RP of KIL 11086	Medium	43%	1,039,082	R/C	2002 (16%)
Oriental Plaza, Dong Chang An Jie, Beijing, China (site area approx 1,018,557 sq ft)	Dong Chang An Jie, Beijing	Medium				
	Phase 1		18%	2,023,594	C	Existing
	Phase 2		18%	3,218,376	C/H	2001 (85%)
	Phase 3		18%	312,150	H	2001 (60%)
	Phase 4		18%	505,899	H	2002 (60%)

Schedule of Principal Properties

Description	Lot number	Lease term	Group's interest	Approx gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Huangsha Metro Station, Guangzhou, China (site area approx 369,060 sq ft)	Huangsha MTR Station Podium	Medium	50%	1,868,721	R/C	2003 (3%)
Laguna Verona, Dongguan, Guangdong, China (site area approx 9,619,697 sq ft)	Hwang Gang Lake, Dongguan Phases 1.1 & 1.2 Phases 1.3 & 1.4	Medium	47% 47%	61,509 841,406	R R	Existing 2003 (1%)
Harbour Plaza Golf Club	Hwang Gang Lake, Dongguan Golf course	Medium	42%	14,257,654	G	Existing
Metropolitan Plaza, Chongqing, China	Ba Yi Lu / Chongqing	Medium	50% 49%	1,511,515 482,765	C H	Existing Existing
Pacific Plaza, Qingdao, China (site area approx 238,662 sq ft)	Dong Hai Lu, Qingdao Phase 1 Phase 2.2	Medium	30% 15%	86,014 239,283	C R	Existing 2002 (15%)
Walton Plaza, Xuhui, Shanghai, China (site area approx 319,788 sq ft)	Changsu Lu / Changle Lu Xuhui District, Shanghai Phases 2 & 3	Medium	43%	1,598,938	R/C	2004 (2%)
Westgate Mall & Tower, Mei Long Zhen, Shanghai, China	Nanjing Xi Lu / Jiang Ning Lu, Shanghai	Medium	15%	1,053,553	C	Existing
Seasons Villas, Pudong Huamu, Shanghai, China (site area approx 2,907,679 sq ft)	Pudong Huamu Road, Shanghai Phase 1 Phase 2 Phase 3 Phase 3A Phase 4 Phase 5 Phase 6	Medium	50% 50% 50% 50% 50% 50% 50%	415,056 158,529 78,432 55,401 139,391 158,529 239,726	R R R R R R R	Existing 2001 (75%) Existing 2001 (80%) 2001 (50%) 2002 (5%) 2002 (2%)
Low density housing Pudong Huamu, Shanghai, China (site area approx 4,936,832 sq ft)	Pudong Huamu Road, Shanghai	Medium	31%	1,727,892	R	2006 (3%)
Le Parc (Huangpu Yayuan) Futian, Central District, Shenzhen, China (site area approx 1,679,300 sq ft)	Central District, Shenzhen Phase 1 Phase 2 Phase 3 Phase 4	Long	50% 50% 50% 50%	1,135,323 1,197,839 1,029,234 1,029,234	R R R R	2001 (95%) 2002 (20%) 2003 (5%) 2003 (1%)
Tang Jia Bay, Zhuhai, China (site area approx 4,797,169 sq ft)	Tang Jia Bay, Zhuhai Phase 1 Phases 2-6	Medium	50% 50%	844,503 3,952,666	R R	2001 (15%) 2007 (1%)

Description	Lot number	Lease term	Group's interest	Approx gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Belgravia Place, Sloane Square, London, United Kingdom (site area approx 47,243 sq ft)	Westminster, London	Freehold	43%	116,397*	R	2001 (70%)
Albion & Bridge Wharves, United Kingdom (site area approx 139,000 sq ft)	Wandsworth, London	Freehold	45%	410,000*	R/C	2003 (4%)
Lots Road, Chelsea, London, United Kingdom (site area approx 270,000 sq ft)	Chelsea / Fulham, London	Freehold	23%	588,000*	R/C	2006 (1%)
Costa Del Sol, Bayshore Road, Singapore (site area approx 427,349 sq ft)	7455 PTMK 27, Singapore	Long	24%	1,495,903	R	2003 (15%)
A residential development at Cairnhill Circle, Singapore (site area approx 157,137 sq ft)	Lots 874P & 601W Singapore	Freehold	50%	439,984	R	2003 (1%)
Pacific Century Place, Marunouchi, Tokyo, Japan (site area approx 68,696 sq ft)	Marunouchi, Tokyo	Freehold	38%	784,000	C	2001 (39%)
Container Terminal No 4, Kwai Chung, New Territories	KCL No 4	Medium	89%	70 acres	CT	Existing
Container Terminal No 6, Kwai Chung, New Territories	KCL No 6	Medium	89%	71 acres	CT	Existing
Container Terminal No 7, Kwai Chung, New Territories	KCL No 7	Medium	89%	78 acres	CT	Existing
Container Terminal No 8, East, Kwai Chung, New Territories	KCL No 8	Medium	45%	74 acres	CT	Existing
Container Terminal No 9, Kwai Chung, New Territories	TYTTL 139 TYL 9 (co-grantee)	Medium	89%	47 acres	CT	2004 (8%)
Mid-Stream Terminal, Stonecutters Island, Hong Kong	KCTL No 479	Medium	100%	360,000	CT	Existing
River Trade Terminal, Tuen Mun, New Territories	TMTL No 393	Medium	33%	7,000,000	CT	Existing
Container Terminal at Felixstowe, United Kingdom	Felixstowe, County of Suffolk	Long Freehold	90% 90%	540 acres 250 acres	CT CT	Existing Existing
Container Terminal at Thamesport, United Kingdom	Isle of Grain County of Kent	Long	90%	210 acres	CT	Existing
Multi purpose freight & passenger port & Bathside Bay Land, Harwich, United Kingdom	Harwich, County of Essex	Freehold Freehold	90% 90%	185 acres 250 acres	P CT	Existing 2004 (25%)
Freeport International Airport, Bahamas	Freeport, Grand Bahama Island	Freehold	50%	2,709 acres	A	Existing
Port Operation at Freeport, Bahamas	Freeport, Grand Bahama Island	Freehold	50%	1,630 acres	P	Existing

Description	Lot number	Lease term	Group's interest	Approx gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Container Terminal at Freeport, Bahamas	Freeport, Grand Bahama Island	Freehold	45%	88 acres	CT	Existing
Container Terminal at Yantian Port, Shenzhen, China	Yantian, Shenzhen, Guangdong Province	Medium	50.5%	14,032,771	CT	Existing
Inland Container Depot and Warehousing, Guanlan, Shenzhen, China	Guanlan, Shenzhen, Guangdong Province	Medium	71%	333,677	D/W	Existing
Container Terminal at Jiuzhou, Zhuhai, Guangdong, China	Shihua Donglu, Zhuhai Guangdong Province	Medium	50%	1,659,592	CT	Existing
Multi purpose Terminal at Zhuhai Port, Gaolan, Zhuhai, Guangdong, China	Zhuhai Port, Zhuhai Guangdong Province	Medium	50%	2,238,891	CT	Existing
Container Terminal at Zhuchi Port, Shantou, Guangdong, China	Zhuchi Port, Shantou Guangdong Province	Medium	70%	4,582,505	CT	Existing
Container Terminals at Zhang Hua Bang, Jun Gong Lu & Bao Shan, Shanghai, China	Zhang Hua Bang, Jun Gong Lu & Bao Shan, Shanghai	Medium	40%	8,930,961	CT	Existing
Container Terminal at San Shan Port, Nanhai, Guangdong, China	San Shan Island, Nanhai Guangdong Province	Medium	50%	2,152,783	CT	Existing
Container Terminal at Gaosha Port, Jiangmen, Guangdong, China	Gaoshawei, Baishi Administration Area, Jiangmen Guangdong Province	Medium	50%	1,337,675	CT	Existing
Container Terminal at Haicang Port, Xiamen, Fujian, China	Haicang Port Zone, Xiamen, Fujian Province	Medium	49%	4,167,867	CT	Existing
Container Terminal at Yangon, Myanmar	Thilawa, Yangon Myanmar	Medium	85%	185 acres	CT	Existing

Note:

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

* Total net floor area for UK projects

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

R = Residential W = Warehouse

Ten Year Summary

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Consolidated Profit and Loss Account										
<i>(HK\$ millions)</i>										
Turnover	19,212	21,030	24,748	30,168	35,026	36,662	44,590	51,383	55,442	57,022
Profit attributable to the shareholders	4,340	3,052	6,304	8,021	9,567	12,020	12,266	8,706	117,345	34,118
Dividends	2,073	1,846	2,461	3,362	4,267	5,703	6,123	4,962	6,318	7,375
Profit for the year retained	2,267	1,206	3,843	4,659	5,300	6,317	6,143	3,744	111,027	26,743
Consolidated Balance Sheet										
<i>(HK\$ millions)</i>										
ASSETS										
Non-current assets										
Fixed assets	27,381	32,467	42,292	52,192	54,508	63,188	76,439	76,927	83,687	85,438
Other non-current assets	-	-	-	-	-	-	-	-	-	80,039
Associated companies	11,086	11,329	11,659	13,551	15,195	17,393	20,196	21,246	26,832	39,291
Interests in joint ventures	291	1,240	2,775	8,154	7,583	8,976	34,221	40,050	34,966	39,533
Managed funds and other investments	5,720	6,813	14,423	13,223	15,965	22,551	26,881	25,291	176,167	135,091
Total non-current assets	44,478	51,849	71,149	87,120	93,251	112,108	157,737	163,514	321,652	379,392
Net current assets (liabilities)	1,385	(2,690)	(6,412)	1,514	(2,793)	(817)	12,899	3,467	15,198	11,848
Total assets less current liabilities	45,863	49,159	64,737	88,634	90,458	111,291	170,636	166,981	336,850	391,240
Non-current liabilities										
Long term liabilities	12,074	11,126	13,696	26,189	26,174	34,459	72,720	71,880	80,662	107,004
Deferred taxation	111	172	185	144	112	119	111	203	139	100
Total non-current liabilities	12,185	11,298	13,881	26,333	26,286	34,578	72,831	72,083	80,801	107,104
Minority interests	6,023	2,018	1,795	5,144	5,333	7,814	12,216	10,534	10,099	35,989
Net assets	27,655	35,843	49,061	57,157	58,839	68,899	85,589	84,364	245,950	248,147
CAPITAL AND RESERVES										
Share capital	762	839	904	905	904	905	969	969	969	1,066
Reserves	26,893	35,004	48,157	56,252	57,935	67,994	84,620	83,395	244,981	247,081
Shareholders' funds	27,655	35,843	49,061	57,157	58,839	68,899	85,589	84,364	245,950	248,147
Performance Data										
Earnings per share – (HK\$)	1.29	0.87	1.63	2.02	2.41	3.02	2.92	2.05	27.52	8.00
Dividends per share – (HK\$)	0.62	0.50	0.62	0.85	1.07	1.36	1.44	1.16	1.48	1.73
Dividend cover	2.08	1.74	2.63	2.38	2.25	2.22	2.03	1.77	18.59	4.62
Return on average shareholders' funds (%)	16.6	9.6	14.8	15.1	16.5	18.8	15.9	10.2	71.1	13.8
Current ratio	1.1	0.8	0.6	1.1	0.9	1.0	1.4	1.1	1.4	1.2
Net debt/net total capital (%) *	10.6	15.5	6.5	16.4	16.2	12.3	23.8	31.2	1.0	N/A
Net assets per ordinary share										
– book value (HK\$)	8.3	9.7	12.4	14.4	14.8	17.3	20.1	19.8	57.7	58.2

* Net debts is defined as total interest bearing borrowings net of bank balances and cash equivalents, long term deposits, managed funds and listed debt and equity securities ("cash and liquid investments"). Net total capital is defined as total borrowings plus share capital, reserves and minority interests net of cash and liquid investments. In 2000, cash and liquid investments exceeds total interest bearing borrowings. In 1999, for the purpose of this calculation, listed equity securities exclude investments in Mannesmann AG and VoiceStream Wireless Corporation shares.

Notice of Meeting

NOTICE is hereby given that the Annual General Meeting of shareholders of the Company will be held in the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 24 May 2001 at 12:15 pm for the following purposes:

1. To receive and consider the statement of accounts and reports of the directors and auditors for the year ended 31 December 2000.
2. To declare a final dividend.
3. To elect directors.
4. To appoint auditors and authorise the directors to fix their remuneration.
5. As special business to consider and, if thought fit, pass the following Ordinary Resolutions:

Ordinary Resolutions

- (1) "THAT a general mandate be and is hereby unconditionally given to the directors to issue and dispose of additional ordinary shares of the Company (in addition to ordinary shares issued under the Senior Executive Share Option Scheme) not exceeding 20% of the existing issued ordinary share capital of the Company."
- (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 ordinary shares of HK\$0.25 each in the capital of the Company in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
 - (B) the aggregate nominal amount of ordinary shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (A) above shall not exceed 10% of the aggregate nominal amount of the ordinary share capital of the Company in issue at the date of 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 of the Company."

NOTICE OF MEETING (cont'd)

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

The register of members will be closed from Thursday, 17 May 2001 to Thursday, 24 May 2001 both days inclusive.

By order of the board

Edith SHIH

Company Secretary

Hong Kong, 22 March 2001

Notes:

1. *In order to qualify for the final dividend payable on Friday, 25 May 2001, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Central Registration Hong Kong Limited, for registration not later than 4 pm, Wednesday, 16 May 2001.*
2. *Only members are entitled to attend and vote at the meeting.*
3. *A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of that member. A proxy need not be a member. The Company's Articles of Association require proxy forms to be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.*
4. *With respect to Ordinary Resolution No (1), the 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 under Ordinary Resolution No (1) 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.*
5. *With respect to Ordinary Resolution No (2), an Explanatory Statement containing the information regarding the repurchase by the Company of its own shares will be sent to shareholders together with the Company's 2000 Annual Report.*

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