Around the world, around the clock

ANNUAL REPORT 2001

Hutchison Whampoa Limited

Corporate Information

CHAIRMAN
LI Ka-shing, KBE, GBM, LLD, DSSc

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 ◆

◆ *Chairman of Audit Committee*
❖ *Member of Audit Committee*

COMPANY SECRETARY
Edith SHIH, MA, EdM

AUDITORS
PricewaterhouseCoopers

BANKERS
The Hongkong and Shanghai
Banking Corporation Limited
Standard Chartered Bank
J P Morgan Chase

SHARE REGISTRARS
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Business Highlights 2001

Working around the world

HPH obtains the rights to operate and develop Phase II of Kwangyang Port, South Korea.

HPH acquires eight port operations from the Philippines-based ICTSI.

HPH increases effective interest in ECT, Rotterdam, to 75.5%.

Hutchison Telecommunications launches its GSM dualband mobile service in Macau.

Hutchison is awarded 3G licences in Denmark and in Hong Kong.

Hutchison acquires an additional three mobile licences in India's Karnataka, Chennai and Andhra Pradesh.

Ports and Related Services

Hutchison Port Holdings ("HPH") is one of the world's leading port investor, developer and operator with interests in Asia, Africa, Europe and the Americas. Today, HPH operates a total of 169 berths in 30 ports along with a number of transportation related service companies.

Telecommunications

Hutchison Telecommunications operates a wide range of integrated telecommunications services worldwide and is one of the world's major providers of mobile communications.

Harbour Plaza Hong Kong is voted the "Best Business Hotel" in the Asia Pacific region.

Phase I of Le Parc in Shenzhen is completed and all units sold.

Pacific Century Place in Tokyo is completed.

PARKnSHOP opens its first megastore in Guangzhou's Tianhe district, China, and proves to be very popular.

Watsons Water launches a new identity encompassing a bigger range of water products.

Powwow is ranked the No 1 cooler brand in the UK.

Hongkong Electric completes its preparatory work for a new 22kV distribution voltage system, the first of its kind to be introduced in Hong Kong.

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

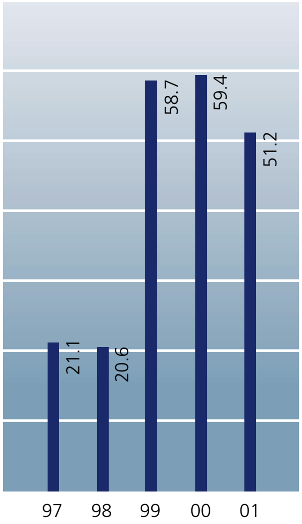
A S Watson operates three established retail chains in Asia: PARKnSHOP supermarkets; Watson's personal care stores; and Fortress electrical appliances stores. It also operates one in the UK: Savers. The manufacturing division produces and distributes a wide range of water and beverages brands in Asia and Europe.

Energy, Infrastructure, Finance and Investments

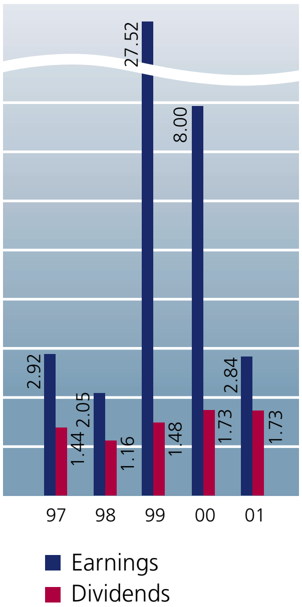
The Group has major shareholdings in Cheung Kong Infrastructure, a diversified infrastructure company; Hongkong Electric, the sole supplier of electricity to Hong Kong and Lamma Islands; and Husky Energy, one of Canada's largest integrated energy and energy related companies.

Financial Highlights

Net Assets per Share
HK dollars



Earnings and Dividends per Share
HK dollars



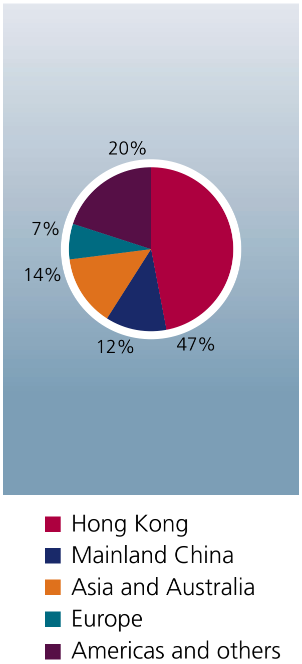
	2001 HK$ millions	2000 HK$ millions	**Percentage change**
Turnover			
Company and subsidiary companies	**61,460**	57,022	**+ 8%**
Share of associated companies and jointly controlled entities	**27,578**	27,803	**– 1%**
	89,038	84,825	**+ 5%**
Earnings before interest and other finance costs and taxation			
Company and subsidiary companies	**14,582**	13,347	**+ 9%**
Share of associated companies and jointly controlled entities	**7,264**	6,220	**+ 17%**
Total earnings before interest and other finance costs and taxation ("EBIT")	**21,846**	19,567	**+ 12%**
Profit on disposal of investments less provisions	**3,124**	25,742	**– 88%**
Interest and other finance costs			
Company and subsidiary companies	**6,952**	6,460	**+ 8%**
Share of associated companies and jointly controlled entities	**1,815**	1,454	**+ 25%**
Profit before taxation	**16,203**	37,395	**– 57%**
Taxation	**2,305**	1,978	**+ 17%**
Profit after taxation	**13,898**	35,417	**– 61%**
Minority interests	**1,810**	1,299	**+ 39%**
Profit attributable to shareholders	**12,088**	34,118	**– 65%**
Total assets	**431,405**	441,400	**– 2%**
Net debts *(Note 1)*	**1,656**	N/A	**N/A**
Shareholders' funds *(Note 2)*	**218,273**	253,348	**– 14%**
Net assets per share - book value (HK$) *(Note 2)*	**51.2**	59.4	**– 14%**
Earnings per share (HK$)	**2.84**	8.00	**– 65%**
Dividends per share (HK$)	**1.73**	1.73	**N/A**
Dividend cover	**1.6**	4.6	**– 65%**
Net debts / net total capital	**0.7%**	N/A	**N/A**
Return on average shareholders' funds *(Note 2)*	**5.1%**	13.5%	**– 62%**

Note 1: Net debt is defined as total interest bearing borrowings net of cash and cash equivalents, managed funds, long term deposits 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.

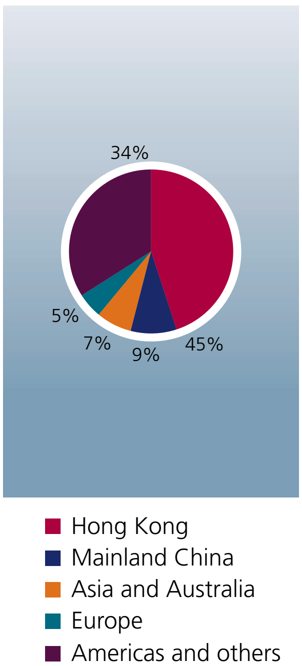
Note 2: The comparative figures of net assets and shareholders' funds have been restated to comply with the current year's presentation.

Analysis by Core Business of Group Turnover, EBIT and Profit

Turnover by Geographical Area 2001



EBIT by Geographical Area 2001



	2001 HK$ millions	2000 HK$ millions	Percentage change
Turnover			
Ports and related services	**15,505**	14,226	**+ 9%**
Telecommunications	**11,468**	10,057	**+ 14%**
Property and hotels	**5,516**	7,273	**– 24%**
Retail and manufacturing	**29,543**	27,248	**+ 8%**
Cheung Kong Infrastructure	**10,079**	8,897	**+ 13%**
Husky Energy	**11,801**	11,442	**+ 3%**
Finance and investments	**5,126**	5,682	**– 10%**
Total	**89,038**	84,825	**+ 5%**
EBIT			
Ports and related services	**5,791**	5,341	**+ 8%**
Telecommunications	**719**	476	**+ 51%**
Property and hotels	**1,717**	1,536	**+ 12%**
Retail and manufacturing	**537**	665	**– 19%**
Cheung Kong Infrastructure	**4,589**	3,972	**+ 16%**
Husky Energy	**2,036**	2,116	**– 4%**
Finance and investments	**6,457**	5,461	**+ 18%**
Total	**21,846**	19,567	**+ 12%**
Profit attributable to shareholders			
Ports and related services	**2,683**	2,653	**+ 1%**
Telecommunications	**6,543**	21,818	**– 70%**
Property and hotels	**(1,984)**	(997)	**– 99%**
Retail and manufacturing	**(229)**	(217)	**– 6%**
Cheung Kong Infrastructure	**2,253**	2,689	**– 16%**
Husky Energy	**916**	5,266	**– 83%**
Finance and investments	**1,906**	2,906	**– 34%**
Total	**12,088**	34,118	**– 65%**

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

Chairman's Statement

The Group's audited profit attributable to shareholders for the year amounted to HK$12,088 million (2000 – HK$34,118 million). Earnings per share amounted to HK$2.84 (2000 – HK$8.00). Excluding profits on disposal of investments less provisions of HK$3,124 million (2000 – HK$25,742 million), the Group's profit increased 7% over the previous year.

In the first half of 2001 the Group recorded a profit of HK$30,000 million on the disposal of its investment in VoiceStream. During the second half of the year, the Group recognised further profits on disposal of investments totalling HK$4,393 million from the sale of approximately 695 million shares of Vodafone Group (at an average price of £1.75) and approximately 89 million shares of Deutsche Telekom (at an average price of €21.26) pursuant to forward sales contracts for delivery in 2002. Partially offsetting these investment profits, the Group has made provisions totalling HK$31,269 million for the full year, which is comprised of a HK$1,500 million provision for certain property developments and a HK$29,769 million provision for diminution in value of its portfolio of equity investments. Overall, the Group has provisions on hand to fully cover the Group's investments in Global Crossing and its subsidiary Asia Global Crossing.

The Group's provisions for diminutions in value of its portfolio of equity investments should be viewed in the context of the transactions that gave rise to these holdings. The equities were received as part of the consideration from the disposals over the last three years of certain second generation and other telecommunication assets near the height of their market valuation. Although the Group has made provisions, including those above, for the recent declines in equity market values, the Group has realised net profits of over HK$140,000 million from these transactions in 1999, 2000 and 2001.

Significant continuing investment activities in all core businesses

DIVIDEND

Your Directors will recommend a final dividend of HK$1.22 per share (2000 – HK$1.22) at the forthcoming Annual General Meeting. This, together with the interim dividend of HK$0.51 paid on 16 October 2001 gives a total dividend of HK$1.73 per share (2000 – HK$1.73).

OPERATIONS

The Group's turnover and earnings before interest expense and tax ("EBIT"), including the Group's share of associated companies' and jointly controlled entities' turnover and EBIT, are shown by business segment in Note 3 to the consolidated profit and loss account.

The Group's core businesses performed well in 2001, despite adverse economic conditions around the world and the economic shock resulting from the terrorist attacks in September in the United States of America ("USA"). Turnover for the year totalled HK$89,038 million, an increase of 5% over 2000, mainly reflecting increased turnover in all core businesses, except property and hotels where development activity in Hong Kong was lower. Except for retail and manufacturing and Husky Energy, all of the core businesses reported EBIT ahead of last year. EBIT for the Group totalled HK$21,846 million, an increase of 12% compared to 2000. During the year, the Group has continued to build its 3G networks in Europe, Hong Kong and Australia and to pursue expansion opportunities in its other businesses overseas, particularly in the container ports, property development, retail and manufacturing and infrastructure divisions.

Ports and Related Services

The Group's ports and related services division reported growth in both turnover and EBIT, despite a slowdown in global import and export activity. Turnover increased 9% to reach HK$15,505 million primarily due to increased throughput at the Group's Yantian and Panama ports, full year throughput from the ports of Koja Terminal in Indonesia and Kelang Multi Terminal in Malaysia, which were acquired in the second half of 2000, and the additional throughput from eight port operations acquired in six countries in mid-2001. These increases more than offset throughput declines in the Hong Kong, Shanghai and the United Kingdom ("UK") ports. The combined throughput of the Group's worldwide operations increased 6% to 27 million twenty foot equivalent units ("TEUs"). This division reported EBIT of HK$5,791 million, which represents a growth of 8%.

The Group's Hong Kong and Yantian deepwater port operations, which together serve the Shenzhen and Southern China manufacturing basin, reported combined throughput growth of 5% and EBIT 2% ahead of last year. In Hong Kong, Hongkong International Terminals and COSCO-HIT, an associated company, reported a 7% decline in combined throughput and a 9% decline in EBIT compared to last year. This was more than offset by Yantian Terminal's 28% growth in throughput and 55% EBIT growth. Construction of Container Terminal 9 in Hong Kong is progressing and the first berth, which is assigned to the Group, is currently scheduled to be completed in early 2003.

In Mainland China, the Group's associated company, Shanghai Container Terminals reported a 12% decline in throughput and a 15% decline in EBIT as a result of the diversion of throughput to a nearby terminal in Shanghai.

The Group's core businesses performed well, despite adverse economic conditions around the world

Hutchison Delta Ports' six joint venture river and coastal ports reported combined throughput 17% higher and EBIT significantly higher than 2000. The Group has continued to expand its Mainland operations with the completion of the acquisition of a 49% interest in Ningbo Beilun Container Terminal Phase II in January this year.

The Group's ports in Indonesia, Jakarta International Container Terminal and the adjacent Koja Terminal, performed well despite continuing difficult economic conditions. Combined throughput was 12% above last year and EBIT increased an impressive 92%.

In the UK, both container throughput and passenger volume declined due to the slow down in most European economies, foot and mouth disease concerns and heightened competition. The Group's terminals at the Port of Felixstowe, Thamesport and Harwich reported a combined throughput decrease of 5% and a 25% reduction in EBIT. A restructuring exercise has commenced to improve the performance of these terminals. In December, after clarification of competition issues with European Commission authorities, the Group increased its effective interest in Europe Container Terminals in Rotterdam from 31.5% to 75.5%.

In the last quarter of 2001, the Group increased its effective interest in its container terminals in Veracruz, Mexico from 32% to 82% and in Karachi, Pakistan from 32% to 82%. In February this year, the Group acquired a 100% interest in two operating terminals in Pusan and one operating terminal in Phase I of Kwangyang, South Korea. These acquisitions, combined with the eight container terminals acquired in June and the rights acquired in May to develop and operate the seven berths of Phase II of Kwangyang port, provide the Group with a base for solid earnings growth in 2002 and beyond. Currently this division has interests in 30 ports comprising 169 berths in 15 countries and will continue to pursue investment opportunities around the world.

Telecommunications

The telecommunications division reported turnover of HK$11,468 million, an increase of 14%, mainly due to continued growth in its India and Israel operations and currently the Group has a total of 4.6 million subscribers. EBIT increased 51% to HK$719 million, mainly attributable to improvements in operating results in India and Israel and a one time dividend paid by VoiceStream prior to its merger with Deutsche Telekom, partially offset by 3G telecommunication start up losses.

The Hong Kong mobile operations reported EBIT marginally below the previous year's results due to start up losses from new operations in neighbouring Macau and continued intense competition. The Group maintained its position as the largest mobile operator in Hong Kong with approximately 1.7 million subscribers and an approximate 30% market share. In September, the Group secured one of four 3G licences issued by the Hong Kong government at the minimum bid price and 3G services are targeted for launch around the end of this year. Hutchison Global Crossing ("HGC"), a 50% owned joint venture with Asia Global Crossing, owns and operates a terrestrial fibre optic network in Hong Kong. HGC reported strong customer growth for its broadband, data and voice services during the year. HGC increased its total length of duct routes in Hong Kong by 30% to over 2,000 kilometres and in September posted its milestone first month of positive earnings before interest expense, tax, depreciation and amortisation ("EBITDA"). The reported financial issues of Asia Global Crossing and its parent company, Global Crossing, are not expected to affect the joint venture's fully financed operations, which are primarily in Hong Kong, nor its financial position.

Eight port operations were acquired in six countries

In Europe, the Group currently has over 3,000 full time employees building its 3G networks and businesses in the UK, Italy, Austria, Sweden and Denmark. In the UK and Italy, cell site acquisition and construction of the networks is proceeding on schedule to launch services in the last quarter of 2002. The Group targets to be one of the first operators to launch 3G high speed wireless multimedia services to gain first to market advantages. The Group has finalised contracts with two principal vendors for the supply of handsets to meet the target launch date of all its 3G operations. In Italy, Hutchison 3G Italia (88.2% owned) recently secured a nine and three quarter year bank and equipment vendor financing facility totalling €4.2 billion, of which €2.0 billion is on a standalone project financing basis throughout the term and the remaining €2.2 billion is guaranteed by the Group until certain performance targets are met. Network and business development in Sweden and Austria are progressing well in coordination with the UK and Italy operations. In Sweden, the Group's 60% owned joint venture with Investor AB, was granted one of four 3G licences in Denmark. Synergies between the Sweden and Denmark operations are expected to significantly enhance the overall profitability of the extended joint venture.

The Hutchison Telecommunications International group's combined operations outside Europe reported EBIT of HK$931 million, 129% ahead of last year. In Australia, listed Hutchison Telecommunications Australia ("HTA") announced an increase of 158% in the Orange Mobile CDMA network subscriber base, which currently totals 208,000, a 3% increase in revenue and a net loss after tax of A$137 million compared to a loss of A$92 million in 2000. HTA has restructured its business with a view to improving the financial and operating performance of its current CDMA business as well as rapidly building its 3G network and business, in coordination with the Group's European 3G operations, for a launch in early 2003. In India, the 2G telecommunication operations in which the Group holds interests, have all performed very well, reporting a 100% growth in EBIT compared to 2000 and an 81% increase in its combined subscriber base, which currently totals over 1.2 million. In the second half of 2001, a company in which the Group holds an interest, acquired three additional licences to operate 1800MHz services in the provinces of Karnataka (includes Bangalore city), Andhra Pradesh (includes Hyderabad city) and in the city of Chennai. With these additions, the India operations, in which the Group has an interest, cover a population of over 230 million or 23% of the country and 50% of its purchasing power. In Israel, listed Partner Communications reported its first full year of positive EBIT and another year of impressive growth with subscribers increasing 75% to over 1.4 million. Partner Communications announced a net loss attributable to shareholders of US$69 million, a 61% improvement over the loss reported in 2000. In December, it successfully bid for additional 1800MHz spectrum plus a 3G band of spectrum and is currently formulating its 3G strategy.

Property and Hotels

Although the property and hotels division's turnover declined 24% to HK$5,516 million, mainly due to decreased development activity in Hong Kong, EBIT increased 12% over the previous year to HK$1,717 million due to increased profits from overseas development activity during the year.

Currently the Group operates in 36 countries

The vast majority of this division's profits arises from the steady and recurring gross rental income from the Group's investment properties which grew 3% in 2001. The investment property portfolio consists of 15.0 million sq ft of commercial, office, industrial and residential properties, of which 12.4 million sq ft are located in Hong Kong. The portfolio continues to be substantially fully let. Development profits related primarily to the completion and sale of 808 residential units of the first phase of the Le Parc development in Shenzhen and the sale of 34 units in Belgravia Place in London, UK. During the year the Group substantially increased its landbank in the Mainland with the signing of joint venture agreements to develop an aggregate of approximately 13.1 million sq ft of mainly residential property. Overseas, various development projects in London and Singapore are progressing satisfactorily. The Group's portfolio of hotels reported results below the previous year's due to the start up losses at Our Lucaya, Grand Bahama Island, and reduced occupancy levels, particularly after the September 11 incident.

Retail and Manufacturing

The retail and manufacturing division reported turnover of HK$29,543 million, an 8% increase over last year reflecting increased PARKnSHOP sales and overseas expansion. EBIT of HK$537 million was 19% below the comparable 2000 EBIT mainly due to one time restructuring charges from the Group's Mainland joint ventures with Procter & Gamble and reduced profit margins, particularly in Taiwan.

The Group's water and beverages manufacturing division has a presence in seven European countries

During the year the Group substantially increased its landbank in the Mainland

Although the retail food market in Hong Kong has experienced price deflation and continues to be very competitive, PARKnSHOP in Hong Kong and the Mainland performed better than the market, reporting an 11% increase in sales and an improvement in EBIT compared to 2000. The personal care, health and beauty products retail operations reported sales 14% above and EBIT in line with the previous year reflecting reduced contributions from the Watson's retail chains in Hong Kong and Taiwan which continued to be affected by weak consumer sentiment and spending patterns, partially offset by strong growth from the Savers retail chain in the UK. Fortress reported a decline in both sales (6%) and EBIT reflecting reduced spending in the more discretionary consumer electronic goods market. The Group's water and beverages manufacturing division has operations in Hong Kong, the Mainland and expanded its water operations into Italy and France and now has a presence in seven European countries. Sales of this division increased 7%, although EBIT declined mainly due to price competition in all markets and European expansion costs.

This division is focusing on expanding its PARKnSHOP operations in Southern China, its retail non-food operations in the UK, Southeast Asia and Europe and its water operations in the UK and Europe.

Cheung Kong Infrastructure

Cheung Kong Infrastructure ("CKI"), a listed subsidiary, announced turnover and profit attributable to shareholders of HK$3,838 million and HK$3,323 million respectively for 2001, an increase of 15% and 3%.

3G businesses will provide future earnings growth and value creation

Husky Energy

Husky Energy, a listed associated company, announced profit attributable to shareholders of C$701 million in its first full year of combined operations after the merger with Renaissance Energy in August 2000. The Group's 35.1% share of Husky Energy's turnover of HK$11,801 million was 3% ahead of 2000 and its share of EBIT of HK$2,036 million was below the previous year due to the lower Canadian dollar exchange rate. Daily production averaged 272,800 barrels of oil equivalent ("boe") in 2001, a 54% increase compared to the 176,800 boe during 2000.

OUTLOOK

In 2001 the local and global economies slowed markedly, particularly in the USA in the latter part of the year. The last half of 2001 saw a steep decline in interest rates, a significant decline in oil and gas prices, increasing volatility in stock markets, and increasing fragility in credit markets, all of which affect various parts of the Group's businesses. Accordingly, 2002 is expected to be another volatile and perhaps more challenging year than 2001.

The Group's consolidated cash and marketable securities amounted to HK$145,336 million, which was approximately equal to the consolidated borrowings of HK$146,992 million. This large pool of cash and marketable securities places the Group in a strong competitive position in the current economic environment. In addition, the Group has successfully secured mainly standalone financing facilities to fund the development of its start up 3G businesses in the UK and Italy. The Group will continue to benefit from the steady cash flow from its existing stable core businesses and from the growth anticipated from its recent investments overseas, particularly in the ports and retail and manufacturing divisions. With a strong balance sheet, high levels of cash reserves and liquidity, continuing low net debt levels, and a healthy long term debt maturity profile, the Group will remain focused on building and launching its 3G networks and businesses, and will pursue a conservative investment strategy to expand all its other core businesses, while remaining committed to maintaining a strong and stable financial foundation.

Overseas operations are expected to continue to provide substantial contributions to the Group

The Group is diversified both by business segment and geographically and will continue to benefit from this diversity. Currently the Group operates in 36 countries. The Group will continue to prudently expand its existing core businesses in Mainland China and overseas while maintaining its solid home base of operations in Hong Kong. China's prospects are promising with its recent accession to the World Trade Organisation which is expected to provide significant investment opportunities. Overseas operations are expected to continue to provide substantial contributions to the Group. The start up European 3G businesses, although they are expected to incur start up losses over the near term, are viewed as investments that will provide future earnings growth and value creation.

I am confident the Group will continue to perform steadily in 2002 and that the Group's investment and expansion plans will provide future growth and value to our shareholders. I would like to thank the Board of Directors and all the Group's employees around the world for their hard work, support and dedication.

LI Ka-shing
Chairman
Hong Kong, 21 March 2002

Operations Review

The Group's activities are focused on five core businesses - ports and related services; telecommunications; 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 2001, 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 Report and also in Note 3 to the consolidated profit and loss account. Turnover for the year increased 5% to HK$89,038 million with all core businesses reporting increases except property and hotels due to reduced development activity in Hong Kong. Although 2001 proved to be a very challenging year, all the Group's core businesses reported EBIT ahead of the previous year, except for retail and manufacturing and Husky Energy. The Group's EBIT for the year was HK$21,846 million, a 12% increase over the previous year's EBIT of HK$19,567 million.

The Group's interest expense for the year, including its share of associated companies' and jointly controlled entities' interest expense, increased by 11% to HK$8,767 million mainly due to an increased average loan balance as a result of the issue in September 2000 and January 2001 of an

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Around the world, around the clock

Hutchison Whampoa Limited's five core divisions span the globe, transcending time and cultural barriers. With interests in 36 countries, we work 24 hours a day to ensure our businesses operate with clockwork precision. Whatever the time or date, a new day is always dawning for Hutchison. Welcome to our world.

aggregate of US$5,657 million notes (which are exchangeable into Vodafone shares), borrowings by Cheung Kong Infrastructure ("CKI") in the latter part of 2000 to finance and naturally hedge the currency risk of an infrastructure investment in Powercor in Australia, and local currency borrowings to fund the expansion of the Group's overseas telecommunications operations, partially offset by reduced interest rates. The details of the profits on disposal of investments less provisions totalling HK$3,124 million (2000 – HK$25,742 million) are shown in Note 6 to the consolidated profit and loss account. The Group's tax charge increased by HK$327 million, or 17%, due to increased profits from port operations acquired in 2001 and increased profits in CKI's Australian joint ventures. The minority interests' share of the Group's profit increased by HK$511 million, or 39%, reflecting the minority shareholders' share of profits in the port operations acquired in 2000 and 2001.

The profit attributable to shareholders for the year amounted to HK$12,088 million compared to HK$34,118 million in 2000 due to reduced profits on disposal of investments less provisions. Excluding the profits on disposal of investments less provisions, the Group's profit in 2001 increased 7% over the previous year.

Global links

At 05:45 hr in Rotterdam, Ron Wittekoek, a member of the process control team at Europe Container Terminals ("ECT"), is busy monitoring the highly automated process of loading and unloading containers at one of the 12 berths that make ECT Europe's largest container port.


05:45 hr.
United Kingdom
Netherlands
Mainland China
South Korea
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Panama
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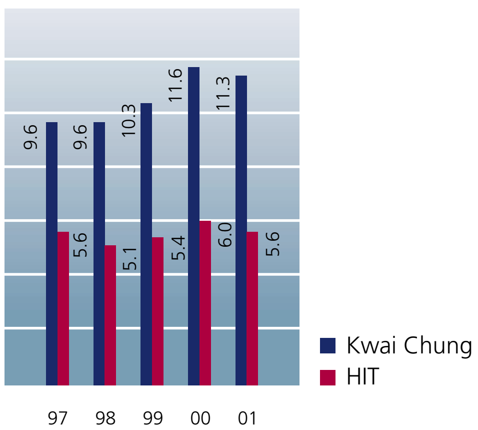
Ports and Related Services

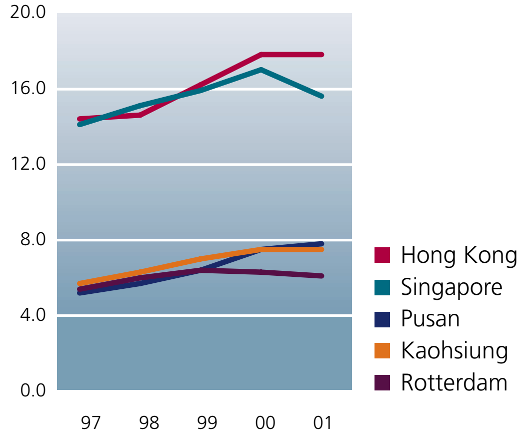
The Group is one of the world's leading port developer and operator of container terminals, and has continued to expand its operations in strategic locations around the world and currently has interests in 30 ports with 169 berths in 15 countries.

Turnover for the ports and related services division for 2001 totalled HK$15,505 million, an increase of HK$1,279 million, or 9%, compared to 2000 mainly due to increased throughput of 6% to reach 27.0 million twenty foot equivalent units ("TEUs"). The increased throughput arose from growth at existing ports in Yantian and Panama, a full year contribution from Koja Terminal in Indonesia and Kelang Multi Terminal in Malaysia ("KMT-Westport"), which were acquired in the second half of 2000, and additional contributions from the eight port operations acquired in one transaction in June 2001 ("the June transaction"). The acquired ports are located in Mexico, Saudi Arabia, Argentina, Pakistan, Tanzania and Thailand. This growth was partially offset by declines in throughput in the Hong Kong, Shanghai and European ports, which were affected by the global slowdown in import and export activity driven by the slow United States of America ("USA") and European economies. EBIT from the Group's ports and related services division increased 8% in 2001 to HK$5,791 million due to increased throughput and the contributions from newly acquired port operations.

Kwai Chung Container Throughputs
Millions TEUs



Comparison of Container Throughputs
Millions TEUs



Yantian is located in one of China's most prosperous regions - the Shenzhen Special Economic Zone.

HONG KONG AND YANTIAN

The Group's Hong Kong and Yantian, PRC deepwater port operations serve the Shenzhen and Southern China manufacturing basin. Despite a global slowdown in export and import activity, this region's activity continued to grow. As a result these two operations' combined throughput increased by 5% in 2001 and EBIT was 2% higher than last year. The port of Hong Kong remained the world's busiest container port in 2001.

In Hong Kong, the Group holds an 86.5% interest in Hongkong International Terminals ("HIT") which operates Terminals 4, 6 and 7 at Kwai Chung and an effective 43.25% interest in COSCO-HIT, which operates Terminal 8 East. Combined throughput at HIT and COSCO-HIT was 7% below last year mainly due to the slowdown in the global economy and due to a shipping line, which calls at a competitor's terminal, introducing new, larger capacity ships in 2001. The resulting EBIT was 9% below last year. Offsetting these declines in Hong Kong, Yantian International Container Terminals (48% interest) recorded another year of growth with throughput growing 28% to exceed 2.7 million TEUs, resulting in an impressive 55% EBIT increase.

In Hong Kong, construction work continued on the Container Terminal 9 consortium development in which HIT has the right to own and operate two of the six berths. HIT's first berth is expected to be completed in early 2003 and its second berth in 2004, when the development is scheduled for completion. On completion, the Group's TEU capacity at Kwai Chung will increase by 23% to 9.5 million TEUs. In November, the Group signed a joint venture contract to develop terminal facilities at Phase III of Yantian port. The new terminal, adjacent to the existing Phase I and II facilities, comprises four container berths with a capacity of 2.0 million TEUs.

Other operations in Hong Kong include the mid-stream and river trade businesses. Mid-Stream Holdings had a satisfactory year handling more than 1.4 million TEUs, an 11% increase, although EBIT was below last year. The River Trade Terminal Company (33% interest) which principally serves the water borne trade between the Pearl River Delta region and Hong Kong, continued to incur losses.

HIT and COSCO-HIT terminals handle over 50% of Kwai Chung Container Port's throughput.

MAINLAND CHINA

Throughput at Shanghai Container Terminals (37% interest), was 12% below last year due to the diversion of throughput to a nearby terminal in Shanghai and as a result EBIT declined 15%. The Group expanded its portfolio of Mainland port operations with the acquisition of a 49% interest in Phase II of Ningbo Beilun Container Terminal in January this year.

Hutchison Delta Ports' six joint venture river and coastal ports reported an improved performance handling a total of 0.9 million TEUs, a 17% increase over 2000, and also handling 2.8 million tonnes of general cargo. The combined EBIT increased significantly compared to the previous year. Expansion of the Xiamen International Container Terminals has commenced and on completion in mid-2002 its annual throughput capacity will increase to 0.6 million TEUs.

ASIA, MIDDLE EAST AND AFRICA

In Indonesia, the Group has a 51% interest in Jakarta International Container Terminal ("JICT") and a 47.9% interest in Koja Terminal, adjacent to JICT, which the Group acquired in July 2000. Integration of the business systems of the two terminals is continuing with a view to improve operational efficiencies. Combined throughput was 12% above last year and EBIT increased an impressive 92%.

In Malaysia, KMT-Westport (31.5% interest), which was acquired in September 2000, reported an annualised throughput increase of 39% and a commensurate increase in EBIT.

KMT-Westport, Port Klang, is equipped to handle containers, dry bulk, liquid bulk and conventional cargo.

KICT is located at the Port of Karachi, a natural deep-water harbour on the Arabian Sea.

In May, the Group, together with two local partners, acquired the rights to develop and operate the seven berth Phase II terminal of Kwangyang port in South Korea and construction work is progressing well. The first three berths, with a capacity of 1.0 million TEUs, are expected to be operational in the second quarter of 2002 and the entire facility is scheduled to be fully operational in 2004. Currently the Group has an 80% interest in this container terminal facility. The two partners have call options which expire at the end of 2004, and if exercised, would reduce the Group's interest to 40%. The Group further expanded its presence in South Korea in February this year with the acquisition of three operating terminals, two in Pusan and one in Kwangyang. These three terminals have a combined capacity of 3.0 million TEUs.

The Group has expanded this region's operations through the June transaction, acquiring interests in three operating container terminals in Saudi Arabia, Pakistan, Tanzania and one terminal under construction in Thailand, which is due to commence operations shortly. The Group has a call option to purchase additional interests in these terminals which is to be exercised in 2002. These terminals provide an additional 10 berths, increase total annual handling capacity by 1.8 million TEUs, and also provide potential for capacity expansion. In the last quarter of 2001 the Group increased its interest in the Karachi International Container Terminal ("KICT") in Pakistan from 32% to 82%. To date these operations have performed in line with expectations. The acquired terminals can be summarised as follows:

	Location	% Interest		Annual capacity
		Current	After call option	(TEUs)
International Port Services	Saudi Arabia	32.6%	51.0%	600,000
Thai Laemchabang Terminal	Thailand	56.0%	87.5%	550,000
Karachi International Container Terminal	Pakistan	82.0%	100.0%	400,000
Tanzania International Container Terminal Services	Tanzania	63.2%	70.0%	250,000

Ports and Related Services

EUROPE

Container throughput and passenger volumes at the Group's 90% owned ports in the United Kingdom ("UK") were adversely affected by the slowing European economies, foot and mouth disease concerns and heightened competition. The Port of Felixstowe, Thamesport and Harwich port reported a combined throughput decrease of 5%. Harwich port's passenger and freight roll-on roll-off services also reported declining traffic. The combined UK ports reported a 25% decrease in EBIT compared to 2000. A restructuring plan is currently being implemented to further improve operational efficiencies and realign the cost base with the current trading conditions.

In December 2001, the Group acquired a further 44% interest in Europe Container Terminals, (formerly Europe Combined Terminals) ("ECT") in Rotterdam and currently holds an effective 75.5% interest. Rotterdam port was also adversely affected by declining trade activity. ECT reported a 19% decline in throughput, which totalled 3.6 million TEUs, and a substantial reduction in EBIT.

Port of Felixstowe is the largest container port in the UK.

THE AMERICAS AND THE CARIBBEAN

The Group has an 82% interest in the concession to operate the ports of Balboa and Cristobal, located near the Pacific Ocean and Caribbean Sea ends of the Panama Canal respectively. After the completion of the Balboa redevelopment in December 2000, the combined throughput of the two ports was 233% above last year and the combined operations' EBIT increased more than sixfold. Freeport Container Terminal on Grand Bahama Island achieved a breakeven EBIT even though throughput was 8% below last year.

As part of the June transaction, the Group acquired four operating terminals in Mexico and Argentina, which provide an additional six berths and a capacity increase of 1.5 million TEUs. The Group has a call option to purchase additional interests in these terminals which is to be exercised in 2002. In the last quarter of 2001, the Group increased its interest in the Internacional de Contenedores Asociados de Veracruz in Mexico from 32% to 82%. The acquired terminals are as follows:

The Port of Balboa serves the trans-Pacific trades.

OTHERS

Logistics Information Network Enterprise, or LINE, a supply chain and logistics solution provider, is continuing to develop its services and reported start up losses.

	Location	% Interest Current	% Interest After call option	Annual capacity (TEUs)
Internacional de Contenedores Asociados de Veracruz	Mexico	82%	100%	800,000
Ensenada International Terminal	Mexico	64%	100%	250,000
Ensenada Cruiseport Village	Mexico	100%	100%	350 arrivals
Buenos Aires Container Terminal	Argentina	64%	100%	450,000

International connections

At 10:15 hr, on a beautiful clear day in Mumbai, India, Rahul Shah, Assistant Manager – RF Maintenance with Hutchison Max Telecom ("HMTL") inspects vital infrastructure for HMTL's Orange network. Hutchison affiliated networks in India support more than 1,200,000 subscribers in the premier circles of Mumbai, New Delhi, Gujarat, and Kolkata.

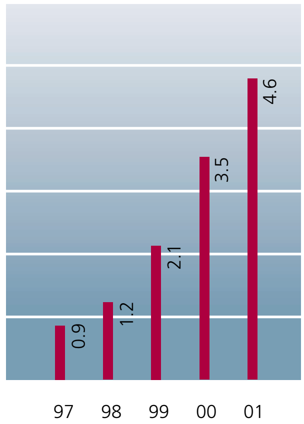
10:15 hr.

23:00 | 00:00 | 01:00 | 02:00 | 03:00 | 04:00 | 05:00 | 06:00 | 07:00 | 08:00 | 09:00 | 10:00 | 11:00 | 12:00 | 13:00 | 14:00 | 15:00 | 16:00 | 17:00 | 18:00 | 19:00 | 20:00 | 21:00 | 22:00

Telecommunications

The Group has continued to build on its telecommunications expertise and has formed strategic alliances with other telecommunications companies to offer innovative and high quality services. The Group has successfully obtained 3G spectrum licences in eight countries, including five in Europe, and is committed to building its 3G networks and launching commercial services in 2002. The Group is also focused on expanding its existing 2G operations in the rapidly growing underdeveloped telecommunications markets, particularly in India.

Mobile Telephone Subscribers
Millions



Turnover for the telecommunications division for 2001 totalled HK$11,468 million, an increase of 14% compared to 2000, reflecting an increase in the Group's global mobile subscriber base, which grew 31% from 3.5 million subscribers at the end of 2000 to 4.6 million subscribers at the end of 2001. EBIT from the Group's telecommunications division totalled HK$719 million, a 51% increase compared to the HK$476 million reported in 2000. The increase is mainly attributable to improvements in operating results in India and Israel, and a one time dividend paid by VoiceStream prior to its merger with Deutsche Telekom, partially offset by 3G telecommunication start up losses.

Hutchison Telecom's spacious 12,000 sq ft one stop Customer Services Centre in Causeway Bay, Hong Kong, is staffed by professional ambassadors who provide high quality, personalised services.

At Hutchison Telecom's flagship store in Macau, customers can access the Internet at the specially designed "Information Corner" and obtain the latest updates on mobile products and services.

HONG KONG

In Hong Kong, the Group provides mobile telephony services through Hutchison Telephone (74.63% interest). In this competitive market it has maintained its leading market position with a market share of approximately 30% and a current subscriber base of approximately 1.7 million. The Group expanded its services to Macau during the second half of the year and is successfully building a new operation. These operations reported combined EBIT marginally below the previous year due to continued intense competition in the market place and start up losses in Macau. Hutchison 3G Hong Kong (74.63% interest) bid for and secured one of four 3G licences in Hong Kong in September at the minimum bid price. The licence requires a Minimum Annual Fee of HK$50 million for each of the first five years, and a royalty percentage of 5% of the network turnover or the applicable Minimum Annual Fee (whichever is the higher) for each of the 6th to 15th years. In 2002, the Group will focus on building its 3G network and targets to be the first mobile operator to launch 3G services in Hong Kong around the end of this year.

Hutchison Global Crossing ("HGC") (50% interest), owns and operates a terrestrial fibre-optic network in Hong Kong stretching through over 2,000 kilometres of duct routes. HGC offers quality voice and data line services and dedicated high speed broadband Internet services with access speed of 10 Mbps. HGC's fibre-optic network is connected to undersea cable networks to provide international bandwidth and also has links to China Telecom's network. HGC is further developing its international private leased circuit services between the two regions. HGC recorded strong customer growth for its broadband, data and voice services and in September recorded its milestone first month of positive earnings before interest expense, tax, depreciation and amortisation ("EBITDA").

EUROPE

The European division is currently in a reinvestment phase to develop 3G networks and businesses, utilising a portion of the cash and marketable securities of over HK$140,000 million received as consideration over the last three years from the disposal of certain 2G telecommunications businesses, including Orange plc in 1999 and VoiceStream in 2001.

The Group currently has a 65% interest in Hutchison 3G UK, an 88.2% interest in Hutchison 3G Italia, a 60% interest in Hi3G Access which holds 3G licences in Sweden and Denmark, and a 100% interest in Hutchison 3G Austria. From a standing start, the Group now has over 3,000 full time employees focusing on building state-of-the-art 3G networks in each country. The Group is on schedule to be one of the first operators in each country to launch 3G high speed multimedia services and benefit from first to market advantage. All of these operations are coordinating their efforts through a Group forum ("3G forum") to design and build their networks and supporting software infrastructure, to take advantage of procurement economies of scale and also, through cooperation and task sharing to more efficiently utilise the resources and skills of each country's management team to help ensure an earlier launch of services in all countries. The Group's 3G operations in Hong Kong and Australia are also active participants in this 3G forum. The development of a global brand is well advanced and a coordinated sales and marketing strategy is being planned. Joint strategies are in place for the acquisition and development of information technology and content. The exclusive rights to provide content and official data of the F.A. Premier League Football, the Swedish national soccer team, eleven top soccer teams in Italy and also numerous interactive games have already been secured. The 3G forum is actively pursuing other distinctive 3G content rights including other sports rights, news, traffic, weather and travel information services, location based services, wireless e-mail services, glamour and music.

In the UK and Italy, cell site acquisition and network construction is proceeding on schedule to launch services in the last quarter of 2002. Hutchison 3G UK has a three year (with a one year extension), standalone, £3,252 million project financing facility, which was arranged in late 2000. Early this year, Hutchison 3G Italia secured a nine and three quarter year bank and equipment vendor financing facility totalling €4.2 billion, of which €2.0 billion is on a standalone project financing basis throughout the term. The remaining €2.2 billion is guaranteed by the Group until certain performance targets are met. In Sweden, Hi3G Access has partnered with two other Swedish 3G licence holders, Europolitan Vodafone and Orange, to provide shared 3G infrastructure that will address up to 70% of the Swedish population. This arrangement will reduce costs and facilitate operating independence for all three operators. In September, Hi3G Access was granted one of four 3G licences in Denmark for Danish Kroner 950 million with 25% payable upfront and the remainder payable in equal instalments over the next ten years. Synergies between the Sweden and Denmark operations are expected to enhance the profitability of this extended joint venture. Sweden is targeting to launch its full network in the fourth quarter of this year and Denmark shortly thereafter. In Austria, the management team is coordinating the design and construction of its networks with the UK and Italian operations and is targeting to launch its network in 2003.

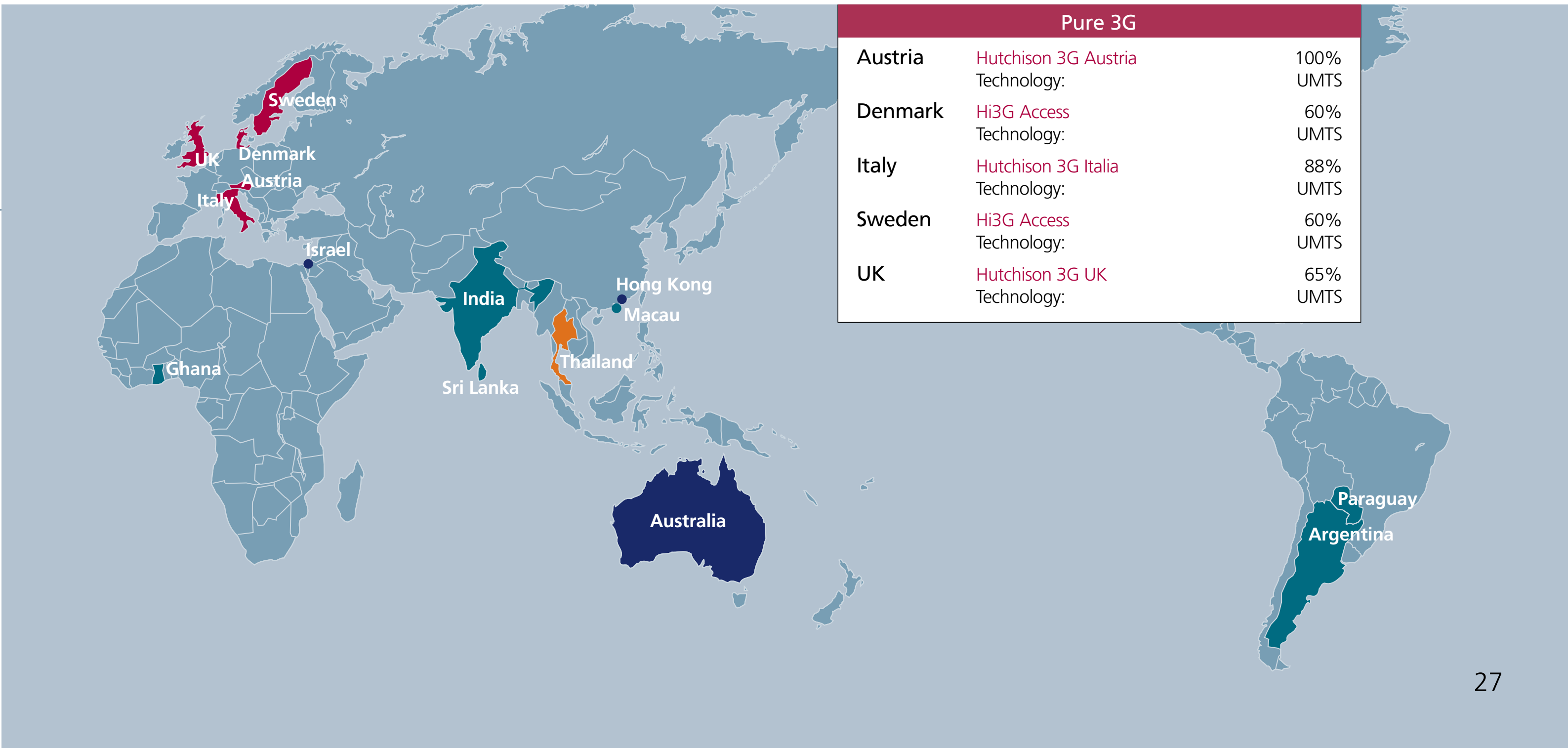
HWL Global Wireless Operations

2G		
India	5 Companies Technology:	49% GSM
Macau	Hutchison Telephone (Macau) Technology:	75% GSM
Others	Argentina – Hutchison Telecom. Argentina	90%
	Ghana – Celltel	80%
	Paraguay – Hutchison Telecom. Paraguay	60%
	Sri Lanka – Lanka Cellular Services	100%

CDMA2000		
Thailand	Hutchison Telecom. (Thailand) Technology:	58.5% CDMA2000

2G + 3G		
Australia	Hutchison Telecom. (Australia) Technology:	58% UMTS, CDMA
Hong Kong	Hutchison Telecom. (HK) Technology:	75% UMTS, GSM, CDMA
Israel	Partner Communications Technology:	35% UMTS, GSM

Pure 3G		
Austria	Hutchison 3G Austria Technology:	100% UMTS
Denmark	Hi3G Access Technology:	60% UMTS
Italy	Hutchison 3G Italia Technology:	88% UMTS
Sweden	Hi3G Access Technology:	60% UMTS
UK	Hutchison 3G UK Technology:	65% UMTS



ASIA PACIFIC

The Group's 57.82% owned listed subsidiary in Australia, Hutchison Telecommunications Australia ("HTA"), announced a 3% increase in revenue to A$419 million for the year primarily due to the growth of its Orange Mobile CDMA network subscriber base. HTA announced a net loss after tax of A$137 million compared to A$92 million last year which reflects the start up losses incurred as HTA builds its new CDMA network. Following the official launch of its Orange CDMA network in Sydney and Melbourne in 2000, HTA has continued to steadily build its subscriber base which increased 158% in the year and currently totals 208,000 subscribers. In March 2001, HTA successfully bid for 3G licences at an upfront cost of A$196 million covering the five major cities of Sydney, Melbourne, Brisbane, Adelaide and Perth. In May 2001, HTA formed a strategic alliance with Telecom Corporation of New Zealand ("TCNZ") (19.9% interest) to jointly fund and develop its 3G operation in Australia and, in addition, the Group has an option to acquire a 19.9% interest in TCNZ's 3G business in New Zealand within 24 months of its commercial launch. In October 2001, HTA disposed of its GSM resale subscriber base of approximately 260,000 to SingTel Optus for A$41 million. HTA has restructured its business and management team and is now focusing on building its existing CDMA business and rapidly developing its 3G networks, in coordination with the Group's European operations, for a launch in early 2003.

In India, the Group's 2G telecommunications operations consist of 49% interests in four operations: Hutchison Max Telecom in Mumbai, Sterling Cellular in Delhi, Usha Martin Telekom in Kolkata and Fascel in the province of Gujarat. In the second half of 2001, the Group's joint venture with the Essar Group successfully acquired three additional mobile licences, for a total of US$99 million, in the provinces of Karnataka (includes Bangalore city), Andhra Pradesh (includes Hyderabad city) and in the city of Chennai, which are scheduled to commence operations in mid 2002. In this rapidly growing mobile telecommunication market, the four existing operations recorded an impressive 81% growth in their combined subscriber base in the year, which currently totals over 1.2 million and the reported EBIT was almost double that of last year.

Mobile phones are becoming increasingly popular in India. There are over 6 million subscribers in the country with a growth rate of over 5% a month.

The Group's operation in Israel achieves another year of impressive growth with subscriber numbers increasing 75% to over 1.4 million.

REST OF THE WORLD

The Group's 35% owned associated company in Israel, Partner Communications ("Partner") is listed on the NASDAQ National, the London and the Tel Aviv stock exchanges and operates a GSM network using the Orange brand name. Partner had another outstanding year of growth, with a 54% increase in revenue to US$736 million, reflecting a 75% increase in subscribers which totalled over 1.4 million subscribers at the end of the year. In addition, Partner recorded its first full year of positive EBIT. Partner announced a net loss attributable to shareholders of US$69 million, a 61% improvement over the loss reported in 2000. In December 2001, Partner successfully bid for additional 1800 MHz spectrum and a 2100 MHz spectrum at a cost of US$95 million. The 1800 MHz spectrum will be used to enhance the capacity of its GSM business and the 2100 MHz spectrum will be used to develop a 3G business which is currently planned for launch in 2003.

In the USA, the shareholders of VoiceStream, in a meeting held on 13 March 2000, voted in favour of a merger between VoiceStream and Deutsche Telekom and the transaction was completed in May 2001. The Group exchanged its approximate 18.4% effective interest in VoiceStream for US$885 million in cash and an approximate 4.9% equity interest in Deutsche Telekom, realising a profit of HK$30,000 million at the time of completion.

E-COMMERCE

During the year, the Group continued to develop its existing e-commerce businesses. bigboXX.com is a market leader in the corporate office supplies sector in Hong Kong. ESD*life* (42.5% interest), which enables users to conduct a wide variety of online transactions with various Hong Kong government departments, continued to rollout kiosks and services during the year. Hutchison-Priceline (65% interest) is in the process of launching an air-ticket and hotel room e-commerce platform targeting the Hong Kong, Taiwan and Singapore markets.

TOM.COM (29% interest), an associated company listed on the Hong Kong Growth Enterprise Market, made a number of strategic acquisitions in 2001 in key media sectors including print media and outdoor media. The company made progress towards its objective of becoming a leading media and telecommunications group serving the Greater China market. TOM.COM announced revenue of HK$627 million (2000 – HK$89 million) and a loss attributable to shareholders of HK$636 million (2000 as restated – HK$1,265 million).

Prime portfolios

At 12:45 hr in Shenzhen, China, Paul Yang, a sales consultant with the Hutchison Whampoa Property Group ("HWPG"), shows the Chows around one of the newly completed showflats at Phase II of the Le Parc residential development. Paul is a member of the 7,600 strong HWPG staff devoted to the development and marketing of quality residential and commercial property.

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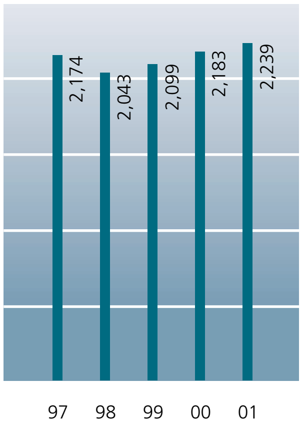
Property and Hotels

The Group's property activities comprise an investment portfolio of approximately 15.0 million sq ft of commercial, office, industrial and residential premises which provide 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 mainly in Hong Kong and the Mainland, and selectively overseas. In addition, the Group operates a portfolio of premium quality hotels.

Turnover for the property and hotels division for 2001 totalled HK$5,516 million, a decrease of HK$1,757 million, or 24%, compared to 2000, mainly due to reduced development activity in Hong Kong. Gross rental income from the Group's investment properties including the Group's share of associated companies, grew 3% in 2001 to HK$2,239 million. EBIT from the property and hotels division, which arose mainly from rental income, amounted to HK$1,717 million, an increase of 12%, mainly due to increased profits from overseas developments. As a result of deflationary pressure in Hong Kong, residential property prices continued to decline and a provision of HK$1,500 million was made during the year against two of the Group's property development projects (2000 – nil).

Gross Rental Income
HK$ millions



Caribbean Coast is situated in the picturesque Tung Chung new urban centre, close to the Hong Kong International Airport in Chek Lap Kok.

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%) properties continues to provide a strong recurrent earnings base. Gross rental income, including the Group's share of associated companies of HK$2,044 million, was in line with last year. All of the Group's premises remain substantially fully let at satisfactory rental levels.

An imposing 72 storey development on the Hunghom waterfront, The Harbourfront Landmark is the highest waterfront residential building in Hong Kong.

HONG KONG – PROPERTIES UNDER DEVELOPMENT

There were no material development profits in Hong Kong in 2001 due to the timing of completion of projects. Presales activity commenced during the year for phase one of Caribbean Coast, a multiphase residential and commercial development totalling 4.4 million sq ft at Tung Chung in which the Group has a joint venture interest with a profit sharing arrangement. Construction is on schedule for a phased completion of the development between 2002 and 2005. The Group has made a prudent provision for this project.

During the year, the occupation permit was obtained for the Harbourfront Landmark, a 597,000 sq ft residential and 75,000 sq ft commercial project at Wan Hoi Street in Hunghom adjacent to the Harbour Plaza Hotel. The Group has a 50% interest in this three tower development. Construction is well advanced at the 1.4 million sq ft development, the Metropolis above the Kowloon Canton Railway terminus in Hunghom. The office tower and hotel were completed in 2001 and the two serviced apartment towers are scheduled for completion in 2002. The Group has made a provision for this project.

The Victoria Towers, a 1.0 million sq ft residential and commercial complex on Canton Road in Kowloon, is expected to be completed in the second half of 2002. Presales activity has commenced on this project, in which the Group has a 42.5% interest. The extensions of the Group's Harbourfront I and II towers are on schedule for completion in 2003 to provide 270,000 sq ft of additional offices and serviced suites which will provide additional rental income to the Group.

Construction has commenced on a hotel and serviced suites complex of 1.7 million sq ft on Tsing Yi Island which is scheduled for completion in 2003. The Group has a 70% interest in this project which is comprised of a three tower hotel complex and five towers of serviced suites. Adjacent to this site, planning is underway for the development of a 344,000 sq ft office complex which is scheduled for completion in 2004.

Shanghai Seasons Villas comprises luxurious villas and serviced apartments in Pudong.

MAINLAND CHINA – RENTAL PROPERTIES

The Group's various joint ventures in the Mainland have a portfolio of investment properties totalling 7.8 million sq ft, of which the Group's share is 2.4 million sq ft. The portfolio includes a 50% interest in the 957,000 sq ft Metropolitan Plaza commercial podium in Chongqing (93% occupied) and the 554,000 sq ft of office space above the podium (62% occupied); in Shanghai, a 30% interest in the 687,000 sq ft Westgate shopping mall (97% occupied) and 367,000 sq ft of office space (99% occupied) in the office tower; and in Pudong district, Shanghai, a 50% interest in 878,000 sq ft of a low rise residential development called Seasons Villas (68% occupied). In addition, the Group has an 18% interest in the 6.0 million sq ft multiphase development, Beijing Oriental Plaza. Three office towers of 1.6 million sq ft and two towers of hotel and serviced apartments of 1.0 million sq ft were completed during the year. At the end of the year, the commercial podium (1.0 million sq ft) and the six completed office towers, (2.6 million sq ft) were substantially leased at satisfactory rentals. The final phase of this development comprises two office towers and two towers with 674 serviced apartments which will be completed in 2002 and 2003 respectively.

MAINLAND CHINA – PROPERTY SALES

Satisfactory profits from the sale of 808 units in phase one of Le Parc in Shenzhen were recorded in 2001. Le Parc is a residential development comprising four phases near the Futian central district in which the Group has a 50% interest. The Group also has a 50% interest in the Horizon Cove project in Zhuhai, a six phase project to develop 4.8 million sq ft of residential villas and apartments. Phase one totalling 779,000 sq ft was substantially presold and completed during the year and a profit recorded.

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 Shenzhen, the remaining phases of the Le Parc development, which comprise a further 3.3 million sq ft of residential and commercial space, are targeted for completion by 2003. In Zhuhai, phase two of Horizon Cove, comprising 927,000 sq ft of villas and apartments is expected to be completed during 2002. The remaining 3.1 million sq ft of this project are scheduled for completion in phases by 2006.

In Shanghai, the Group has a 50% interest in a joint venture which is continuing to develop the 1.3 million sq ft low density housing project, Seasons Villas, in the Huamu district of Pudong. The final phases, comprising 408,000 sq ft development, are scheduled for completion in 2002. At a nearby site, the Group has a 31% interest in a joint venture for the phased development, over the next three years, of a 1.7 million sq ft villa and apartment complex. The Group also has a 50% interest in Walton Plaza, a 1.6 million sq ft residential and office development in the Xuhui district in Shanghai. Construction remains on schedule for completion of 94,000 sq ft of residential units in 2002 and 581,000 sq ft in 2003, and the 919,000 sq ft office tower in 2004.

In Qingdao, at the Pacific Plaza development, the remaining 239,000 sq ft of residential units in two high rise towers and the low rise office block of 21,000 sq ft are expected to be completed in 2002. The Group has an effective 15.3% 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 47.3% interest in a 3.4 million sq ft development near Houjie, Dongguan. The next phase of this multiphase deluxe residential housing development, The Lakeside, consists of 864,000 sq ft and is due for completion in 2003. Presale activity has recently commenced.

Dongguan Harbour Plaza Golf Club boasts 27 championship holes covering a total site area of 14 million sq ft.

Planning for a residential and commercial complex above the Guangzhou Huangsha Underground Railway Station, in which the Group has a 50% interest, is progressing and the first phase is currently planned for completion in 2004. When completed, the project will consist of 3.4 million sq ft of residential and commercial space.

During the year the Group substantially increased its landbank in Mainland China by entering into a number of new joint ventures to develop an aggregate of 13.1 million sq ft of property, including: a 1.7 million sq ft medium and high rise residential and commercial project in Gubei district, Shanghai (50% interest) for completion between 2003 and 2004; a 2.3 million sq ft low rise residential project in Jiangbei district, Chongqing (50% interest) for completion between 2003 and 2005; and a 7.9 million sq ft multiphase low and medium rise residential development in Panyu Dashi district, Guangzhou (50% interest) for completion between 2003 to 2007.

OVERSEAS – PROPERTY SALES

The Group's 42.5% owned residential project to develop 41 residential units totalling 116,000 sq ft at Belgravia Place, London in the UK was all presold in 2000 and construction was substantially completed in 2001. A satisfactory profit was recorded on 34 units handed over to the owners in the second half of the year.

OVERSEAS – PROPERTIES UNDER DEVELOPMENT

London

The Group has a 45% joint venture interest in a site at the Albion and Bridge Wharves, which is being developed into a residential and commercial development, Albion Riverside, totalling 391,000 sq ft for completion in 2003. The presale programme is progressing well. The Group also has a 22.5% interest in a 731,000 sq ft residential and commercial development on Lots Road which is scheduled for completion in phases from 2005 to 2008. During the year, the Group acquired a 22.5% interest in a 169,000 sq ft residential development in phase two of the Chelsea Harbour development on the River Thames, which is due for completion in 2003 and 2004.

Albion Riverside is located on the banks of the River Thames, London, between two listed Victorian landmarks, the Albert Bridge and the Battersea Bridge.

Operations Review | **Property and Hotels**

Singapore

Construction is continuing on the Costa Del Sol project, a 1.5 million sq ft residential development which is due for completion in 2003. Approximately 25% of this development, in which the Group has a 24% interest, has been presold. The Group also has a 50% interest in Cairnhill Crest, a 440,000 sq ft residential development at Cairnhill Circle, which is now scheduled for completion in 2004.

Tokyo

The Group has an effective 38% interest in a 786,000 sq ft high rise office and hotel tower, Pacific Century Place, which is adjacent to the Tokyo Station in the Marunouchi district. Construction of the office premises was completed at the end of 2001, and these are substantially let at satisfactory rental levels. The 57 room deluxe hotel is scheduled for completion in the second half of 2002 and will be managed by the Four Seasons hotel group.

HOTELS

The Group has interests in ten operating hotels in Hong Kong, the Mainland and the Bahamas and the Group manages seven of these hotels. Two additional hotels are currently under construction for completion in 2002.

The hotel industry in Hong Kong was affected by the slow economy and a reduced number of travellers, especially in the latter part of the year. As a result of lower occupancy levels, the Harbour Plaza Hong Kong reported an 8% decrease in EBIT, and the Sheraton Hong Kong, in which the Group has a 39% interest, reported a 9% decrease. The Harbour Plaza North Point (39.1% interest) performed satisfactorily in its first full year of operation and reported breakeven EBIT.

Costa Del Sol in Singapore includes 430,000 sq ft of spacious landscaped gardens.

Located in the heart of Beijing, Oriental Plaza is Asia's largest commercial complex.

The Group's hotels in China improved their results, although an overall loss was reported due to start up losses of the two new hotels and continuing strong competition. The Harbour Plaza Beijing (95% interest) reported improved room rates while the Sheraton Great Wall (49.8% interest) reported improved operating results after completing a room renovation programme. The Harbour Plaza Chongqing (50% interest) reported improved occupancy while the Harbour Plaza Kunming (95% interest) reported improved occupancy and room rates. The Times Plaza Shenyang (87.4% interest), a 274 room mid-range hotel, commenced operations in June. The Grand Hyatt Beijing at Oriental Plaza (18% interest), a 591 room and 277 serviced suite premium hotel, commenced operations in October.

Our Lucaya, the 1,271 room hotel and golf resort on Grand Bahama Island, commenced full operations at the beginning of 2001. It was adversely affected by the September 11 terrorists attacks which resulted in a significant reduction in tourist arrivals. Start up losses were greater than expected.

The Harbour Plaza Metropolis in Hunghom (25% interest), a 288 room and 402 serviced suite complex, is scheduled to commence operation in the first half of 2002. The Harbour Plaza Ma On Shan (49% interest) with 831 serviced suites is scheduled to open in mid 2002.

Cutting-edge quality

At 12:45 hr in Hong Kong, Wong Kwai Hung, a machine operator at A S Watsons water bottling plant, is performing a routine check on the robotic arm that is programmed to lift and pack about 3,000 bottles per hour. This sophisticated plant can process and bottle 330,000 gallons of distilled and mineral water each day for sale to offices and homes in Hong Kong.

12:45 hr

23:00 00:00 01:00 02:00 03:00 04:00 05:00 06:00 07:00 08:00 09:00 10:00 11:00 12:00 13:00 14:00 15:00 16:00 17:00 18:00 19:00 20:00 21:00 22:00

Retail and Manufacturing

The Group's A S Watson division is one of Asia's largest retailers, operating three major retail chains in Asia and one chain in the UK, with more than 1,100 stores worldwide that provide food and household items, high quality personal care, health and beauty products and consumer electrical goods. The division manufactures and distributes various water and other beverage products in Hong Kong and the Mainland as well as mineral and spring water products in Europe to the office and home markets. The Hutchison Whampoa (China) ("HWC") division invests in various ventures in the Mainland. Hutchison Harbour Ring ("HHR"), a company listed on the Stock Exchange of Hong Kong ("SEHK"), became a 50.5% owned subsidiary in July 2001 and is refocusing its business to concentrate on its traditional activities of manufacturing and trading toys and also property investments.

Turnover for the retail and manufacturing division for 2001 totalled HK$29,543 million, an increase of HK$2,295 million, or 8%, compared to 2000, due to continued growth in and expansion of these businesses in Hong Kong, the Mainland and overseas. Reported EBIT of HK$537 million was 19% below last year mainly as a result of one time restructuring charges for HWC's Mainland joint ventures with Procter & Gamble and other ventures, and also reduced retail profit margins, particularly in the Taiwan operations.

PARKnSHOP maintains its leadership in the market and its fresh food concept creates further differentiation.

Watsons Your Personal Store has maintained its position as the most recognised health and beauty retailer in Asia.

A S WATSON

2001 was another difficult year in the retail sector due to weak economies and increased competition. The supermarket operations in Hong Kong performed well in a deflationary economy with the continued expansion of its large format stores. The retail non-food businesses benefited from geographic diversity with strong growth from the Savers retail chain in the UK partially offsetting the reduced results from the businesses in Taiwan and Hong Kong. The manufacturing businesses in Hong Kong and the Mainland were adversely affected by price competition while in Europe the water operations continued to expand and integrate the acquisitions made over the last few years.

PARKnSHOP's supermarket operations in Hong Kong and Southern China reported an 11% growth in sales and an improvement in EBIT, a result of successful store expansion in both regions. In Hong Kong, PARKnSHOP continued to expand its larger format superstores with more fresh food offers and a "one-stop-shop" concept. Total trading area increased to 2.2 million sq ft at the end of the year. Despite deflation in food prices and strong competition, the operations performed well in 2001, maintaining its leading market share. In Southern China, PARKnSHOP opened two additional large format stores in Guangdong province, modelled on its successful large format store in Guangzhou, which was opened in November 2000. More new stores in Southern China are planned for this year.

The non-food retail businesses include Watson's, a leading retail chain of personal care products with strong brand name recognition in Hong Kong, Taiwan, the Mainland and other countries in Southeast Asia, and Savers, a health and beauty products retail chain in the UK. These operations reported combined sales 14% above and EBIT in line with the previous year. Watson's continued to expand its chain in Asia with the addition of 28 outlets, and now has over 560 stores in the region. In Hong Kong, sales increased marginally and EBIT was lower than the previous year due to the weak economy. In the Mainland, Watson's reported sales growth of 15% and a positive result. In Taiwan, the slow economy, weaker New Taiwan dollar, and difficult trading conditions adversely affected sales, which declined 15% and significantly reduced EBIT. A new management team is addressing the trading issues to rebuild the business and to improve its performance. In Southeast Asia, Watson's operations in Singapore, Malaysia and Thailand reported a 3% sales increase and EBIT above the previous year. In the UK, Savers, which was acquired in September last year, aggressively expanded its outlets to over 230 at the end of the year. The successful expansion programme and strong comparable store sales growth contributed to impressive results for the year. The performance of Savers has been better than expected and further aggressive expansion of the business is underway.

PARKnSHOP has successfully introduced the megastore concept in Southern China.

The 67 store Fortress consumer electrical goods store chain in Hong Kong was severely affected by poor economic sentiment and reduced consumer spending in the more discretionary consumer electrical goods market. Sales declined 6% and EBIT was greatly reduced.

Nuance-Watson, a 50% joint venture with Nuance International Holdings, holds concessions for the sale of perfume, cosmetics and general merchandise at the Hong Kong International Airport. This operation reported a marginal decline in sales and reduced EBIT due to reduced passenger spending. In July 2001, Nuance-Watson won a three year concession for the sale of perfume and cosmetics in Terminal 2 of Singapore International Changi Airport and in February this year, won another three year perfume and cosmetics concession in Terminal 1.

The manufacturing division's operations are comprised of well known brands of water, soft drinks and fruit juices, which are manufactured and distributed in Hong Kong and the Mainland, and mineral and spring water, which is manufactured and distributed to the office and home markets in Europe. During the year, the European water business further expanded with acquisitions in Italy and France and now has operations in seven European countries. This division's sales increased 7% mainly due to expansion in Europe. However, combined EBIT declined 43% compared to 2000 due to price competition in all markets, the weak economy in Hong Kong and expansion costs in Europe.

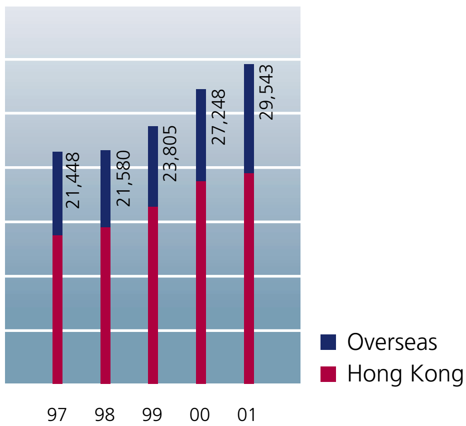
HUTCHISON WHAMPOA (CHINA)

Hutchison Whampoa (China) Limited currently has investments in a number of successful consumer products and aviation projects. During the year, a number of new joint ventures were entered into to research, manufacture, develop and distribute new and traditional Chinese medicines ("TCM").

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

Savers health and beauty chain continues to grow swiftly in the UK, providing great value and convenience to consumers.

Retail and Manufacturing Turnover
HK$ millions



The Group's Powwow brand became the UK's largest water cooler company in just two and a half years in the business.

Mainland. The Group's share of EBIT from this joint venture declined compared to last year, due to one time restructuring charges and competition from international and domestic companies to gain market share.

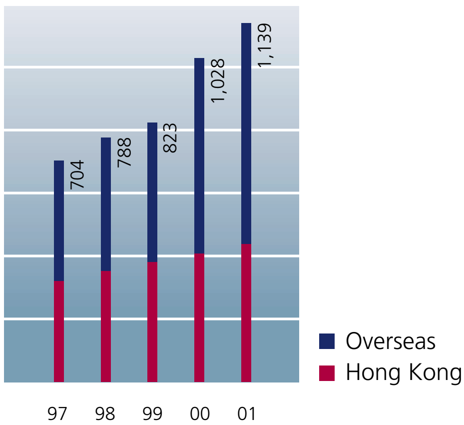
The Group has entered into three start up joint ventures to develop health care businesses. Tong Ren Tang Hutchison, a 50% owned joint venture in Hong Kong, provides distribution service for TCM products. Hutchison Healthcare Limited, an 80% owned joint venture in Guangzhou, manufactures and distributes health products in the Mainland. Shanghai Hutchison Pharmaceuticals Limited, a 50% owned joint venture in Shanghai, manufactures and distributes TCM products in the Mainland. The Group is currently planning to test market TCM products under the "Sen" brand name in the UK.


Traditional Chinese medicine formulas are produced to the highest international manufacturing standards.

HUTCHISON HARBOUR RING

Hutchison Harbour Ring (formerly ICG Asia Limited) is listed on the SEHK and became a 50.5% subsidiary of the Group in July 2001. In the second half of the year, HHR fundamentally restructured and refocused its business strategy. HHR reassessed the financial performance and business prospects of its Internet B2B activities and began to gradually exit from these business interests through a programme of rationalising its various investment positions and making prudent provisions. HHR plans to retain only small strategic holdings in its Internet B2B investments and focus on its traditional activities of manufacturing and trading of toys and property investments. For the period from July to the end of 2001, the Group has consolidated HHR's results. The Group's 50.5% share of HHR's profit attributable to shareholders, after consolidation adjustments, amounted to HK$23 million.

Number of Retail Outlets



Dynamic Power

At 21:45 hr at Husky Energy's Lloydminster facility in Canada, Process Engineer Bob Brierley braves the chilly air to check the final installation of a project prior to startup. The company's upgrading and refining facilities at Lloydminster are the "end of the line" for much of Husky's heavy oil production; whereupon it gets refined and upgraded, then transported abroad.

21:45 hr

23:00 00:00 01:00 02:00 03:00 04:00 05:00 06:00 07:00 08:00 09:00 10:00 11:00 12:00 13:00 14:00 15:00 16:00 17:00 18:00 19:00 20:00 21:00 22:00

The energy, infrastructure, finance and investments division includes the Group's 84.6% interest in Cheung Kong Infrastructure ("CKI"), 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 energy and energy related companies. In addition the Group's finance and investment income, derived from its substantial pool of cash, managed funds and listed investments, is reported in this division.

Turnover for the energy, infrastructure, finance and investments division for 2001 totalled HK$27,006 million, a 4% increase over 2000. EBIT from this division totalled HK$13,082 million, a 13% increase over the EBIT reported in 2000 of HK$11,549 million. The increase in turnover is mainly due to increases from CKI and increased production volumes at Husky Energy. The increase in EBIT is primarily due to an increased contribution from CKI and increased finance and investment income.

Hongkong Electric's system control centre maintains 24 hour surveillance and exercises remote control over the transmission and distribution system.

The regulated power distribution businesses of both ETSA Utilities and Powercor Australia Limited continue to exceed expectations.

CHEUNG KONG INFRASTRUCTURE

The Group has an 84.6% interest in CKI, which is listed on the SEHK. CKI announced turnover of HK$3,838 million and profit attributable to shareholders of HK$3,323 million, an increase of 15% and 3% respectively compared with the previous year. The group is currently engaged in the development, ownership, operation and management of infrastructure businesses, including power plants, electricity distribution networks, gas distribution networks, toll roads and bridges, tunnels and water treatment plants in Hong Kong, the Mainland and Australia. The group is also engaged in infrastructure materials businesses in Hong Kong, the Mainland, Canada and the Philippines, including the production, distribution and sales of cement, concrete, asphalt, aggregates and spray coating materials. Growing out of its infrastructure materials businesses, CKI has developed its environmental businesses in areas related to recycling waste materials, reduction of natural resources usage and reduction of emissions to the environment.

CKI holds a 38.9% interest in Hongkong Electric Holdings ("HEH"), which is the largest contributor to CKI's results. 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 shareholders of HK$6,507 million, increasing from HK$5,535 million in 2000. CKI's other infrastructure businesses recorded a decrease in profit, reflecting reduced contributions from Mainland infrastructure projects and a HK$500 million provision against certain Mainland joint venture projects, partially offset by a gain of HK$351 million on the disposal of Powercor's retail operation in Australia and a gain of HK$221 million on disposals of Nanhai Power Plant I. CKI's cement, concrete, asphalt and aggregates businesses in Hong Kong and the Mainland recorded a decline in profits during the year due to the continuing slowdown of construction in the Hong Kong property and infrastructure sectors.

CKI's joint ventures in the PRC own and operate approximately 500 km of toll roads and bridges, spanning the provinces of Guangdong, Hunan, Henan, Hebei and Liaoning.

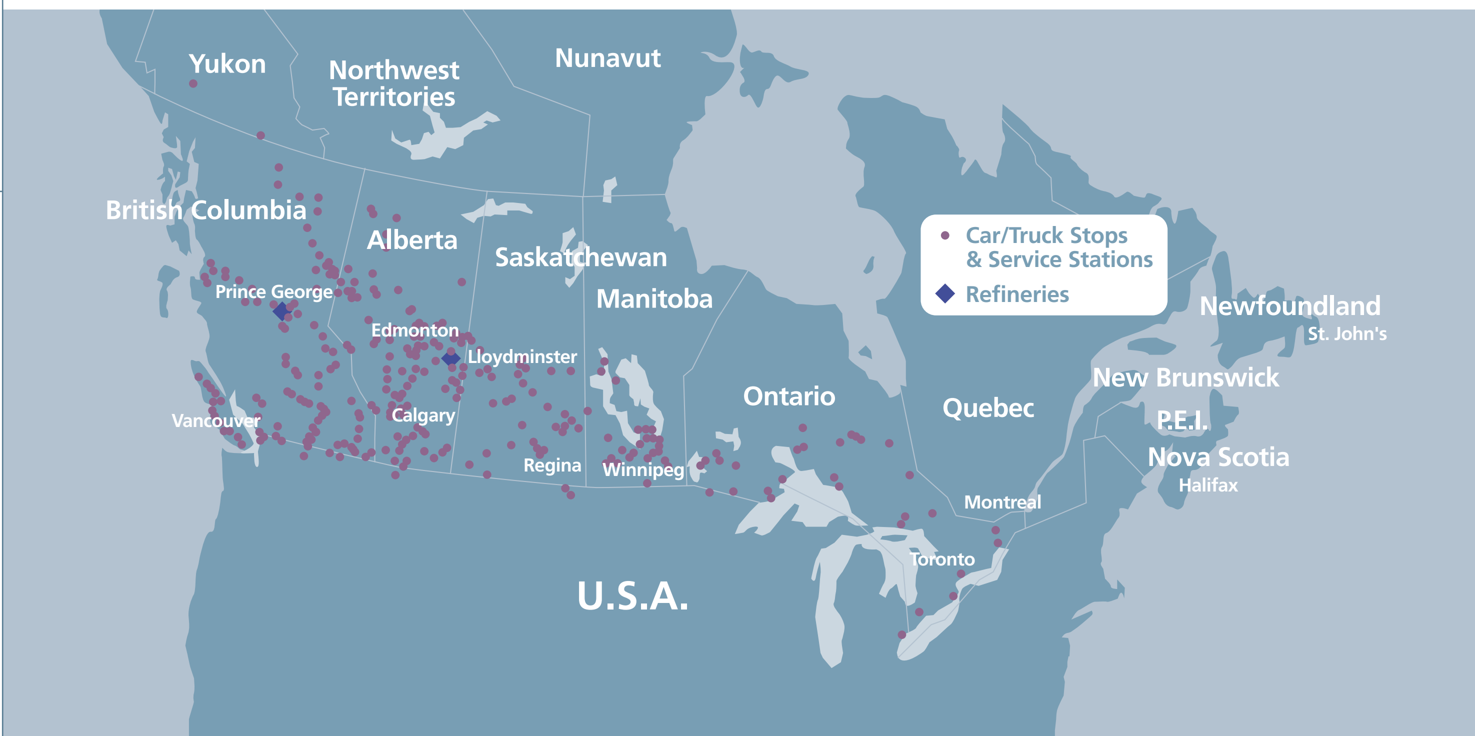
HUSKY ENERGY

Husky Energy, a listed Canadian based integrated energy and energy related company, announced profit attributable to shareholders of C$701 million in its first full year of combined operations after its merger with Renaissance Energy. The merger in August 2000 reduced the Group's interest from 49% to 35.1%. The Group's 35.1% share of Husky Energy's revenue of HK$11,801 million was 3% higher than the previous year, although its share of EBIT of HK$2,036 million was 4% less due to the lower Canadian dollar exchange rate.

In 2001, Husky Energy's production volumes averaged 272,800 barrels of oil equivalent ("boe") per day compared to 176,800 boe per day during 2000, a 54% increase. At the end of 2001, Husky Energy had estimated gross proved reserves of crude oil, natural gas liquids and natural gas of 927 million boe and a production replacement ratio including net additions of 155%. Husky Energy's significant land position includes 7.5 million net acres of undeveloped land in Western Canada which provides future exploration and development potential for conventional crude oil and natural gas, as well as for heavy oil. Husky Energy's upstream operations have continued with the development of the Terra Nova oil field off the east coast of Canada and production from this field commenced in January 2002. The Wenchang oil field in the South China Sea is expected to commence production in the second quarter of 2002. These two projects are expected to increase Husky Energy's daily production in 2002 by approximately 10,000 and 8,000 boe, respectively. In December 2001, the governments of Canada, Newfoundland and Labrador announced acceptance of the Canada Newfoundland and Offshore Petroleum Board's Report for the White Rose oil field project. A decision by the owners on project sanction is expected during the first half of 2002. Husky Energy is also one of the largest working interest holders in the Jeanne d'Arc basin off the east coast of Canada.

The midstream operation, which includes the heavy oil upgrader facility at Lloydminster, pipeline systems, commodity marketing, power generation and gas storage operations are structured to take advantage of the oil commodity value chain. The refined products operation

Husky's Retail Network



comprises the wholesale, commercial and retail marketing of a range of refined petroleum products, through a network of 580 branded retail outlets, as well as the marketing of asphalt products.

GROUP CAPITAL RESOURCES AND LIQUIDITY

The Group's total shareholders' funds amounted to HK$218,273 million at 31 December 2001 compared to HK$253,348 million at the end of last year. The reduction reflects the steep decline in global stock market values in 2001 that has adversely affected the Group's portfolio of listed equity investments, which are marked to market value at each year end. The Group made a provision for diminution in value of its portfolio of equity investments of HK$28,100 million in the first half of 2001 and a further provision of HK$1,669 million at the year end, totalling HK$29,769 million for the full year.

At 31 December 2001, the Group's cash, portfolio of managed debt security funds and other listed investments (including equity investments in Vodafone Group of HK$33,895 million and Deutsche Telekom of HK$27,907 million) totalled HK$145,336 million (2000 – HK$174,821 million) of which 7% were denominated in HK dollars, 44% in US dollars, 24% in Pounds Sterling (mainly investment in Vodafone Group), 22% in Euros (mainly investment in Deutsche Telekom) and 3% in other currencies.

During the year, the Group entered into forward sales contracts with major credit worthy financial institutions to dispose of an aggregate of approximately 695 million shares of Vodafone Group at an average price of £1.75 per share, which gave rise to a profit of HK$3,485 million in 2001. In addition, options were granted to the purchasers to acquire an additional approximately 258 million shares of Vodafone Group which are exercisable in 2002. The Group also entered into similar forward sales contracts for an aggregate of approximately 89 million shares of Deutsche Telekom at an average price of €21.26 per share, which gave rise to a profit on disposal of HK$908 million in 2001. In addition, options were granted to the purchasers to acquire an additional approximately 42 million shares of Deutsche Telekom which are exercisable in 2002. In accordance with the Group's treasury policy, the Group has entered into currency forward sales contracts to sell, in 2002, a portion of the consideration to be received in Pounds Sterling and Euros for US dollars. Approximately 31% of the consideration for Vodafone Group shares has been sold, and approximately 84% of the consideration for Deutsche Telekom shares has been sold.

The Group's pool of consolidated cash and liquid assets of HK$145,336 million compares to the Group's total borrowings at 31 December 2001 of HK$146,992 million (2000 – HK$124,526 million). During the year, all bilateral borrowings that matured were either renewed at satisfactory rates and terms or, at the Group's option, were repaid early or on maturity. The major bank loans borrowed and repaid were as follows:

- In April, arranged a five year, floating interest rate, A$405 million bank loan to refinance the Group's Australian infrastructure investments;
- In April, repaid early, without penalty, a one year, floating interest rate, A$792 million bridging loan which was due to mature in September 2001;
- In July, arranged a two tranche, five and seven year, floating interest rate, HK$12,000 million loan which was drawn down in November and December;
- In July, repaid early, without penalty, a five year, floating interest rate, HK$12,000 million bank loan which was to mature in June 2002;
- In September, repaid early, without penalty, a three year, floating interest rate, HK$1,160 million bank loan and a three year, floating interest rate HK$840 million bank loan which were due to mature in November 2001;
- In October, repaid on maturity, a three year, floating interest rate, HK$2,500 million bank loan;
- In January 2002, arranged a nine and three quarter year, floating interest rate, bank and equipment vendor financing, totalling €4.2 billion, to finance the 3G Italy operations;

Loan notes and bonds issued and redeemed were as follows:

- In January, issued US$2,657 million principal amount of 2.0% fixed interest rate notes due in 2004, exchangeable into ordinary shares of Vodafone Group;
- In February, issued US$1,500 million principal amount of 7.0% fixed interest rate notes due in 2011 to repay early, without penalty, a US$1,500 million bank loan facility which was due to mature in July 2003;
- In November, repaid on maturity US$275 million, 7.0% fixed interest rate convertible bonds;
- In November, repaid early without penalty, US$1,131 million, floating interest rate notes which were due to mature in November 2004;
- In December, issued A$425 million principal amount of 6.5% fixed interest rate notes to finance the Group's Australian telecommunications operations;
- In February 2002, repaid on maturity, three year, fixed interest rate notes, HK$1,500 million.

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 and as mentioned above, US$2,657 million principal amount of 2.00% exchangeable notes due in 2004 which are exchangeable 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 were to be exchanged, the Group's interest in Vodafone Group would reduce to 0.4%, after subtracting the shareholdings disposed pursuant to the forward sale contracts mentioned previously.

The Group's borrowings at 31 December 2001 are denominated and repayable as follows:

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.

As at 31 December 2001, approximately 40% of the Group's borrowings bear interest at floating rates and the remaining 60% are at fixed rates. The Group has entered into various interest rate agreements with major financial institutions to swap approximately HK$31,550 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$4,320 million principal amount of an infrastructure related, floating interest rate borrowing was swapped to a fixed interest rate borrowing. After taking into consideration these interest rate swaps, as at 31 December 2001, approximately 63% of the Group's borrowings bear interest at floating rates and the remaining 37% are at fixed rates.

	HK$	US$	£	€	Others	Total
Within 1 year	10%	1%	–	1%	1%	13%
In years 2 to 4	11%	32%	4%	–	3%	50%
In year 5	7%	–	1%	3%	2%	13%
In years 6 to 10	2%	13%	–	1%	–	16%
In years 11 to 20	–	3%	2%	–	–	5%
Beyond 20 years	–	3%	–	–	–	3%
	30%	52%	7%	5%	6%	100%

At 31 December 2001, the Group's net debt to net capital ratio was 0.7% (2000 – net cash of HK$50,295 million). EBITDA covered the gross interest expense for the year 3.4 times (2000 – 6.2 times).

At 31 December 2001, assets of HK$56,792 million (2000 – nil) were pledged as security for project financing facilities and HK$14,988 million (2000 – HK$7,272 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 2001, amounted to the equivalent of HK$28,195 million (2000 – HK$6,554 million).

The Group's capital expenditures, excluding expenditures for properties under development and for sale, totalled HK$14,293 million (2000 – HK$6,324 million), of which HK$9,915 million related to 3G operations (which were primarily funded by standalone bank borrowings). The Group's capital expenditures were funded primarily from cash generated from the cash on hand, internal cash generation and to the extent required, by borrowings.

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 and certain overseas entities, 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 endeavours to hedge its foreign currency positions 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 currency exposures as well as to assist in managing the Group's interest rate exposures. The currency and interest rate swaps entered into by the Group are described in the Group Capital Resources and Liquidity section.

CONTINGENT LIABILITIES

At 31 December 2001, the Group had provided guarantees for banking and other borrowing facilities granted to associated companies and jointly controlled entities of HK$11,226 million (2000 – HK$9,848 million). At 31 December 2001, the Group had contingent liabilities in respect of other guarantees amounting to HK$12,419 million (2000 – HK$2,662 million).

COMMUNITY RELATIONS

The Group, in its role as a corporate citizen, continues to support numerous community programmes through active participation and financial assistance.

In particular, the Group has been a significant donor to educational and professional institutions such as the Chinese University of Hong Kong, Stanford University in the USA, Hong Kong Federation of Education Workers and the Hong Kong Surgical Forum Trust Fund to further various research projects ranging from mathematical sciences to western and traditional Chinese medicine, as well as outreach programmes to serve the underprivileged.

The Group's annual contribution to the Community Chest helps ease the difficulties facing many less fortunate individuals.

The Group also made donations aggregating to HK$57 million (2000 – HK$87 million) to charities including the Community Chest, which provides funds to more than 140 member agencies, Impact Hong Kong Foundation's Lifeline Express Project, the Save the Children Fund, Children's Miracle Charity and several arts and culture related programmes. During the year, the Group also established the HWL Volunteer Team which organises community activities among employee volunteers, including visiting and aiding the elderly and groups with special needs.

In addition, the Group also supports a number of sports events, including the Hong Kong Professional Golfer's Association Championship 2001, and "Watsons Water Challenge", a four day tennis tournament in January bringing top women tennis players to Hong Kong.

EMPLOYEE RELATIONS

Excluding associated companies, the Group employs 77,253 people (2000 – 49,570 people) of whom 23,775 (2000 – 22,405) are employed in Hong Kong. Employee costs, excluding Directors' emoluments, totalled HK$10,043 million (2000 – HK$7,642 million). All of the Group's subsidiary companies are equal opportunity employers, with the selection and promotion of individuals 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. Many social, sporting and recreational activities were arranged during the year for employees on a Group wide basis. Furthermore, Group employees also participated in community oriented events.

OUTLOOK

The Group's results for 2001 were achieved in a year characterised by slow economies in Hong Kong and Southeast Asia, a decrease in global import and export activity, and the rapid decline of interest rates led by the USA's economic policy decisions. In addition, 2001 was the second consecutive year of volatile and declining equity markets, particularly in the telecommunications sector. In this challenging environment, the Group performed well and reported improved results from its recurring operations as well as profits from its timely disposal of its investment in VoiceStream.

The HWL Volunteer Team makes regular visits to charity groups.

Recently there are positive, albeit early, signs from the USA economy that are encouraging for the start of a recovery in the global economies in the latter part of 2002. Although this year is expected to be another challenging year, the Group's geographically and segmentally diversified core businesses provide an established base for another solid and steady operating performance in 2002.

The Group's financial position continues to be strong, with consolidated cash and liquid marketable securities of HK$145,336 million almost equal to the consolidated borrowings of HK$146,992 million at the year end. With the recent completion of the Italian 3G bank financing facility, the funding requirements for the Group's major 3G start up operations have been secured. The Group will continue to benefit from the healthy recurrent cash flows from its core businesses, and will continue to maintain low gearing levels. From this favourable financial position, the Group is well placed to meet the challenges of 2002 and also in an advantageous position to take advantage of attractive expansion opportunities. This year, the Group is focused on developing and launching its existing 3G telecommunication operations, which will provide future growth and value creation to our shareholders, while also expanding all of its other core businesses to enhance the recurring profit base of the Group.

The results for 2001 were achieved in a difficult economic climate through the efforts and the dedication of the Group's employees and I would like to join our Chairman in thanking them for their continuing support and hard work throughout the year.

FOK Kin-ning, Canning
Group Managing Director
Hong Kong, 21 March 2002

Biographical Details of Directors and Senior Management

LI Ka-shing, KBE, GBM, aged 73, 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 and the Preparatory Committee for 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, 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 37, 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 50, 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 Hutchison Harbour Ring Limited ("Hutchison Harbour Ring") and Husky Energy. He is also the Deputy Chairman of Cheung Kong Infrastructure and Hongkong Electric and a Director of Cheung Kong. He holds a Bachelor of Arts degree and is a member of the Australian Institute of Chartered Accountants.

CHOW WOO Mo Fong, Susan, aged 48, 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 Hutchison Harbour Ring and a Director of Hongkong Electric, Partner Communications and TOM.COM LIMITED ("TOM.COM").

Frank John SIXT, aged 50, 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 and Partner Communications. 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 48, has been an Executive Director since 2000. He is also the Deputy Chairman of Hutchison Harbour Ring and a Director of 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 66, 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 55, 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 60, 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 85, 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 62, 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 52, 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 70, has been a Director since 1984. He is Chairman of both ETSA Utilities and Powercor Australia Limited, a Director of Envestra Limited and Downer EDI 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 80, is a solicitor and has been a Director since 1977. He is also a Director of a number of listed companies in Hong Kong including Liu Chong Hing Investments Limited and Liu Chong Hing Bank Limited.

WONG Chung Hin, aged 68, 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 2001.

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 72 and shows the Group profit for the year ended 31 December 2001.

DIVIDENDS

An interim dividend of 51 cents per share was paid to shareholders on 16 October 2001 and the directors recommend the declaration of a final dividend at the rate of HK$1.22 per share payable on 24 May 2002 to all persons registered as holders of shares on 23 May 2002.

RESERVES

Movements in the reserves of the Company and the Group during the year are set out in note 26 to the accounts.

CHARITABLE DONATIONS

Donations to charitable organisations by the Group during the year amounted to HK$57,471,000 (2000 - HK$86,814,000).

FIXED ASSETS

Particulars of the movements of fixed assets are set out in note 13 to the accounts.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 25 to the accounts.

DIRECTORS

The board of directors as at 31 December 2001 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 Fok Kin-ning, Canning, Kam Hing Lam, Li Fook-wo, Peter Alan Lee Vine and Wong Chung Hin 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 58 and 59.

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 30 March 2001, the Company, through its indirect wholly owned subsidiary Hutchison 3G Europe Investments S.à r.l. ("H3GE"), granted to Hutchison 3G UK Limited ("H3GUK"), a company indirectly owned as to 65% by the Company, 20% by NTT DoCoMo, Inc. ("DoCoMo") and 15% by KPN Mobile N.V. ("KPN"), a credit facility of £375 million (the "Credit Facility") as part of the £3.6 billion financing package raised from a syndicate of banks on a non recourse basis and included vendor financing of £777 million, enabling H3GUK to be fully funded beyond the launch of its third generation mobile telecommunication services in the UK. The Credit Facility was committed subject to H3GUK being able to draw down under a £2,475 million secured credit facility made available to it by a syndicate of independent banks. DoCoMo and KPN are connected persons of the Company by virtue of (i) they being substantial shareholders of Hutchison 3G UK Holdings Limited, a 65% subsidiary of the Company and the immediate holding company of H3GUK; and (ii) DoCoMo being a substantial shareholder of Hutchison Telephone Company Limited ("HTCL"), another non wholly owned subsidiary of the Company. The granting of the Credit Facility constituted a connected transaction for the Company under Rule 14.26(6)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") insofar as DoCoMo was concerned and a connected transaction for the Company under Rule 14.25(2)(a) of the Listing Rules insofar as KPN was concerned.

On 24 April 2001, the Company and Whampoa Holdings Limited ("WHL"), an indirect wholly owned subsidiary of the Company, in connection with completion of a conditional agreement dated 22 February 2001 ("Transaction Completion") entered into among WHL, Motorola Asia Limited ("MAL"), Motorola Inc. ("Motorola") and Hutchison International Limited ("HIL"), a wholly owned subsidiary of the Company, in respect of the sale and purchase of 30,000 "B" shares of HK$10 each (the "Subject Shares") in the share capital of HTCL (which resulted in HTCL being held as to 81% by WHL and 19% by HTCL Holdings Limited ("HTCL Holdings"), an indirect subsidiary of DoCoMo) (the "HTCL Agreement"), provided the following security and undertaking:

(a) WHL agreed under the HTCL Agreement to indemnify (the "Indemnity") MAL and Motorola fully against all liabilities, losses, claims, costs and expenses incurred or sustained by MAL or Motorola under the US leasing transactions for telephone network equipment entered into by HTCL on 30 June 1998 with a number of leasing companies (the "US Leases") after Transaction Completion prior to release or discharge of their respective obligations and liabilities under the guarantee provided by Motorola for up to 30% of the liabilities of HTCL under the US Leases (the "Motorola's US Leases Guarantee") and the Company will issue a replacement guarantee to replace the Motorola's US Leases Guarantee (the "Replacement Guarantee");

(b) Choice Forward Limited, an indirect wholly owned subsidiary of the Company, executed on 24 April 2001 a share charge in favour of the security trustee over 18,896 of the Subject Shares (the "Share Charge") as additional security for HTCL's obligations under a HK$4 billion senior secured credit facility made available by certain banks (the "Banks") to HTCL ; and

(c) the Company provided on 24 April 2001 an undertaking to the Banks to provide 74.9% (as extended to 100% with effect from completion of the HTCL Agreement) of the necessary funding in connection with performance bonds required to be issued in connection with HTCL's third generation mobile activities (the "Undertaking").

In addition, WHL offered HTCL Holdings the right to acquire a pro rata portion of the Subject Shares (i.e. representing about 6.37% of the interest in HTCL (the "Offer Shares")) at a total consideration of US$30,440,000 (together with interests accrued thereon) to preserve HTCL Holdings' right to participate under its existing pre emption right.

The provision of the Indemnity, the Share Charge, the Undertaking and the acquisition of the Offer Shares by DoCoMo on 23 May 2001 pursuant to the exercise of the right under the agreement dated 24 April 2001 made between the Company and DoCoMo granting the latter the right to acquire the Offer Shares respectively constituted, and the Repayment Guarantee will, when provided, constitute a, connected transaction(s) for the Company under Rule 14.25(1) of the Listing Rules as DoCoMo is a connected person by virtue of it being a substantial shareholder of another subsidiary of the Company.

On 3 May 2001, Hutchison Communications (Australia) Pty Ltd. ("HCAPL"), an indirect wholly owned subsidiary of the Company, agreed to make available a loan of up to A$196 million (approximately HK$796 million) (the "HCAPL Loan") to Hutchison Telecommunications (Australia) Limited ("HTAL") for providing short term funding to HTAL for its acquisition of the spectrum licences for the use of radio spectrum in the 2100 megahertz band in the greater metropolitan regions of Sydney, Melbourne, Brisbane, Adelaide and Perth. HTAL is a non wholly owned subsidiary of the Company listed on the Australian Stock Exchange indirectly owned as to approximately 57.8% by the Company, directly owned as to approximately 12.5% by Leanrose Pty Limited ("Leanrose") and approximately 29.7% owned by the public. The HCAPL Loan constituted a connected transaction for the Company under Rule 14.25(1) of the Listing Rules as Leanrose is a connected person of the Company by virtue of it being a substantial shareholder of HTAL and an associate of a director of HTAL.

On 23 May, 8 June and 16 November 2001, 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 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 (Holdings) Limited ("Cheung Kong"), under standby letters of credit for an aggregate amount of US$39,129,861 issued by an independent financial institution for securing four bank loans in an aggregate amount of RMB310 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 15 June 2001, Hutchison International Port Holdings Limited ("HPH"), an indirect wholly owned subsidiary of the Company, provided a guarantee (the "HPH Guarantee I") in respect of the obligations of ICTSI International Holdings Corp. ("IIHC"), an indirect non wholly owned subsidiary of the Company, under a senior term loan of US$60 million made available to IIHC by independent financial institutions. The HPH Guarantee I constituted a connected transaction for the Company under Rule 14.25(2)(a) of the Listing Rules.

On 18 June 2001, 23 October 2001 and 1 February 2002, Ideal Start Limited, an indirect wholly owned subsidiary of the Company, made available three loans (the "ISL Loans") in an aggregate amount of HK$236,436,000 to Shenzhen Park'N Shop Limited, an indirect non wholly owned subsidiary of the Company. The ISL Loans constituted connected transactions for the Company under Rule 14.25(2)(a) of the Listing Rules.

On 17 August 2001 and 14 January 2002, HPH provided two guarantees (together the "HPH Guarantee II") in respect of the obligations of Thai Laemchabang Terminal Co., Ltd. ("TLT"), an indirect non wholly owned subsidiary of the Company, under two bank facilities of THB500 million and THB600 million respectively made available by independent financial institutions to TLT. The HPH Guarantee II constituted connected transactions for the Company under Rule 14.25(2)(a) of the Listing Rules.

On 31 August 2001, the Company provided a guarantee (the "Hi3G Guarantee") in favour of 3G Infrastructure Services AB ("3GIS"), which is owned as to 50% by Hi3G Access AB ("Hi3G"), a company owned as to 60% by the Company and 40% by Investor AB, in respect of 60% of Hi3G's obligation to provide a loan in the amount of SEK5,718,749,000 to 3GIS. The Hi3G Guarantee constituted a connected transaction for the Company under Rule 14.25(2)(b) of the Listing Rules.

On 26 September 2001, Hutchison Ports (Bahamas) Holdings Limited ("HPBH"), an indirect wholly owned subsidiary of the Company, made available a loan of US$14 million (the"HPBH Loan") to Freeport Container Port Limited ("FCP"), a then indirect associated company owned as to 50% by the Company. In addition, on 9 October 2001, HPH provided a guarantee for the amount of US$10 million (the "HPH Guarantee III") in respect of the obligations of FCP under certain bank loans made available to FCP upon the acquisition of certain interest in FCP by HPBH. The HPBH Loan and the HPH Guarantee III constituted connected transactions for the Company under Rule 14.25(2)(b) of the Listing Rules.

On 4 October 2001, the Company provided a guarantee (the "Denmark Guarantee") in favour of an independent financial institution in respect of 60% of the payment obligations of Hi3G Denmark ApS, an indirect non wholly owned subsidiary owned as to 60% by the Company and 40% by Investor AB, under a guarantee issued by such independent financial institution in favour of the Danish State for an amount of up to DKK213,747,300.21 required under the terms of a third generation mobile communications licence awarded by the Danish State to Hi3G Denmark ApS on 20 September 2001. The Denmark Guarantee constituted a connected transaction for the Company under Rule 14.25(2)(b) of the Listing Rules.

On 22 October 2001, Hutchison Telecommunications Limited ("HTL"), an indirect wholly owned subsidiary of the Company, provided a loan of HK$447,797,458 (the "HTL Loan") to Hutchison 3G HK Limited ("H3GHK"), an indirect non wholly owned subsidiary owned as to approximately 74.63% by the Company and approximately 25.37% by DoCoMo, for providing working capital to H3GHK in connection with obtaining the award of the licence to operate a third generation mobile telecommunication system in Hong Kong. Until and unless DoCoMo provides a loan in proportion to its shareholding in H3GHK, the HTL Loan constituted a connected transaction for the Company under Rule 14.25(1) of the Listing Rules as DoCoMo is a connected person of the Company by virtue of it being a substantial shareholder of H3GHK, H3GUK and HTCL.

On 1 November 2001, the Company executed a letter of commitment in favour of an independent financial institution in respect of the 45% commitment of the Company on the shareholdings and loan relationship amongst certain companies, the support of business of Pacific Century Group Japan Co., Ltd., an indirect associated company owned as to 45% by the Company, and the refinancing of the syndicated loan of JPY16,500 million made available by another independent financial institution as agent bank by a new medium/long term loan by 30 December 2003. The execution of the letter of commitment constituted a connected transaction for the Company under Rule 14.25(2)(b) of the Listing Rules.

On 20 November 2001, HIL made available to Hongkong International Terminals Limited, an indirect subsidiary owned as to 86.5% by the Company, a loan of US$1,017,900,000 (the "HIL Loan"). The HIL Loan constituted a connected transaction for the Company under Rule 14.25(2)(b) of the Listing Rules.

On 26 November 2001, (i) Hutchison Ports Yantian Limited ("HPYL"), an indirect non wholly owned subsidiary of the Company, entered into a conditional joint venture contract (the "Yantian JV Contract") with Shenzhen Yantian Port Group Company Limited ("SYPG") for the establishment of a sino-foreign equity joint venture company in the People's Republic of China ("Yantian JV Co") to be owned as to 65% by HPYL and 35% by SYPG for the development, operation and management of the container and berthing terminal, depot and other related facilities at Phase III of the Shenzhen Yantian Port (the "Yantian Project"). The registered capital of Yantian JV Co was HK$2,400 million contributed by HPYL as to HK$1,560 million and by SYPG as to HK$840 million; (ii) Yantian JV Co entered into a conditional co-operation management contract (the "Management Contract") with Yantian International Container Terminals Limited ("YICT"), a company owned as to 73% by a non wholly owned subsidiary of the Company and as to 27% by a non wholly owned subsidiary of SYPG, for the management of Phases I and II together with Phase III of the Yantian Project on a consolidated basis; (iii) Wide Success Enterprises Limited ("WSE"), a wholly owned subsidiary of HPYL, entered into a conditional share transfer contract (the "Share Transfer Contract") with SYPG and Shenzhen Yantian Water Supply Company Limited ("SYWS"), a wholly owned subsidiary of SYPG, for the acquisition of an aggregate of 65% interest in Shenzhen Pingyan Railway Company Limited ("Railway Co") by WSE resulting in WSE and SYPG owning 65% and 35% equity interests in Pingyan JV Co, a sino-foreign equity joint venture converted from a domestic joint venture. The aggregate consideration payable by WSE was RMB227.5 million (approximately HK$214.3 million) comprising RMB97.5 million (approximately HK$91.9 million) as contribution of registered capital of and RMB130 million (approximately HK$122.5 million) as shareholder's loan to Railway Co; and (iv) WSE and SYPG entered into a conditional joint venture contract (the "Pingyan JV

Contract") for the development and operation of the Pingyan Railway. The entering into of the Yantian JV Contract, the Management Contract, the Share Transfer Contract and the Pingyan JV Contract constituted connected transactions for the Company under Rule 14.25(1) of the Listing Rules as SYPG is a connected person of the Company by virtue of it being a substantial shareholder of YICT, an existing non wholly owned indirect subsidiary of the Company and SYWS, being a wholly owned subsidiary of SYPG, is a connected person by virtue of it being an associate of SYPG.

On 30 November 2001, HTL provided a deed of guarantee and indemnity (the "Siemens Guarantee") in favour of Siemens ICN S.p.A. ("Siemens") in respect of all the obligations and liabilities of H3G S.p.A. ("H3G") up to an aggregate amount of Euro170 million under a supply agreement for the supply of UTRAN equipment and a contract for the search, acquisition and realisation of sites entered between H3G and Siemens. H3G was then indirectly owned as to approximately 78.3% by the Company and as to approximately 12.9% by CIRTEL International S.A. The Siemens Guarantee constituted a connected transaction for the Company under Rule 14.25(2)(a) of the Listing Rules.

On 5 December 2001, the Company provided a guarantee (the "MTN Guarantee") to the noteholders of the five year fixed rate transferable notes ("MTN"), which are direct, unsecured and unsubordinated obligations of HTAL, guaranteeing the due and punctual payment by HTAL of all money which HTAL is liable to pay to or for the account of the noteholders under the terms of the deed poll on the issue of the MTN by HTAL. The granting of the MTN Guarantee constituted a connected transaction for the Company under Rule 14.25(1) of the Listing Rules as Leanrose is a connected person of the Company by virtue of it being a substantial shareholder of HTAL and an associate of a director of HTAL.

On 7 December 2001 and 6 March 2002, HWPL provided two guarantees (together the "HWPGP Guarantees") in respect of 50% of all the obligations of Hutchison Whampoa Properties (Guangzhou Panyu) Limited ("HWPGP"), which is owned as to 50% by the Company and 50% by Cheung Kong, under two bank loans of RMB100 million and RMB380 million respectively made available to HWPGP by an independent financial institution. The HWPGP Guarantees constituted connected transactions for the Company under Rule 14.25(2)(b) of the Listing Rules.

On 15 December 2001, HWPL provided a guarantee (the "HWPCJ Guarantee") in respect of 50% of all the obligations of Hutchison Whampoa Properties (Chongqing Jiangbei) Limited ("HWPCJ"), which is owned as to 50% by the Company and 50% by Cheung Kong, under a bank loan of RMB150 million made available to HWPCJ by an independent financial institution. The HWPCJ Guarantee constituted a connected transaction for the Company under Rule 14.25(2)(b) of the Listing Rules.

As at 29 December 2001, Hutchison 3G Italy Investments S.à r.l., an indirect wholly owned subsidiary of the Company, had granted or had agreed to grant loans in an aggregate amount of Euro2,493,044,043.34 to H3G (the "H3G Loans"), of which Euro2,258,281,443.34 was being capitalised on that day. The H3G Loans constituted connected transactions for the Company under Rule 14.25(2) of the Listing Rules.

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 2001, 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

	No of ordinary shares				
Name	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total
Li Ka-shing	–	–	–	2,140,672,773 (1)	2,140,672,773
Li Tzar Kuoi, Victor	–	–	1,086,770	2,140,672,773 (1)	2,141,759,543
Fok Kin-ning, Canning	–	–	1,260,875	–	1,260,875
Chow Woo Mo Fong, Susan	50,000	–	–	–	50,000
Frank John Sixt	50,000	–	–	–	50,000
Lai Kai Ming, Dominic	50,000	–	–	–	50,000
George Colin Magnus	950,100	9,900	–	–	960,000
Kam Hing Lam	60,000	–	–	–	60,000
Michael David Kadoorie	–	–	–	15,984,095 (2)	15,984,095
Simon Murray	25,000	–	–	12,000 (3)	37,000
William Shurniak	165,000	–	–	–	165,000
Peter Alan Lee Vine	33,000	–	–	–	33,000

Notes:

(1) The two references to 2,140,672,773 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) 10,470,000 shares held by a unit trust and company controlled by such 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 10,470,000 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 10,470,000 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.

(3) 12,000 shares in the Company were held by an offshore family trust fund under which Mr Simon Murray is a discretionary beneficiary.

(b) Interests in Associated Corporations

As at 31 December 2001, 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) 1,429,024,545 shares in TOM.COM LIMITED ("TOM.COM") of which 952,683,363 shares were held by a subsidiary of the Company and 476,341,182 shares were held by a subsidiary of Cheung Kong;

(iv) 137,296,139 common shares and 351,426 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 2001, corporate interests in 4,600 class C common shares in Husky Oil Holdings Limited and a total of 152,219,633 common shares and 389,625 transferable warrants in Husky Energy of which 137,296,139 common shares and 351,426 transferable warrants are duplicated in his deemed interests as described in (iv) above.

Mr Li Tzar Kuoi, Victor had, as at 31 December 2001, a corporate interest in a nominal amount of US$5,000,000 in the 7.00% Notes due 2011 issued by Hutchison Whampoa International (01/11) Limited ("HWI(01/11)").

Mr Fok Kin-ning, Canning had, as at 31 December 2001, (i) a personal interest in 100,000 ordinary shares in HTAL and (ii) corporate interests in 1,000,000 ordinary shares in HTAL, a nominal amount of US$32,500,000 in the 7.00% Notes due 2011 issued by HWI(01/11), 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").

Mr George Colin Magnus had, as at 31 December 2001, 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 2001, a personal interest in 100,000 shares in Cheung Kong Infrastructure.

Mr Peter Alan Lee Vine had, as at 31 December 2001, a personal interest in 80,000 shares in Hongkong Electric.

Save as outlined above, none of the directors had, as at 31 December 2001, 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 2001, 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 2001 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 Li Tzar Kuoi, Victor	Cheung Kong and its associated companies	• Property development and investment • 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 2001 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 2001 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, 21 March 2002

Auditors' Report

To the Shareholders of Hutchison Whampoa Limited

(incorporated in Hong Kong with limited liability)

We have audited the accounts on pages 72 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 affairs of the Company and of the Group at 31 December 2001 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21 March 2002

Consolidated Profit and Loss Account

for the year ended 31 December 2001

2001 US$ millions		Note	**2001 HK$ millions**	2000 HK$ millions
	Turnover			
7,879	Company and subsidiary companies	2	**61,460**	57,022
3,536	Share of associated companies and jointly controlled entities		**27,578**	27,803
11,415		3	**89,038**	84,825
	Company and subsidiary companies			
7,879	Turnover		**61,460**	57,022
2,984	Cost of inventories sold		**23,274**	23,332
1,138	Staff costs		**8,875**	7,648
491	Depreciation and amortisation		**3,827**	3,222
1,397	Other operating expenses		**10,902**	9,473
1,869			**14,582**	13,347
742	Share of profits less losses of associated companies		**5,787**	4,540
190	Share of profits less losses of jointly controlled entities		**1,477**	1,680
2,801	**Earnings before interest and other finance costs and taxation**	3 & 4	**21,846**	19,567
1,124	Interest and other finance costs, including share of associated companies and jointly controlled entities	5	**8,767**	7,914
401	Profit on disposal of investments less provisions	6	**3,124**	25,742
2,078	**Profit before taxation**		**16,203**	37,395
296	Taxation	9	**2,305**	1,978
1,782	**Profit after taxation**		**13,898**	35,417
232	Minority interests		**1,810**	1,299
1,550	**Profit attributable to shareholders**	10	**12,088**	34,118
946	**Dividends**	11	**7,375**	7,375
US 36.4 cents	**Earnings per share**	12	**HK$ 2.84**	HK$ 8.00

Consolidated Balance Sheet

at 31 December 2001

2001 US$ millions		Note	2001 HK$ millions	2000 HK$ millions
	ASSETS			
	Non-current assets			
13,174	Fixed assets	13	**102,756**	85,438
10,019	Other non-current assets	14	**78,152**	80,039
52	Goodwill	15	**405**	–
4,939	Associated companies	17	**38,528**	39,291
4,910	Interests in joint ventures	18	**38,297**	39,533
13,566	Managed funds and other investments	19	**105,813**	135,091
46,660	**Total non-current assets**		**363,951**	379,392
6,074	Cash and cash equivalents	20	**47,374**	47,375
2,574	Other current assets	20	**20,080**	14,633
6,027	Current liabilities	21	**47,014**	44,959
2,621	**Net current assets**		**20,440**	17,049
49,281	**Total assets less current liabilities**		**384,391**	396,441
	Non-current liabilities			
16,541	Long term liabilities	22	**129,018**	107,004
25	Deferred taxation	23	**200**	100
16,566	**Total non-current liabilities**		**129,218**	107,104
4,731	**Minority interests**	24	**36,900**	35,989
27,984	**Net assets**		**218,273**	253,348
	CAPITAL AND RESERVES			
137	Share capital	25	**1,066**	1,066
27,847	Reserves	26	**217,207**	252,282
27,984	**Shareholders' funds**		**218,273**	253,348

FOK Kin-ning, Canning
Director

Frank John SIXT
Director

Balance Sheet of the Company, Unconsolidated

at 31 December 2001

2001 US$ millions		Note	2001 HK$ millions	2000 HK$ millions
	ASSETS			
	Non-current assets			
6,251	Subsidiary companies	16	**48,760**	60,744
1,026	Current assets	20	**8,000**	7,400
8	Current liabilities	21	**64**	372
1,018	**Net current assets**		**7,936**	7,028
7,269	**Total assets less current liabilities**		**56,696**	67,772
	Non-current liabilities			
–	Long term liabilities	22	**–**	11,700
7,269	**Net assets**		**56,696**	56,072
	CAPITAL AND RESERVES			
137	Share capital	25	**1,066**	1,066
7,132	Reserves	26	**55,630**	55,006
7,269	**Shareholders' funds**		**56,696**	56,072

FOK Kin-ning, Canning
Director

Frank John SIXT
Director

Consolidated Cash Flow Statement

for the year ended 31 December 2001

2001 US$ millions		Note	2001 HK$ millions	2000 HK$ millions
	Operating activities			
2,262	Funds generated from operations	27 (a)	**17,641**	15,872
(380)	Changes in working capital	27 (b)	**(2,965)**	(6,840)
192	Dividends received from associated companies		**1,499**	1,301
133	Dividends received from jointly controlled entities		**1,040**	1,272
2,207			**17,215**	11,605
(102)	Hong Kong profits tax paid		**(794)**	(575)
(53)	Overseas profits tax paid		**(417)**	(267)
2,052	**Cash flows from operating activities**		**16,004**	10,763
	Investing activities			
13	Proceeds on disposal of fixed assets		**99**	73
178	Proceeds on disposal of subsidiary companies	27 (c)	**1,387**	26,024
468	Proceeds on disposal of and repayments from associated companies		**3,650**	6,482
259	Proceeds on disposal of and repayments from jointly controlled entities		**2,024**	4,542
133	Proceeds on disposal of and repayments from other joint ventures		**1,041**	450
2,030	Proceeds on disposal of other investments		**15,835**	61,708
(1,832)	Purchase of fixed assets		**(14,293)**	(6,324)
(216)	Purchase of 3G licences		**(1,684)**	(80,039)
(491)	Purchase of subsidiary companies	27 (d)	**(3,827)**	(1,466)
(368)	Purchase of and advances to associated companies		**(2,874)**	(16,428)
(638)	Purchase of and advances to jointly controlled entities		**(4,974)**	(8,504)
99	Interest capitalised		**769**	979
–	Additions to other joint ventures		**–**	(180)
(2,026)	Additions to managed funds and other investments		**(15,803)**	(16,426)
(2,391)	**Cash flows from investing activities**		**(18,650)**	(29,109)
	Financing activities			
2,531	Net cash flow from financing activities	27 (e)	**19,743**	40,458
(984)	Interest paid		**(7,676)**	(6,905)
(262)	Dividends paid to minority shareholders		**(2,047)**	(1,213)
(946)	Dividends paid to shareholders		**(7,375)**	(6,632)
339	**Cash flows from financing activities**		**2,645**	25,708
–	**Increase (decrease) in cash and cash equivalents**		**(1)**	7,362
6,074	**Cash and cash equivalents at 1 January**		**47,375**	40,013
6,074	**Cash and cash equivalents at 31 December**	27 (f)	**47,374**	47,375
	Analysis of cash, managed funds and other listed investments			
3,051	Managed funds, overseas		**23,794**	16,704
964	Held-to-maturity listed debt securities and long term deposits		**7,519**	6,885
445	Listed equity securities, Hong Kong		**3,473**	4,813
8,099	Listed equity securities, overseas		**63,176**	99,044
12,559	Managed funds and other listed investments		**97,962**	127,446
6,074	Cash and cash equivalents as above		**47,374**	47,375
18,633	Total cash, managed funds and other listed investments		**145,336**	174,821

Consolidated Statement of Total Recognised Gains and Losses

for the year ended 31 December 2001

2001 US$ millions		2001 HK$ millions	2000 HK$ millions
(315)	Surplus (deficit) on revaluation of investment properties	**(2,460)**	425
(112)	Surplus (deficit) on revaluation of investments	**(874)**	8,810
37	Share of surplus (deficit) on revaluation of investment properties of jointly controlled entities	**292**	(86)
–	Share of surplus on revaluation of investments in associated companies	**–**	6
(461)	Exchange differences on translation of financial statements of overseas subsidiary and associated companies and jointly controlled entities	**(3,593)**	(2,844)
(851)	Net gains (losses) not recognised in the profit and loss account	**(6,635)**	6,311
1,550	Net profit for the year	**12,088**	34,118
699	**Total recognised gains and losses**	**5,453**	40,429
85	Net goodwill realised upon disposal of subsidiary and associated companies and jointly controlled entities	**661**	–
–	Elimination of goodwill on acquisition of subsidiary and associated companies and jointly controlled entities	**–**	(5,621)
784		**6,114**	34,808

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 the Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants ("SSAP"). The accounts are prepared under the historical cost convention as modified by the revaluation of certain investment properties and managed funds and other investments. In the current year, the Group has adopted the new or revised SSAPs effective for accounting periods commencing on or after 1 January 2001. The adoption of these new SSAPs had no material effects on the Group's results. 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 2001 of the Company and of all its direct and indirect subsidiary companies and also incorporate the Group's interest 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 2001 or up to the dates of disposal as the case may be.

C Subsidiary companies

A company is a subsidiary company if more than 50% of the equity voting rights or issued share capital is held long term. In the consolidated accounts, subsidiary companies are accounted for as described in Note 1B above. In the unconsolidated accounts of the holding company, investments in subsidiary companies are carried at cost less provision for impairment in value.

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 2001. 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 impairment in value.

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 2001. 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 impairment in value.

1 Principal Accounting Policies (cont'd)

E Joint ventures (cont'd)

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 impairment 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 impairment 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 impairment in 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.

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	3⅓ – 33⅓%
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.

1 Principal Accounting Policies (cont'd)

H Investment properties (cont'd)

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 Leased assets

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.

Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Leases payments are treated as consisting of capital and interest elements. The capital element of the leasing commitment is included as a liability and 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 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.

K Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary company, associated company or jointly controlled entity at the date of its acquisition.

The Group has adopted SSAP 30 to account for goodwill. Goodwill on acquisitions occurring on or after 1 January 2001 is required to be reported in the balance sheet as a separate asset or, as applicable, included within investments in associated companies and joint ventures, and is amortised using the straight line method over its estimated useful life. This is a change in accounting policy, as in previous years goodwill on acquisitions was written off directly to reserves in the year of acquisition. In accordance with a transitional provision under SSAP 30, no retrospective adjustment to the goodwill written off directly to reserves is required.

L Asset impairment

Intangible and tangible assets, except investment properties, are tested for impairment when an event that might affect asset values has occurred. A provision for impairment in value is recognised to the extent that the carrying amount cannot be recovered either by selling the asset or by discounting future earnings from operating the asset. Such provision is recognised in the profit and loss account except where the asset is carried at valuation and the provision does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

M 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.

1 Principal Accounting Policies (cont'd)

N 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.

O 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.

P 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.

Q 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 items. Exchange differences are dealt with as a movement in reserves.

R Dividends

In accordance with revised SSAP 9, effective 1 January 2001, dividends are to be recorded as a liability on the date of declaration. This change in accounting policy for the final dividend has been applied retrospectively. As a result, shareholders' funds at 31 December 1999 and 2000 have increased by HK$4,458 million and HK$5,201 million respectively, and the final dividend has then been recorded as a dividend in the subsequent year.

2 Turnover

Turnover 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. An analysis of turnover of the Company and subsidiary companies is as follows:

	Group 2001 HK$ millions	Group 2000 HK$ millions
Sales of goods	**29,132**	26,578
Rendering of services	**26,096**	23,691
Interest	**5,221**	5,914
Dividends	**1,011**	839
	61,460	57,022

3 Segment information

Segment information is presented in respect of the Group's primary business segment and secondary geographical segment.

Turnover from external customers is after elimination of inter-segment turnover. The amount eliminated attributable to Telecommunications is HK$126 million (2000 – HK$19 million), Property and hotels is HK$468 million (2000 – HK$420 million), Retail and manufacturing is HK$96 million (2000 – HK$80 million) and Finance and investments is HK$209 million (2000 – HK$130 million).

The column headed as Company and Subsidiaries refers to the Company and subsidiary companies' respective items. The column headed as Associates and JCE refers to the Group's share of associated companies and jointly controlled entities' respective items.

Business segment

	Turnover from external customers					
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**2001 Total HK$ millions**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2000 Total HK$ millions
Ports and related services	**12,641**	**2,864**	**15,505**	11,501	2,725	14,226
Telecommunications	**8,743**	**2,725**	**11,468**	7,653	2,404	10,057
Property and hotels	**3,941**	**1,575**	**5,516**	3,451	3,822	7,273
Retail and manufacturing	**27,208**	**2,335**	**29,543**	25,014	2,234	27,248
Cheung Kong Infrastructure	**4,050**	**6,029**	**10,079**	3,721	5,176	8,897
Husky Energy	**–**	**11,801**	**11,801**	–	11,442	11,442
Finance and investments	**4,877**	**249**	**5,126**	5,682	–	5,682
	61,460	**27,578**	**89,038**	57,022	27,803	84,825

	Earnings before interest and other finance costs and taxation					
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**2001 Total HK$ millions**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2000 Total HK$ millions
Ports and related services	**5,006**	**785**	**5,791**	4,445	896	5,341
Telecommunications	**804**	**(85)**	**719**	705	(229)	476
Property and hotels	**1,595**	**122**	**1,717**	1,566	(30)	1,536
Retail and manufacturing	**473**	**64**	**537**	630	35	665
Cheung Kong Infrastructure	**355**	**4,234**	**4,589**	605	3,367	3,972
Husky Energy	**85**	**1,951**	**2,036**	209	1,907	2,116
Finance and investments	**6,264**	**193**	**6,457**	5,187	274	5,461
	14,582	**7,264**	**21,846**	13,347	6,220	19,567

3 Segment information (cont'd)

Business segment (cont'd)

	Company and subsidiary companies			
	Depreciation and amortisation		Capital expenditures	
	2001 HK$ millions	2000 HK$ millions	**2001 HK$ millions**	2000 HK$ millions
Ports and related services	**1,401**	1,291	**1,169**	1,127
Telecommunications	**994**	738	**10,843**	1,413
Property and hotels	**454**	357	**735**	1,826
Retail and manufacturing	**657**	555	**1,292**	1,158
Cheung Kong Infrastructure	**257**	258	**108**	150
Husky Energy	**–**	–	**–**	–
Finance and investments	**64**	23	**146**	650
	3,827	3,222	**14,293**	6,324

			Company and subsidiary companies			
	Associated companies and interests in joint ventures		Segment assets		Segment liabilities	
	2001 HK$ millions	2000 HK$ millions	**2001 HK$ millions**	2000 HK$ millions	**2001 HK$ millions**	2000 HK$ millions
Ports and related services	**4,707**	4,848	**50,718**	38,727	**22,886**	19,278
Telecommunications	**1,827**	3,164	**165,338**	189,510	**63,451**	37,438
Property and hotels	**20,148**	18,011	**40,365**	41,924	**4,276**	4,721
Retail and manufacturing	**745**	787	**13,280**	10,259	**15,160**	15,169
Cheung Kong Infrastructure	**37,806**	40,560	**11,478**	8,717	**9,951**	11,827
Husky Energy	**11,030**	10,896	**–**	–	**–**	–
Finance and investments	**562**	558	**73,401**	73,439	**59,764**	62,724
	76,825	78,824	**354,580**	362,576	**175,488**	151,157

Segment assets comprise tangible and intangible assets, managed funds and other investments, and current assets. Segment liabilities comprise bank loans, trade payables, other payables and accruals.

3 Segment information (cont'd)

Geographical segment

	Turnover from external customers					
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**2001 Total HK$ millions**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2000 Total HK$ millions
Hong Kong	**34,020**	**7,495**	**41,515**	34,869	9,394	44,263
Mainland China	**5,656**	**4,703**	**10,359**	4,364	3,269	7,633
Asia and Australia	**10,137**	**2,305**	**12,442**	8,123	2,465	10,588
Europe	**5,620**	**1,051**	**6,671**	6,060	1,033	7,093
Americas and others	**6,027**	**12,024**	**18,051**	3,606	11,642	15,248
	61,460	**27,578**	**89,038**	57,022	27,803	84,825

	Earnings before interest and other finance costs and taxation					
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**2001 Total HK$ millions**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2000 Total HK$ millions
Hong Kong	**6,376**	**3,505**	**9,881**	5,633	3,456	9,089
Mainland China	**958**	**1,037**	**1,995**	921	985	1,906
Asia and Australia	**914**	**709**	**1,623**	1,207	(177)	1,030
Europe	**990**	**48**	**1,038**	2,594	48	2,642
Americas and others	**5,344**	**1,965**	**7,309**	2,992	1,908	4,900
	14,582	**7,264**	**21,846**	13,347	6,220	19,567

	Company and subsidiary companies			
	Segment assets		Capital expenditures	
	2001 HK$ millions	2000 HK$ millions	**2001 HK$ millions**	2000 HK$ millions
Hong Kong	**77,955**	80,586	**2,804**	2,266
Mainland China	**14,196**	12,923	**460**	632
Asia and Australia	**16,673**	9,798	**386**	616
Europe	**162,499**	144,861	**9,893**	538
Americas and others	**83,257**	114,408	**750**	2,272
	354,580	362,576	**14,293**	6,324

4 Earnings before interest and other finance costs and taxation ("EBIT")

	Group 2001 HK$ millions	Group 2000 HK$ millions
EBIT is shown after crediting and charging the following items:		
Credits:		
Share of profits less losses of associated companies		
Listed	**4,966**	3,434
Unlisted	**821**	1,106
	5,787	4,540
Share of gross rental income from associated companies and jointly controlled entities	**195**	118
Gross rental income from investment properties of subsidiaries	**2,044**	2,065
Less: Intra group rental income	**(286)**	(300)
	1,758	1,765
Less: Related outgoings	**(43)**	(48)
Net rental income of subsidiaries	**1,715**	1,717
Dividend and interest income from managed funds and other investments		
Listed	**2,386**	1,989
Unlisted	**533**	666
Charges:		
Depreciation of fixed assets	**3,792**	3,222
Amortisation of goodwill	**35**	–
Share of depreciation and amortisation of associated companies and jointly controlled entities	**4,046**	2,677
Operating leases		
Properties	**2,421**	2,109
Hire of plant and machinery	**1,463**	1,159
Auditors' remuneration	**46**	35

5 Interest and other finance costs

	Group 2001 HK$ millions	Group 2000 HK$ millions
Company and subsidiary companies		
Bank loans and overdrafts	**3,011**	4,415
Other loans repayable within 5 years	**116**	125
Other loans not wholly repayable within 5 years	**45**	–
Notes and bonds repayable within 5 years	**3,162**	1,314
Notes and bonds not wholly repayable within 5 years	**1,387**	1,585
	7,721	7,439
Less: Interest capitalised	**(769)**	(979)
	6,952	6,460
Share of associated companies	**1,250**	1,046
Share of jointly controlled entities	**565**	408
	8,767	7,914

6 Profit on disposal of investments less provisions

	Group 2001 HK$ millions	Group 2000 HK$ millions
Profit on disposal of investments	**30,000**	59,742
Profit on disposal of investments pursuant to forward sales contracts	**4,393**	–
Provision for share price and exchange rate fluctuations on overseas investments	**(29,769)**	(34,000)
Provision for loss on property development projects	**(1,500)**	–
	3,124	25,742

Profit on disposal of investments for the year represents a profit of HK$30,000 million arising from the merger of VoiceStream Wireless Corporation (“VoiceStream”) and Deutsche Telekom AG (“Deutsche Telekom”). The profit on disposal of investments pursuant to forward sales contracts is the aggregate profit arising from the sale of approximately 695 million shares of Vodafone Group Plc (“Vodafone”) at an average price of £1.75 per share and approximately 89 million shares of Deutsche Telekom at an average price of € 21.26 per share.

The 2000 profit on disposal of investments comprises of a profit of HK$50,000 million on disposal of Mannesmann AG (“Mannesmann”) common shares in exchange for Vodafone ordinary shares, a profit of HK$1,600 million on the subsequent disposal of 925 million Vodafone shares, a profit of HK$2,200 million on sales of a 19% interest in Hong Kong mobile telecommunications operation, a profit of HK$4,222 million on the merger of Husky Oil Limited with Renaissance Energy Ltd. and a profit of HK$1,720 million on the sale of a 50% interest in fixed line telecommunications business.

7 Directors' emoluments

	Group 2001 HK$ millions	Group 2000 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**	5
Bonuses	**169**	208

The emoluments of the seven independent non-executive directors of the Company are HK$0.5 million (2000 – seven directors, HK$0.5 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$	Group 2001 Number of directors	Group 2000 Number of directors
Nil – 1,000,000	**8**	8
1,000,001 – 1,500,000	**–**	1
6,000,001 – 6,500,000	**–**	1
7,500,001 – 8,000,000	**2**	–
9,000,001 – 9,500,000	**–**	2
11,500,001 – 12,000,000	**1**	–
13,000,001 – 13,500,000	**–**	1
25,500,001 – 26,000,000	**1**	–
27,000,001 – 27,500,000	**1**	–
28,000,001 – 28,500,000	**1**	–
29,000,001 – 29,500,000	**–**	1
31,000,001 – 31,500,000	**–**	1
32,500,001 – 33,000,000	**–**	1
105,000,001 – 105,500,000	**1**	–
120,000,001 – 120,500,000	**–**	1

The five individuals whose emoluments were the highest for the year were four (2000 – four) directors of the Company and one (2000 – one) director of a subsidiary of the Company. The remuneration of the director of the subsidiary company consisted of basic salary and allowance – HK$6 million (2000 – HK$5.6 million); provident fund contribution – HK$0.9 million (2000 – HK$0.9 million); and bonus – HK$12 million (2000 – HK$12 million).

8 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$362 million (2000 – HK$313 million) of which HK$157 million (2000 – HK$112 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") and Hutchison Harbour Ring Limited ("HHR") 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 2001 reported a market value of the scheme assets of HK$1,709 million and a level of funding of 99% 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 Tian Keat Aun, a fellow member of the Institute of Actuaries, of Watson Wyatt Hong Kong Limited.

The Group's Hong Kong employees, excluding CKI and HHR group employees, who commenced employment subsequent to 31 December 1993 are members of a defined contribution scheme. All contributions are made by the employers at either 7.5% or 10% of the employees' 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 Hong Kong amounted to HK$31 million (2000 – HK$34 million) were used to reduce the current year's level of contributions and HK$3 million was available at 31 December 2001 (2000 – HK$8 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 employers 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$2 million (2000 – HK$3 million) were used to reduce the current year's level of contributions and HK$1 million was available at 31 December 2001 (2000 – nil) to reduce future year's contribution.

8 Pension schemes (cont'd)

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 2002 by Joseph KL Yip, a fellow member of the Society of Actuaries, of Watson Wyatt Hong Kong Limited. The actuarial method adopted was the attained age funding method and the main assumptions used were the long term average rate of annual investment return on the scheme assets at 8% per annum and long term average annual salary increases at 6% per annum. The net asset value for the actuarial valuation of the defined benefit scheme as at 31 December 2001 was HK$128 million and the latest actuarial valuation showed that the scheme's assets covered 83% 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.

The HHR group provides defined contribution scheme for its Hong Kong employees who commenced employment before 1 September 2000 and qualified employees from operations outside Hong Kong. Contributions to the defined contribution scheme are made by both the employers and employees each at 5% of the employees' basic monthly salary. Forfeited contributions of the HHR group's defined contribution scheme are allocated to the benefit of the remaining members.

The Group's Hong Kong subsidiaries also participate in master trust Mandatory Provident Fund ("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 and HHR) are all MPF-exempted recognised occupational retirement schemes ("ORSO schemes"), the Group's Hong Kong new employees, except for certain CKI group's subsidiaries and HHR group of which the new employees join the MPF schemes, can elect to become members of the MPF schemes or to become members of the ORSO 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 2001 reported a market value of the Port of Felixstowe scheme assets of HK$1,593 million and a level of funding of 92% of the accrued actuarial liabilities on an ongoing basis. The main assumptions in the valuation are an investment return of 6.0% per annum in respect of past service liabilities and pensionable salary increases of 4% per annum. The valuation was performed by Graham Mitchell, a fellow member of the Institute of Actuaries, of Watson Wyatt Partners.

9 Taxation

	Group 2001 HK$ millions	Group 2000 HK$ millions
Current taxation expense		
Hong Kong		
Subsidiary companies	**537**	585
Associated companies	**314**	256
Jointly controlled entities	**56**	76
Overseas		
Subsidiary companies	**543**	280
Associated companies	**92**	54
Jointly controlled entities	**64**	51
	1,606	1,302
Deferred taxation expense (credit)		
Hong Kong		
Subsidiary companies	**(6)**	(44)
Jointly controlled entities	**(2)**	(5)
Overseas		
Subsidiary companies	**(14)**	(2)
Associated companies	**710**	727
Jointly controlled entities	**11**	–
	699	676
	2,305	1,978

Hong Kong profits tax has been provided for at the rate of 16% (2000 – 16%) on the estimated assessable profits less available tax losses. Overseas taxation has been provided for at the applicable rate on the estimated assessable profits less available tax losses.

The potential tax liabilities (assets) which have not been provided for in respect of the current year are as follows:

	Group 2001 HK$ millions	Group 2000 HK$ millions
Arising from accelerated depreciation allowances	**(121)**	(230)
Arising from tax losses	**(39)**	276

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.

10 Profit attributable to shareholders

The net profit of the Company is HK$7,999 million (2000 – HK$7,383 million) and is included in determining the profit attributable to shareholders in the consolidated profit and loss account.

11 Dividends

	Company 2001 HK$ millions	Company 2000 HK$ millions
Interim, paid of HK$0.51 per share (2000 – HK$0.51)	**2,174**	2,174
Final, proposed of HK$1.22 per share (2000 – HK$1.22)	**5,201**	5,201
	7,375	7,375

12 Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders of HK$12,088 million (2000 – HK$34,118 million) and on 4,263,370,780 shares in issue during 2001 (2000 – 4,263,370,780 shares).

13 Fixed assets – Group

	Investment properties HK$ millions	Other properties HK$ millions	Other assets HK$ millions	2001 Total HK$ millions	2000 Total HK$ millions
Cost or valuation					
At 1 January	**30,427**	**41,696**	**31,177**	**103,300**	99,366
Exchange translation differences	**–**	**(215)**	**(376)**	**(591)**	(858)
Additions	**16**	**1,353**	**12,924**	**14,293**	6,324
Disposals	**–**	**(7)**	**(699)**	**(706)**	(845)
Relating to subsidiaries acquired	**599**	**5,693**	**7,444**	**13,736**	1,549
Relating to subsidiaries disposed of	**–**	**–**	**(183)**	**(183)**	(2,805)
Revaluation	**(2,503)**	**–**	**–**	**(2,503)**	416
Transfer from (to) current assets	**–**	**(37)**	**18**	**(19)**	153
Transfer between categories	**(81)**	**(193)**	**274**	**–**	–
At 31 December	**28,458**	**48,290**	**50,579**	**127,327**	103,300
Accumulated depreciation					
At 1 January	**–**	**4,207**	**13,655**	**17,862**	15,679
Exchange translation differences	**–**	**(28)**	**(118)**	**(146)**	(270)
Charge for the year	**–**	**1,045**	**2,747**	**3,792**	3,222
Disposals	**–**	**(1)**	**(486)**	**(487)**	(693)
Relating to subsidiaries acquired	**–**	**569**	**3,074**	**3,643**	129
Relating to subsidiaries disposed of	**–**	**–**	**(93)**	**(93)**	(205)
At 31 December	**–**	**5,792**	**18,779**	**24,571**	17,862
Net book value at 31 December	**28,458**	**42,498**	**31,800**	**102,756**	85,438
Cost or valuation at 31 December					
At cost	**–**	**48,290**	**50,579**	**98,869**	72,873
At valuation	**28,458**	**–**	**–**	**28,458**	30,427
	28,458	**48,290**	**50,579**	**127,327**	103,300

13 Fixed assets – Group (cont'd)

	2001 **HK$ millions**	2000 HK$ millions
Net book value of investment properties and other properties comprises:		
Hong Kong		
Long leasehold (not less than 50 years)	**15,081**	16,463
Medium leasehold (less than 50 years but not less than 10 years)	**33,564**	34,523
Short leasehold (less than 10 years)	**30**	34
Overseas		
Freehold	**5,067**	4,255
Long leasehold	**3,162**	2,410
Medium leasehold	**13,705**	10,200
Short leasehold	**347**	31
	70,956	67,916

Other properties include projects under development in the amount of HK$3,073 million at 31 December 2001 (2000 – HK$2,567 million).

Other assets include telecommunication equipment held under finance leases at a cost of HK$3,222 million (2000 – HK$3,222 million) and accumulated depreciation of HK$1,060 million (2000 – HK$848 million) at 31 December 2001. Depreciation for the year amounted to HK$212 million (2000 – HK$215 million).

The investment properties have been revalued as at 31 December 2001 by DTZ Debenham Tie Leung Limited, professional valuers, on an open market value basis based on existing use.

	2001 **HK$ millions**	2000 HK$ millions
At 31 December, the analysis of the Group's aggregate future minimum lease payments receivable under non-cancellable leases is as follows:		
Within 1 year	**1,584**	1,488
After 1 year, but within 5 years inclusive	**3,212**	3,724
After 5 years	**913**	1,197

14 Other non-current assets

	Group 2001 HK$ millions	Group 2000 HK$ millions
Cost of licences for 3G telecommunications spectrum		
At 1 January	**80,039**	–
Exchange translation differences	**(3,571)**	–
Additions	**1,684**	80,039
At 31 December	**78,152**	80,039

15 Goodwill

	Group 2001 HK$ millions	Group 2000 HK$ millions
Cost		
At 1 January	**–**	–
Additions	**413**	–
Relating to subsidiaries acquired	**27**	–
At 31 December	**440**	–
Accumulated amortisation		
At 1 January	**–**	–
Charge for the year	**35**	–
At 31 December	**35**	–
Net book value at 31 December	**405**	–

16 Subsidiary companies

	Company 2001 HK$ millions	Company 2000 HK$ millions
Unlisted shares	**728**	728
Amounts due from subsidiary companies	**48,032**	60,016
	48,760	60,744

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

17 Associated companies

	Group 2001 HK$ millions	Group 2000 HK$ millions
Unlisted shares	**1,651**	1,665
Listed shares, Hong Kong	**9,512**	9,422
Listed shares, overseas	**10,342**	10,342
Share of undistributed post acquisition reserves	**11,175**	10,104
Investments in associated companies	**32,680**	31,533
Amounts due from associated companies	**7,476**	9,313
Amounts due to associated companies	**(1,628)**	(1,555)
	38,528	39,291

The market value of the listed investments at 31 December 2001 was HK$42,851 million (2000 – HK$40,026 million).

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

18 Interests in joint ventures

	Group 2001 HK$ millions	Group 2000 HK$ millions
Jointly controlled entities		
Unlisted shares	**19,196**	18,858
Share of undistributed post acquisition reserves	**(6,004)**	(4,479)
Investments in jointly controlled entities	**13,192**	14,379
Amounts due from jointly controlled entities	**18,565**	16,505
Amounts due to jointly controlled entities	**(738)**	(548)
	31,019	30,336
Other joint ventures		
Cost of investments	**6,504**	8,350
Amounts due from other joint ventures	**774**	847
	7,278	9,197
	38,297	39,533

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

19 Managed funds and other investments

	Group 2001 HK$ millions	Group 2000 HK$ millions
Managed funds, overseas		
Listed held-to-maturity debt securities	**22,675**	14,868
Cash and cash equivalents	**1,119**	1,825
Other listed equity securities	**–**	11
	23,794	16,704
Held-to-maturity debt securities		
Listed debt securities	**7,346**	2,711
Long term deposits	**173**	4,174
Convertible debt securities	**4,538**	5,442
Other securities		
Listed equity securities, Hong Kong	**3,473**	4,813
Listed equity securities, overseas	**63,176**	99,044
Unlisted equity securities and advances	**3,313**	2,203
	105,813	135,091

The market value of the listed securities at 31 December 2001 was HK$108,736 million (2000 – HK$130,475 million).

Included in the listed equity securities, overseas are investments in approximately 695 million shares of Vodafone and approximately 89 million shares of Deutsche Telekom that are subject to forward sales contracts as described in Note 6. These shares are included in the above amount at their realisable value pursuant to the forward sales contracts. The proceeds receivable pursuant to these contracts for the Vodafone shares totals approximately £1,216 million and for the Deutsche Telekom shares totals approximately €1,887 million. To hedge the currency risk, a number of currency swap forward contracts, with various expiry dates up to one year from the issue date, have been entered into, to exchange at agreed rates, approximately £376 million and €1,583 million into US dollars. In addition, the Group has granted options to the purchasers to acquire an additional of approximately 258 million shares of Vodafone and approximately 42 million shares of Deutsche Telekom. The options are exercisable in 2002.

Included in the listed debt securities are investment in notes totaling to HK$4,274 million which are subject to certain callable asset swap arrangements with financial institutions. Pursuant to these arrangements, fixed rate notes were purchased and simultaneously interest rate swap agreements were entered into whereby the notes become floating interest rate bearing notes. The financial institution has a call option to purchase the notes anytime before maturity in 2004.

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

20 Current assets

	Company 2001 HK$ millions	Company 2000 HK$ millions	**Group 2001 HK$ millions**	Group 2000 HK$ millions
Stocks	**–**	–	**4,821**	4,132
Trade receivables	**–**	–	**3,837**	3,569
Other receivables and prepayments	**–**	–	**11,422**	6,932
Dividends and other receivables from subsidiary companies	**8,000**	7,400	**–**	–
	8,000	7,400	**20,080**	14,633
Cash and cash equivalents	**–**	–	**47,374**	47,375
	8,000	7,400	**67,454**	62,008

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 2001 HK$ millions	Group 2000 HK$ millions
As 31 December, the ageing analysis of the trade receivables is as follows:		
Current	**2,410**	2,318
31–60 days	**871**	614
61–90 days	**271**	181
Over 90 days	**285**	456
	3,837	3,569

21 Current liabilities

	Company 2001 HK$ millions	Company 2000 HK$ millions	Group 2001 HK$ millions	Group 2000 HK$ millions
Bank loans	–	302	15,238	14,991
Other loans	–	–	161	48
Notes and bonds				
HK$ notes, 7.88% due 2002	–	–	1,500	–
HK$ notes, 7.82% due 2002	–	–	500	–
US$ exchangeable bonds, 7% due 2001	–	–	–	2,145
Trade payables	–	–	6,180	4,717
Other payables and accruals	64	70	22,891	22,252
Taxation	–	–	544	806
	64	372	47,014	44,959

The bank and other loans of the Group are secured to the extent of HK$1,749 million (2000 – HK$3,816 million).

	Group 2001 HK$ millions	Group 2000 HK$ millions
At 31 December, the ageing analysis of the trade payables is as follows:		
Current	3,642	2,748
31–60 days	1,183	914
61–90 days	644	620
Over 90 days	711	435
	6,180	4,717

22 Long term liabilities

	Company 2001 HK$ millions	Company 2000 HK$ millions	Group 2001 HK$ millions	Group 2000 HK$ millions
Bank loans				
Repayable within 5 years	–	12,002	41,324	66,352
Not wholly repayable within 5 years	–	–	17,769	3,207
Less: Current portion	–	(302)	(15,238)	(14,991)
	–	11,700	43,855	54,568
Other loans				
Repayable within 5 years	–	–	2,617	106
Not wholly repayable within 5 years	–	–	80	–
Less: Current portion	–	–	(161)	(48)
	–	–	2,536	58
Exchangeable notes				
US$3,000 million exchangeable notes, 2.875% due 2003	–	–	23,400	23,393
US$2,657 million exchangeable notes, 2% due 2004	–	–	20,723	–
Other notes and bonds				
HK$ notes, 7.88% due 2002	–	–	–	1,500
HK$ notes, 7.82% due 2002	–	–	–	500
HK$ notes, 7% due 2003	–	–	1,000	1,000
HK$ notes, HIBOR+0.8% due 2004	–	–	1,500	1,500
US$199 million notes, LIBOR+0.85% due 2004	–	–	–	1,537
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
US$1,500 million notes, 7% due 2011	–	–	11,700	–
EUR500 million bonds, 5.5% due 2006	–	–	3,450	3,675
GBP325 million bonds, 6.75% due 2015	–	–	3,679	3,789
AUD425 million notes, 6.5% due 2006	–	–	1,691	–
	–	–	82,627	52,378
	–	11,700	129,018	107,004

The Group has entered into interest rate swap agreements with banks and other financial institutions to swap HK$31,550 million principal amount of fixed interest rate borrowings to floating interest rate borrowings. In addition, HK$4,320 million principal amount of an infrastructure related floating interest rate borrowing was swapped to a fixed interest rate borrowing.

22 Long term liabilities (cont'd)

	Company 2001 HK$ millions	Company 2000 HK$ millions	**Group 2001 HK$ millions**	Group 2000 HK$ millions
The loans are repayable as follows:				
Bank loans				
After 1 year, but within 2 years	**–**	–	**2,134**	22,911
After 2 years, but within 5 years	**–**	11,700	**37,114**	29,928
After 5 years	**–**	–	**4,607**	1,729
Other loans				
After 1 year, but within 2 years	**–**	–	**65**	16
After 2 years, but within 5 years	**–**	–	**2,398**	42
After 5 years	**–**	–	**73**	–
Exchangeable notes				
After 1 year, but within 2 years	**–**	–	**23,400**	–
After 2 years, but within 5 years	**–**	–	**20,723**	23,393
Other notes and bonds				
After 1 year, but within 2 years	**–**	–	**1,000**	2,000
After 2 years, but within 5 years	**–**	–	**6,641**	4,037
After 5 years	**–**	–	**30,863**	22,948
	–	11,700	**129,018**	107,004

The bank and other loans of the Group are secured to the extent of HK$11,937 million (2000 – HK$2,882 million).

The exchangeable notes represent US$3,000 million and US$2,657 million notes exchangeable into ordinary shares of Vodafone anytime before maturity 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 and for 214.51 shares at US$4.6618 per share respectively.

The US$250 million notes – Series D due 2037 are subject to repayment at the option of the holders thereof on 1 August 2009.

23 Deferred taxation

	Group 2001 HK$ millions	Group 2000 HK$ millions
The movements in deferred taxation, arising from accelerated depreciation allowances, are as follows:		
At 1 January	**100**	139
Relating to subsidiaries acquired	**120**	7
Net credit for the year	**(20)**	(46)
At 31 December	**200**	100
The potential tax liabilities (assets) which have not been provided for in the accounts are as follows:		
Arising from accelerated depreciation allowances	**311**	432
Arising from tax losses	**(1,027)**	(988)

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.

24 Minority interests

	Group 2001 HK$ millions	Group 2000 HK$ millions
Equity interests	**30,901**	28,351
Loans – interest free	**5,424**	7,300
Loans – interest bearing	**575**	338
	36,900	35,989

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

25 Share capital

	2001 Number of shares	2000 Number of shares	Company 2001 HK$ millions	Company 2000 HK$ millions
Authorised:				
Ordinary shares of HK$0.25 each	**5,500,000,000**	5,500,000,000	**1,375**	1,375
7½% cumulative redeemable participating preference shares of HK$1 each	**402,717,856**	402,717,856	**403**	403
			1,778	1,778
Issued and fully paid:				
Ordinary shares				
At 1 January	**4,263,370,780**	3,875,791,619	**1,066**	969
Bonus issue 1 for 10	**–**	387,579,161	**–**	97
At 31 December	**4,263,370,780**	4,263,370,780	**1,066**	1,066

26 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 2001, as previously stated	**28,359**	**–**	**–**	**–**	**21,446**	**49,805**
Prior year adjustment for dividends (Note 1R)	**–**	**–**	**–**	**–**	**5,201**	**5,201**
At 1 January 2001, as restated	**28,359**	**–**	**–**	**–**	**26,647**	**55,006**
2000 final dividend paid	**–**	**–**	**–**	**–**	**(5,201)**	**(5,201)**
2001 interim dividend paid	**–**	**–**	**–**	**–**	**(2,174)**	**(2,174)**
Profit for the year	**–**	**–**	**–**	**–**	**7,999**	**7,999**
At 31 December 2001	**28,359**	**–**	**–**	**–**	**27,271**	**55,630**
At 1 January 2000, as previously stated	28,456	–	–	–	21,438	49,894
Prior year adjustment for dividends (Note 1R)	–	–	–	–	4,458	4,458
At 1 January 2000, as restated	28,456	–	–	–	25,896	54,352
Bonus issue	(97)	–	–	–	–	(97)
1999 final dividend paid	–	–	–	–	(4,458)	(4,458)
2000 interim dividend paid	–	–	–	–	(2,174)	(2,174)
Profit for the year	–	–	–	–	7,383	7,383
At 31 December 2000	28,359	–	–	–	26,647	55,006
Group						
At 1 January 2001, as previously stated	**28,359**	**16,302**	**32,401**	**(3,296)**	**173,315**	**247,081**
Prior year adjustment for dividends (Note 1R)	**–**	**–**	**–**	**–**	**5,201**	**5,201**
At 1 January 2001, as restated	**28,359**	**16,302**	**32,401**	**(3,296)**	**178,516**	**252,282**
2000 final dividend paid	**–**	**–**	**–**	**–**	**(5,201)**	**(5,201)**
2001 interim dividend paid	**–**	**–**	**–**	**–**	**(2,174)**	**(2,174)**
Revaluation deficit	**–**	**(2,460)**	**(874)**	**–**	**–**	**(3,334)**
Valuation released upon disposal of VoiceStream shares and other investments	**–**	**–**	**(33,814)**	**–**	**–**	**(33,814)**
Net goodwill realised upon disposal of subsidiary and associated companies and jointly controlled entities	**–**	**–**	**–**	**–**	**661**	**661**
Exchange translation differences	**–**	**–**	**–**	**(3,307)**	**–**	**(3,307)**
Company and subsidiaries' profit for the year	**–**	**–**	**–**	**–**	**12,009**	**12,009**
Share of reserves of associated companies	**–**	**–**	**–**	**(336)**	**1,678**	**1,342**
Share of reserves of jointly controlled entities	**–**	**292**	**–**	**50**	**(1,599)**	**(1,257)**
At 31 December 2001	**28,359**	**14,134**	**(2,287)**	**(6,889)**	**183,890**	**217,207**
Including retained reserves of						
– Associated companies	**–**	**–**	**(34)**	**(114)**	**11,016**	**10,868**
– Jointly controlled entities	**–**	**592**	**–**	**299**	**(2,183)**	**(1,292)**

26 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 (cont'd)						
At 1 January 2000, as previously stated	28,456	15,963	48,821	(452)	152,193	244,981
Prior year adjustment for dividends (Note 1R)	–	–	–	–	4,458	4,458
At 1 January 2000, as restated	28,456	15,963	48,821	(452)	156,651	249,439
1999 final dividend paid	–	–	–	–	(4,458)	(4,458)
2000 interim dividend paid	–	–	–	–	(2,174)	(2,174)
Bonus issue	(97)	–	–	–	–	(97)
Revaluation surplus	–	425	8,810	–	–	9,235
Valuation released upon disposal of Mannesmann shares	–	–	(24,286)	–	–	(24,286)
Valuation released upon disposal of other investments	–	–	(950)	–	–	(950)
Elimination of goodwill on acquisition of subsidiary and associated companies and jointly controlled entities	–	–	–	–	(5,621)	(5,621)
Exchange translation differences	–	–	–	(2,408)	–	(2,408)
Company and subsidiaries' profit for the year	–	–	–	–	33,192	33,192
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)	178,516	252,282
Including retained reserves of						
– Associated companies	–	–	(34)	222	9,401	9,589
– Jointly controlled entities	–	300	–	249	(342)	207

Included in share premium of the Group is a capital redemption reserve of HK$404 million (2000 – HK$404 million).

Reserves of the Company available for distribution to shareholders amount to HK$27,271 million (2000 – HK$26,647 million).

27 Notes to consolidated cash flow statement

	Group 2001 HK$ millions	Group 2000 HK$ millions
(a) Reconciliation of profit before taxation to funds generated from operations		
Profit before taxation	**16,203**	37,395
Interest expense	**6,952**	6,460
Share of profits less losses of associated companies	**(4,537)**	(3,494)
Share of profits less losses of jointly controlled entities	**(912)**	(1,272)
Profit on disposal of investments less provisions	**(3,124)**	(25,742)
Profit on disposal of subsidiary and associated companies and other investments	**(888)**	(776)
Depreciation and amortisation	**3,827**	3,222
Loss on disposal of fixed assets	**120**	79
Funds generated from operations	**17,641**	15,872
(b) Changes in working capital		
Increase in stocks	**(544)**	(318)
Increase in debtors and prepayments	**(2,469)**	(1,292)
Increase (decrease) in creditors	**141**	(4,133)
Other non-cash items	**(93)**	(1,097)
	(2,965)	(6,840)
(c) Disposal of subsidiary companies		
Net assets disposed of (excluding cash and cash equivalents):		
Fixed assets	**90**	2,600
Interests in joint ventures	**195**	–
Stocks	**–**	24
Debtors	**122**	626
Bank and other loans	**–**	(15)
Creditors and taxation	**(164)**	(470)
Goodwill	**617**	266
Minority interests	**1,000**	19,141
	1,860	22,172
Provision	**–**	5,978
Profit on disposal	**593**	3,920
	2,453	32,070
Less: Investments amount retained subsequent to disposal	**(1,066)**	(6,046)
	1,387	26,024
Satisfied by:		
Cash consideration	**1,458**	26,109
Less : Cash and cash equivalents sold	**(71)**	(85)
Net cash consideration	**1,387**	26,024

27 Notes to consolidated cash flow statement (cont'd)

	Group 2001 HK$ millions	Group 2000 HK$ millions
(d) Purchase of subsidiary companies		
Net assets acquired (excluding cash and cash equivalents):		
Fixed assets	**10,093**	1,420
Associated companies	**178**	–
Interests in joint ventures	**226**	–
Managed funds and other investments	**74**	–
Stocks	**503**	189
Debtors	**1,588**	284
Bank and other loans	**(3,715)**	(744)
Creditors and taxation	**(2,466)**	(742)
Deferred taxation	**(120)**	(7)
Goodwill	**440**	2,492
Minority interests	**(1,371)**	(1,002)
Loans from minority interests	**(294)**	–
	5,136	1,890
Less: Investments amount held prior to purchase	**(1,309)**	(424)
	3,827	1,466
Discharged by:		
Cash payment	**5,684**	1,622
Less : Cash and cash equivalents purchased	**(1,857)**	(156)
Net cash consideration	**3,827**	1,466

27 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 2001	**29,425**	**124,188**	**35,989**	**189,602**
New loans	**–**	**68,781**	**422**	**69,203**
Repayment of loans	**–**	**(49,116)**	**(371)**	**(49,487)**
Issue of shares by subsidiary companies to minorities	**–**	**–**	**27**	**27**
Net cash flow from financing activities	**–**	**19,665**	**78**	**19,743**
Minority interests in profit	**–**	**–**	**1,810**	**1,810**
Dividends paid to minority shareholders	**–**	**–**	**(2,207)**	**(2,207)**
Minority interests in exchange reserve	**–**	**–**	**(1,327)**	**(1,327)**
Minority interests in properties revaluation reserve	**–**	**–**	**(12)**	**(12)**
Exchange translation differences	**–**	**(1,151)**	**(96)**	**(1,247)**
Purchase of minority interests	**–**	**–**	**(165)**	**(165)**
Relating to subsidiary companies acquired	**–**	**3,715**	**1,830**	**5,545**
Relating to subsidiary companies disposed of	**–**	**–**	**1,000**	**1,000**
At 31 December 2001	**29,425**	**146,417**	**36,900**	**212,742**
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 flow from financing activities	–	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

27 Notes to consolidated cash flow statement (cont'd)

	Group 2001 HK$ millions	Group 2000 HK$ millions
(f) Analysis of the balances of cash and cash equivalents		
Bank balances and cash equivalents	**47,530**	47,530
Bank overdrafts	**(156)**	(155)
	47,374	47,375

(g) Major non-cash transactions

During the year, the investment in VoiceStream was exchanged for approximately 206.6 million Deutsche Telekom shares and a cash consideration of HK$6,908 million, giving rise to a profit of HK$30,000 million (Note 6).

A provision of HK$29,769 million was made during the year for share price and exchange rate fluctuations of overseas investments (Note 6).

28 Contingent liabilities

(a) The holding company, Hutchison Whampoa Limited, and its subsidiaries provide guarantees in respect of bank and other borrowing facilities utilised by its associated companies and jointly controlled entities as follows:

	Company HK$ millions	Subsidiaries HK$ millions	2001 Total HK$ millions	Company HK$ millions	Subsidiaries HK$ millions	2000 Total HK$ millions
Associated companies	**2,212**	**–**	**2,212**	2,416	87	2,503
Jointly controlled entities	**2,935**	**6,079**	**9,014**	3,481	3,864	7,345

(b) The Company had contingent liabilities in respect of other guarantees of HK$779 million (2000 – HK$1,580 million) and subsidiaries had HK$9,101 million (2000 – HK$1,082 million), aggregating to a total of HK$9,880 million (2000 – HK$2,662 million).

(c) The Company has provided guarantees of its subsidiaries' performance and other commitments of HK$2,539 million (2000 – nil).

(d) Pursuant to the disclosure requirements of the Hong Kong Companies Ordinance, the Company is required to disclose that it has guaranteed the borrowings of its financing and other subsidiary companies. Of the total debts included in Notes 21 and 22 totalling HK$146,417 million (2000 – HK$124,188 million), the Company has guaranteed a total of HK$115,502 million (2000 – HK$96,378 million).

29 Commitments

Outstanding Group commitments not provided for in the accounts at 31 December 2001 are as follows:

Capital commitments

1. Contracted for:
   - i. Container terminals, Hong Kong – HK$342 million (2000 – HK$1,155 million).
   - ii. Container terminals, Mainland China – HK$19 million (2000 – HK$115 million).
   - iii. Container terminals, others – HK$1,102 million (2000 – HK$325 million).
   - iv. Telecommunications – HK$4,660 million (2000 – HK$1,397 million).
   - v. Investment properties in Hong Kong – HK$82 million (2000 – HK$129 million).
   - vi. Investments in investment properties joint venture projects in Mainland China – HK$111 million (2000 – HK$81 million).
   - vii. Investments in infrastructure joint venture projects in Mainland China – nil (2000 – HK$433 million).
   - viii. Other fixed assets – HK$3,643 million (2000 – HK$935 million).
   - ix. Other investments – HK$88 million (2000 – HK$357 million).

2. Authorised but not contracted for:
   - i. Container terminals, Hong Kong – HK$560 million (2000 – HK$1,439 million).
   - ii. Container terminals, Mainland China – HK$261 million (2000 – HK$472 million).
   - iii. Container terminals, others – HK$2,875 million (2000 – HK$1,683 million).
   - iv. Telecommunications – HK$41,824 million (2000 – HK$39,737 million).
   - v. Investment properties in Hong Kong – HK$58 million (2000 – HK$119 million).
   - vi. Investments in investment properties joint venture projects in Hong Kong – HK$1 million (2000 – HK$18 million).
   - vii. Investments in overseas investment properties joint venture projects – HK$119 million (2000 – HK$28 million).
   - viii. Other fixed assets – HK$10,632 million (2000 – HK$8,958 million).
   - ix. Other investments – HK$1,264 million (2000 – HK$1,342 million).

Operating lease commitments – future aggregate minimum lease payments for land and buildings leases

1. Expiring in the first year – HK$2,208 million (2000 – HK$1,928 million).
2. Expiring in the second to fifth years inclusive – HK$6,115 million (2000 – HK$1,555 million).
3. Expiring after the fifth year – HK$8,071 million (2000 – HK$4,489 million).

Operating lease commitments – future aggregate minimum lease payments for other assets

1. Expiring in the first year – HK$415 million (2000 – HK$315 million).
2. Expiring in the second to fifth years inclusive – HK$904 million (2000 – HK$285 million).
3. Expiring after the fifth year – HK$1,657 million (2000 – HK$326 million).

30 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 2001, in aggregate the Group had advanced HK$20,748 million (2000 – HK$15,597 million) to and had guaranteed bank and other borrowing facilities of HK$1,220 million (2000 – HK$3,039 million) for the benefit of these joint ventures. The Group has also entered into a joint venture, to develop a property in Japan, with a company controlled by Mr Li Tzar Kai, Richard, who at the inception of the joint venture, was a director of the Company (resigned 16 August 2000). At 31 December 2001, the Group had advanced HK$449 million (2000 – HK$40 million) to and had guaranteed a bank loan facility of HK$1,449 million (2000 – HK$1,653 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.

31 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.

32 Approval of accounts

The accounts set out on pages 72 to 116 were approved by the Board of Directors on 21 March 2002.

Principal Subsidiary and Associated Companies and Jointly Controlled Entities

at 31 December 2001

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Ports and related services					
	Buenos Aires Container Terminal Services S.A.	Argentina	Peso	10,000,000	64	Container terminal operating
Δ	COSCO-HIT Terminals (Hong Kong) Limited	Hong Kong	HK$	40	43	Container terminal operating
	Ensenada International Terminal, S.A. de C.V.	Mexico	MXP	160,195,000	64	Container terminal operating
+	Europe Container Terminals B.V.	Netherlands	Euro	45,378,021	76	Container terminal operating
	Freeport Container Port Limited	Bahamas	B$	2,000	95	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	87	Holding company & container terminal operating
Δ	The Hongkong Salvage and Towage Company, Limited	Hong Kong	HK$	20,000,000	50	Tug fleet operating
Δ	Hongkong United Dockyards Limited	Hong Kong	HK$	76,000,000	50	Ship repairing & general engineering
	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
	Internacional de Contenedores Asociados de Veracruz, S.A. de C.V.	Mexico	MXP	138,623,200	82	Container terminal operating
	International Ports Services Co. Ltd.	Saudi Arabia	SR	2,000,000	33	Container terminal operating
※Δ	Jiangmen International Container Terminals Limited	China	US$	14,461,665	50	Container terminal operating
+	Karachi International Container Terminal Limited	Pakistan	Rs	1,109,584,220	82	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/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Ports and related services (cont'd)					
※ Δ	Nanhai International Container Terminals Limited	China	US$	31,200,000	50	Container terminal operating
Δ	River Trade Terminal Co. Limited	British Virgin Islands / Hong Kong	US$	1	33	River trade terminal operation
	Panama Ports Company, S.A.	Panama	US$	10,000,000	82	Container terminal operating
	Port of Felixstowe Limited	United Kingdom	GBP	100,002	90	Container terminal operating
	PT Ocean Terminal Petikemas	Indonesia	IDR	130,000,000,000	100	Container terminal operating
	PT Jakarta International Container Terminal	Indonesia	IDR	221,450,406,500	51	Container terminal operating
※ Δ	Shanghai Container Terminals Limited	China	RMB	2,000,000,000	37	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
	Thai Laemchabang Terminal Co., Limited	Thailand	THB	800,000,000	56	Container terminal operating
	Tanzania International Container Terminal Services Limited	Tanzania	TZS	1,801,666,000	63	Container terminal operating
	Thamesport (London) Limited	United Kingdom	GBP	2	90	Container terminal operating
#	Westport Holdings Sdn. Bhd.	Malaysia	M$	117,000,000	31	Container terminal operating
※ Δ	Xiamen International Container Terminals Limited	China	RMB	1,148,700,000	49	Container terminal operating
※	Yantian International Container Terminals Limited	China	HK$	2,400,000,000	48	Container terminal operating
※ Δ	Zhuhai International Container Terminals (Gaolan) Limited	China	US$	23,500,000	50	Container terminal operating
※ Δ	Zhuhai International Container Terminals (Jiuzhou) Limited	China	US$	52,000,000	50	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/ registered capital		Percentage of equity attributable to the Group	Principal activities
Telecommunications					
H3G S.p.A.	Italy	Euro	469,044,000	88	3G mobile multimedia services
Celltel Limited	Ghana	GHC	13,165,886,000	80	Mobile telephone services
Δ 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 Telecommunications Argentina S.A.	Argentina	Peso	407,000	90	Mobile telephone services
Hutchison E-Commerce International Limited	British Virgin Islands	US$	1	100	Holding company
Δ Hutchison Global Crossing Limited	Hong Kong	HK$	20	50	Fixed line communications
Δ Hutchison Max Telecom Private Limited	India	INR	1,084,388,190	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 telecommunications business
Hutchison Telecommunications Limited	Hong Kong	HK$	10,000	100	Holding company
* Hutchison Telecommunications (Australia) Limited	Australia	A$	1,031,243,972	58	Holding company & telecommunications
# + Hutchison Telecommunications (Thailand) Limited	Thailand	THB	54,000,000	45	Paging services
Hutchison Telecommunications Paraguay S.A.	Paraguay	PYG	500,000,000	100	Mobile telephone services
Hutchison Telephone Company Limited	Hong Kong	HK$	1,195,210	75	Mobile telephone services

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Telecommunications (cont'd)					
	Hutchison Whampoa International (00/03) Limited	British Virgin Islands	US$	1	100	Finance & holding company
+	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	1,789,246	35	Mobile telephone services
Δ	Sterling Cellular Limited	India	INR	1,731,964,690	49	Mobile telephone services
#	Hutchison CAT Wireless MultiMedia Limited	Thailand	THB	15,000,000	32	Mobile telephone services
* #	TOM.COM LIMITED	Cayman Islands / Hong Kong	HK$	327,764,580	29	Cross media
Δ	Usha Martin Telekom Limited	India	INR	1,286,000,000	49	Mobile telephone services
	Property and hotels					
	Aberdeen Commercial Investments Limited	Hong Kong	HK$	2	100	Property owning
Δ	Afford Limited	Hong Kong	HK$	20	50	Property investment
Δ	Bayswater Developments Limited	British Virgin Islands	US$	2	50	Property investment
Δ +	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
Δ	Chesgold Limited	Hong Kong	HK$	4	50	Property investment
Δ	Cheung Wo Hing Fung Enterprises Limited	British Virgin Islands	US$	100	50	Property investment
Δ	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
Δ	Forton Investment Limited	Hong Kong	HK$	4	50	Property investment
	Foxton Investments Limited	Hong Kong	HK$	10,000	100	Property owning
	Glenfuir Investments Limited	Hong Kong	HK$	1,000,000	100	Property owning
	Grafton Properties Limited	Hong Kong	HK$	100,000	100	Property owning

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations		Nominal value of issued ordinary share capital/ registered 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
	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
Δ	Hutchison LR Development Limited	British Virgin Islands	US$	100	45	Property investment
	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
Δ	Konorus Investment Limited	Hong Kong	HK$	2	43	Property developing
Δ	Marketon Investment Limited	Hong Kong	HK$	4	50	Property owning
Δ	Marunochi N.V.	Netherlands Antilles	US$	20,120	45	Property owning
Δ	Montoya (HK) Limited	Hong Kong	HK$	140	50	Property investment
	Mossburn Investments Limited	Hong Kong	HK$	1,000	100	Property owning
Δ	New China Sheen Limited	Hong Kong	HK$	4	50	Property investment
Δ	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
	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

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital/ registered 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 European Investments S.à r. l.	Luxembourg / Europe	Euro	12,500	100	Investments in water manufacturing & distributing
	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
※Δ+	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
*	Hutchison Harbour Ring Limited	Bermuda / Hong Kong	HK$	561,000,026	50.5	Trading & manufacturing of toys
	Hutchison Whampoa (China) Limited	Hong Kong	HK$	15,000,000	100	Investment holding & China services
Δ	Nuance-Watson (HK) Limited	Hong Kong	HK$	20	50	Operating of duty free shops
	Park'N Shop Limited	Hong Kong	HK$	1,000,000	100	Supermarket operating
	Powwow Limited	United Kingdom	GBP	640	100	Water manufacturing & distributing
# +	Procter & Gamble-Hutchison Limited	Hong Kong	US$	52,750,000	20	Investments in manufacturing consumer products
	Savers Health and Beauty Limited	United Kingdom	GBP	1,400,000	100	Retailing
	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

Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital/ registered capital		Percentage of equity attributable to the Group	Principal activities
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
* + 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 investments					
# + 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
Hongkong and Whampoa Dock Company, Limited	Hong Kong	HK$	139,254,060	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

Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital/ registered capital		Percentage of equity attributable to the Group	Principal activities
Finance and investments (cont'd)					
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
Hutchison Whampoa International (01/11) Limited	British Virgin Islands	US$	1	100	Finance
Ottershaw Limited	British Virgin Islands	US$	1	100	Overseas portfolio investment
Strategic Investments International Limited	British Virgin Islands	US$	1	87	Overseas portfolio investment & treasury
Hutchison Whampoa Europe Investments S.à r. l.	Luxembourg	Euro	1,764,026,850	100	Holding company
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 both the London Stock Exchange and the Tel Aviv 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 in Hong Kong.*

\# *Associated companies.*

Δ *Jointly controlled entities.*

※ *Equity joint venture registered under PRC law*

♠ *Cooperative joint venture registered under PRC law*

@ *ETSA Utilities Partnership, an incorporated 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. The aggregate net assets, turnover (excluding share of associated companies and jointly controlled entities) and profit before taxation (including share of associated companies and jointly controlled entities) of these companies not audited by PricewaterhouseCoopers amounted to approximately 10.0%, 7.5% and 26.1% of the Group's respective items.*

Schedule of Principal Properties

at 31 December 2001

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 Sec A–H & Sec J–L	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	IL 8885	Medium	39%	343,081	H	Existing
MLC Millennia Plaza,			39%	217,955	C	Existing
661–665 King's Road, North Point, Hong Kong						
Trust Tower, 1/F–20/F, 68–74 Johnston Road, Wanchai, Hong Kong	IL 4280 & RP of Sec A of ML 64A	Long	43%	56,260	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,	M/F to 6/F on KCL No 4	Medium	88%	4,705,141	C/W	Existing
Kwai Chung, New Territories	G/F on KCL No 4	Medium	85%	737,394	C/W	Existing
780 guest rooms & shopping mall at the Sheraton Hong Kong Hotel & Towers, Salisbury Road, Tsimshatsui, Kowloon	KIL 9172	Long	39%	729,945	H	Existing
One and Two Harbourfront and	Sec A, B & RP of	Long	100%	862,988	C	Existing
The Harbour Plaza Hong Kong,	HHML 6 and		100%	473,424	H	Existing
Hung Hom, Kowloon	extension thereto					
The Metropolis,	KIL 11077	Medium	25%	1,046,089	C/H	Existing
Hung Hom Bay, Kowloon			25%	377,115	SA	2002 (27%)
(site area approx 538,837 sq ft)						
Tsing Yi office development at Container Terminal No 9, Kwai Chung, New Territories (site area approx 32,292 sq ft)	TYTL 139	Medium	89%	344,448	C	2004 (1%)
Tsing Yi Resort,	TYTL 140	Medium	70%	697,722	H/C	2003 (20%)
(site area approx 268,000 sq ft)				972,902	SA	2003 (1%)

Description	Lot number	Lease term	Group's interest	Approx gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Horizons Suites at Tolo Harbour, Ma On Shan, New Territories (site area approx 86,112 sq ft)	STTL 461	Medium	49%	602,784	H	2002 (70%)
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 Sang Hun Road, Chao Yang District, Beijing, China	Chao Yang District Beijing	Medium	49.8%	898,800	H	Existing
Times Plaza, Shenyang, 99 North Station, Shenhe District, Shenyang, China	Shenhe District Shenyang	Medium	87%	440,860	H	Existing
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	Lucaya, Freeport, Grand Bahama Island	Freehold	100%	1,004,391	H	2002 (98%)
			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
Caribbean Coast, Tung Chung, New Territories (site area approx 730,876 sq ft)	TCTL 5	Medium	50%	1,306,860	R	2002 (65%)
			50%	1,695,799	R/C	2004 (30%)
			40%	662,103	R	2004 (30%)
			50%	298,670	R	2005 (30%)
			40%	474,565	R	2005 (30%)
Harbourfront Landmark, Wan Hoi Street, Hung Hom, Kowloon	KIL 11055	Medium	50%	672,258	R/C	Existing
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 (65%)
Oriental Plaza, Dong Chang An Jie, Beijing, China (site area approx 1,018,557 sq ft)	Dong Chang An Jie, Beijing	Medium				
			18%	3,638,164	C	Existing
			18%	1,022,561	H/SA	Existing
			18%	581,245	C	2002 (95%)
			18%	312,150	SA	2002 (90%)
			18%	505,899	SA	2003 (80%)

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 767,265 sq ft)	Huangsha MTR Station Podium	Medium	50%	3,444,416	R/C	2004 (3%)
Laguna Verona, Dongguan, Guangdong, China (site area approx 35,954,838 sq ft)	Hwang Gang Lake, Dongguan	Medium				
	Phases 1.1 and 1.2		47%	9,258	R	Existing
	Phases 1.3 and 1.4		47%	863,892	R	2003 (25%)
	Phases 2 – 3		47%	2,540,257	R	2006 (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%	1,511,515	C	Existing
Harbour Plaza Chongqing, China	Ba Yi Lu, Chongqing	Medium	50%	482,765	H	Existing
A residential property development at Jiangbei, Chongqing, PRC (site area approx 2,085,163 sq ft)	Yubei, Chongqing	Medium				
	Phase 1		50%	756,318	R	2003 (1%)
	Phase 2		50%	767,082	R	2004 (1%)
	Phase 3		50%	799,417	R	2005 (1%)
Pacific Plaza, Qingdao, China (site area approx 238,662 sq ft)	Dong Hai Lu, Qingdao	Medium				
	Phase 1		30%	80,265	C	Existing
	Phase 3.1		15%	239,441	R	2002 (70%)
	Phase 3.2		15%	20,774	C	2002 (10%)
Walton Plaza, Xuhui, Shanghai, China (site area approx 319,788 sq ft)	Changsu Lu / Changle Lu Xuhui District, Shanghai	Medium				
	Phase 2		50%	918,690	C	2004 (3%)
	Phase 3.1		50%	94,097	R	2002 (3%)
	Phase 3.2		50%	580,858	R	2003 (3%)
Westgate Mall & Tower, Mei Long Zhen, Shanghai, China	Nanjing Xi Lu / Jiang Ning Lu, Shanghai	Medium	30%	1,053,553	C	Existing
Seasons Villas, Pudong Huamu, Shanghai, China (site area approx 2,907,679 sq ft)	Pudong Huamu Road, Shanghai	Medium				
	Phases 1 – 4		50%	877,684	R	Existing
	Phase 4A		50%	16,856	R	2002 (3%)
	Phase 5		50%	157,797	R	2002 (60%)
	Phase 6		50%	232,907	R	2002 (3%)
Low density housing, Pudong Huamu, Shanghai, China (site area approx 4,936,832 sq ft)	Pudong Huamu Road, Shanghai	Medium				
	Phase 1		31%	179,755	R	2002 (10%)
	Phases 2 – 4		31%	1,548,136	R	2004 (3%)
A commercial & residential development at Gubei, Shanghai, China (site area approx 546,037 sq ft)	Gubei Road Shanghai	Long	50%	1,682,963	R/C	2004 (1%)
Cheung Fat Garden, Changning, Shanghai, China	Panyu Road, Shanghai	Long	50%	222,222	R	Existing

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)
Le Parc (Huangpu Yayuan), Futian, Central District, Shenzhen, China (site area approx 1,679,300 sq ft)	Central District, Shenzhen	Long				
	Phase 2		50%	1,197,634	R	2002 (36%)
	Phase 3		50%	1,032,152	R	2002 (23%)
	Phase 4		50%	1,028,815	R	2003 (4%)
Horizon Cove, Tang Jia Bay, Zhuhai, China (site area approx 4,797,169 sq ft)	Tang Jia Bay, Zhuhai	Medium				
	Phase 1		50%	345,260	R	2002 (89%)
	Phase 2		50%	927,387	R	2002 (3%)
	Phases 3 – 6		50%	3,065,336	R	2006 (1%)
A residential development at Panyu, Guangzhou, China (site area approx 5,281,463 sq ft)	Dai Shi, Panyu	Long	50%	7,923,158	R	2007 (3%)
Albion Riverside, United Kingdom (site area approx 139,000 sq ft)	Wandsworth, London	Freehold	45%	390,670*	R/C	2003 (35%)
A commercial & residential development at Lots Road, Chelsea, London, United Kingdom (site area approx 279,572 sq ft)	Chelsea / Fulham, London	Freehold	23%	730,632*	R/C	2008 (1%)
Chelsea Harbour, Phase II (site area approx 95,832 sq ft)	Chelsea / Fulham, London	Freehold	23%	169,072*	R	2004 (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 (45%)
Cairnhill Crest at Cairnhill Circle, Singapore (site area approx 157,137 sq ft)	Lots 874P & 601W Singapore	Freehold	50%	439,984	R	2004 (4%)
Pacific Century Place, Marunouchi, Tokyo, Japan	Marunouchi, Tokyo	Freehold	38%	786,000	C	Existing
Container Terminal No 4, Kwai Chung, New Territories	KCL No 4	Medium	87%	70 acres	CT	Existing
Container Terminal No 6, Kwai Chung, New Territories	KCL No 6	Medium	87%	71 acres	CT	Existing
Container Terminal No 7, Kwai Chung, New Territories	KCL No 7	Medium	87%	78 acres	CT	Existing
Container Terminal No 8, East, Kwai Chung, New Territories	KCL No 8	Medium	43%	74 acres	CT	Existing
Container Terminal No 9, Kwai Chung, New Territories	TYTTL 139 TYL 9 (co–grantee)	Medium	87%	47 acres	CT	2005 (38%)
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	90%	540 acres	CT	Existing
		Freehold	90%	250 acres	CT	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	90%	185 acres	P	Existing
		Freehold	90%	250 acres	CT	2004 (25%)
Container Terminal at Rotterdam, The Netherlands	Rotterdam	Long	76%	877 acres	CT	Existing

Description	Lot number	Lease term	Group's interest	Approx gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
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
Container Terminal at Freeport, Bahamas	Freeport, Grand Bahama Island	Long	95%	88 acres	CT	Existing
Container Terminal at Internacional de Contenedores Asociados de Veracruz, S A de C V Veracruz, Mexico	Recinio portuario, Zona II, Puerto de Veracruz, Veracruz	Medium	82%	4,492,133	CT	Existing
Container Terminal at Ensenada International Terminal, S A de C V Ensenada, Baja California, Mexico	Ensenada, Baja California	Medium	64%	1,552,508	CT	Existing
Cruise Port & Marina at Ensenada Cruiseport Village, S A de C V Ensenada, Baja California, Mexico	Ensenada, Baja California	Medium	100%	1,879,182	P	Existing
Container Terminal at Buenos Aires, Argentina	Puerto Nuevo, Buenos Aires	Medium	64%	53 acres	CT	Existing
Container Terminal at Yantian Port, Shenzhen, China (Phases I & II)	Yantian, Shenzhen, Guangdong Province	Medium	48%	14,032,771	CT	Existing
Inland Container Depot and Warehousing, Guanlan, Shenzhen, China	Guanlan, Shenzhen, Guangdong Province	Medium	71%	3,591,699	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	37%	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 P = Cruise Port SA = Serviced Apartment R = Residential W = Warehouse

Ten Year Summary

	1992	1993	1994	1995	1996	1997	1998	1999	2000	**2001**
Consolidated Profit and Loss Account										
(HK$ millions)										
Turnover	21,030	24,748	30,168	35,026	36,662	44,590	51,383	55,442	57,022	**61,460**
Profit attributable to shareholders	3,052	6,304	8,021	9,567	12,020	12,266	8,706	117,345	34,118	**12,088**
Dividends	1,846	2,461	3,362	4,267	5,703	6,123	4,962	6,318	7,375	**7,375**
Consolidated Balance Sheet										
(HK$ millions)										
ASSETS										
Non-current assets										
Fixed assets	32,467	42,292	52,192	54,508	63,188	76,439	76,927	83,687	85,438	**102,756**
Other non-current assets	–	–	–	–	–	–	–	–	80,039	**78,152**
Goodwill	–	–	–	–	–	–	–	–	–	**405**
Associated companies	11,329	11,659	13,551	15,195	17,393	20,196	21,246	26,832	39,291	**38,528**
Interests in joint ventures	1,240	2,775	8,154	7,583	8,976	34,221	40,050	34,966	39,533	**38,297**
Managed funds and other investments	6,813	14,423	13,223	15,965	22,551	26,881	25,291	176,167	135,091	**105,813**
Total non-current assets	51,849	71,149	87,120	93,251	112,108	157,737	163,514	321,652	379,392	**363,951**
Net current assets (liabilities)	(1,382)	(4,639)	3,935	280	3,365	17,161	6,878	19,656	17,049	**20,440**
Total assets less current liabilities	50,467	66,510	91,055	93,531	115,473	174,898	170,392	341,308	396,441	**384,391**
Non-current liabilities										
Long term liabilities	11,126	13,696	26,189	26,174	34,459	72,720	71,880	80,662	107,004	**129,018**
Deferred taxation	172	185	144	112	119	111	203	139	100	**200**
Total non-current liabilities	11,298	13,881	26,333	26,286	34,578	72,831	72,083	80,801	107,104	**129,218**
Minority interests	2,018	1,795	5,144	5,333	7,814	12,216	10,534	10,099	35,989	**36,900**
Net assets (Note 1)	37,151	50,834	59,578	61,912	73,081	89,851	87,775	250,408	253,348	**218,273**
CAPITAL AND RESERVES										
Share capital	839	904	905	904	905	969	969	969	1,066	**1,066**
Reserves	36,312	49,930	58,673	61,008	72,176	88,882	86,806	249,439	252,282	**217,207**
Shareholders' funds (Note 1)	37,151	50,834	59,578	61,912	73,081	89,851	87,775	250,408	253,348	**218,273**
Performance Data										
Earnings per share – (HK$)	0.87	1.63	2.02	2.41	3.02	2.92	2.05	27.52	8.00	**2.84**
Dividends per share – (HK$)	0.50	0.62	0.85	1.07	1.36	1.44	1.16	1.48	1.73	**1.73**
Dividend cover	1.7	2.6	2.4	2.2	2.1	2.0	1.8	18.6	4.6	**1.6**
Return on average shareholders' funds (%)	9.2	14.3	14.5	15.7	17.8	15.1	9.8	69.4	13.5	**5.1**
Current ratio	0.9	0.7	1.3	1.0	1.2	1.7	1.3	1.6	1.4	**1.4**
Net debt / Net total capital (%) (Note 2)	15.0	6.3	15.9	15.6	11.7	23.0	30.5	0.3	N/A	**0.7**
Net assets per ordinary share										
– book value (HK$) (Note 1)	10.1	12.8	15.0	15.6	18.4	21.1	20.6	58.7	59.4	**51.2**

Note 1: Net assets and shareholders' funds are adjusted in accordance with revised SSAP 9. (See Principal Accounting Policies Note 1R)

Note 2: Net debts is defined as total interest bearing borrowings net of cash and cash equivalents, managed funds, long term deposits 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, N/A represents cash and liquid investments exceeds total interest bearing borrowings.

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, 23 May 2002 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 2001.
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."

(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, 16 May 2002 to Thursday, 23 May 2002 both days inclusive.

By order of the board

Edith SHIH
Company Secretary

Hong Kong, 21 March 2002

Notes:

1. *In order to qualify for the final dividend payable on Friday, 24 May 2002, 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, 15 May 2002.*
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. *An Explanatory Statement containing the information regarding, inter alia, the repurchase by the Company of its own shares and Ordinary Resolution No (1) will be sent to the shareholders together with the Company's 2001 Annual Report.*

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