Hutchison Whampoa Limited

AUDITED FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2001

- Profit attributable to shareholders of HK$12,088 million and earnings per share of HK$2.84
- Profits on disposal of investments less provisions of HK$3,124 million
- Earnings before interest expense and tax of HK$21,846 million, increase of 12%
- Final dividend per share of HK$1.22, giving total dividend of HK$1.73
- Significant continuing investment activities in all core businesses

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.

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 1 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 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. 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.

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. 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.

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%.

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 cashflow 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.

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

Hutchison Whampoa Limited
Summary of Results
For the year ended 31 December 2001

	Note	**2001** **HK$ millions**	2000 HK$ millions
Turnover			
Company and subsidiary companies		**61,460**	57,022
Share of associated companies and jointly controlled entities		**27,578**	27,803
	1	**89,038**	84,825
Company and subsidiary companies			
Turnover		**61,460**	57,022
Cost of inventories sold		**23,274**	23,332
Staff costs		**8,875**	7,648
Depreciation and amortisation		**3,827**	3,222
Other operating expenses		**10,902**	9,473
		14,582	13,347
Share of profits less losses of associated companies		**5,787**	4,540
Share of profits less losses of jointly controlled entities		**1,477**	1,680
Earnings before interest and other finance costs and taxation ("EBIT")	1	**21,846**	19,567
Interest and other finance costs, including share of associated companies and jointly controlled entities	2	**8,767**	7,914
Profit on disposal of investments less provisions	3	**3,124**	25,742
Profit before taxation		**16,203**	37,395
Taxation	4	**2,305**	1,978
Profit after taxation		**13,898**	35,417
Minority interests		**1,810**	1,299
Profit attributable to shareholders	5	**12,088**	34,118
Dividends			
Interim dividend		**2,174**	2,174
Final dividend		**5,201**	5,201
		7,375	7,375
Earnings per share	6	**HK$ 2.84**	HK$ 8.00
Dividends per share			
Interim dividend		**HK$ 0.51**	HK$ 0.51
Final dividend		**HK$ 1.22**	HK$ 1.22
		HK$ 1.73	HK$ 1.73

Note

1 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	Associates and JCE	2001 Total	Company and Subsidiaries	Associates and JCE	2000 Total
	HK$ m	HK$ m	HK$ m	HK$ m	HK$ m	HK$ m
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	Associates and JCE	2001 Total	Company and Subsidiaries	Associates and JCE	2000 Total
	HK$ m	HK$ m	HK$ m	HK$ m	HK$ m	HK$ m
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

Geographical segment

Turnover from external customers

	Company and Subsidiaries	Associates and JCE	2001 Total	Company and Subsidiaries	Associates and JCE	2000 Total
	HK$ m	HK$ m	HK$ m	HK$ m	HK$ m	HK$ m
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	Associates and JCE	2001 Total	Company and Subsidiaries	Associates and JCE	2000 Total
	HK$ m	HK$ m	HK$ m	HK$ m	HK$ m	HK$ m
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

2 Interest and other finance costs

	2001	2000
	HK$ m	HK$ m
Company and subsidiary companies	**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

3 Profit on disposal of investments less provisions

Profit on disposal of investments less provisions for the year represents a profit of HK$30,000 million arising from the merger of VoiceStream Wireless Corporation and Deutsche Telekom AG ("Deutsche Telekom"), profit on disposal of investments pursuant to forward sales contracts of HK$4,393 million 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, less a provision of HK$29,769 million for the potential effect of share price and exchange rate fluctuations on overseas investments and a provision of HK$1,500 million for loss on property development projects attributable to jointly controlled entities.

The 2000 profit on disposal of investments less provisions comprises of a profit of HK$50,000 million on disposal of Mannesmann AG 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., a profit of HK$1,720 million on the sale of a 50% interest in fixed line telecommunications business and less a provision of HK$34,000 million for the potential effect of share price and exchange rate fluctuations on overseas investments.

4 Taxation

	2001			2000
	Current tax	**Deferred tax**	**Total tax**	Total tax
	HK$ m	**HK$ m**	**HK$ m**	HK$ m
Hong Kong				
Subsidiary companies	**537**	**(6)**	**531**	541
Associated companies	**314**	**-**	**314**	256
Jointly controlled entities	**56**	**(2)**	**54**	71
Overseas				
Subsidiary companies	**543**	**(14)**	**529**	278
Associated companies	**92**	**710**	**802**	781
Jointly controlled entities	**64**	**11**	**75**	51
	1,606	**699**	**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.

5 Included in profit attributable to shareholders is an amount of HK$33,814 million (2000 - HK$25,236 million) transferred from investment revaluation upon disposal of the relevant investments.

6 The calculation of earnings per share is based on profit attributable to the 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).

GROUP CAPITAL RESOURCES AND LIQUIDITY

The Group's total shareholder 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 gives 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 gives 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 bi-lateral 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;
- In February 2002, repaid on maturity, three year, fixed interest rate notes, HK$1,500 million.

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 of 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 telecommunication operations.

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:

	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%

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.

At 31 December 2001, the Group's net debt to net capital ratio was 0.7% (2000 – net cash of HK$50,295 million). The earnings before interest expense, tax, depreciation and amortisation 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 borrowing.

TREASURY POLICIES

The Group's overall treasury and funding policies have remained the same as those described in the Annual Report for the year ended 31 December 2000. At 31 December, 2001, except for the options to sell shares of Vodafone Group and Deutsche Telekom, and the currency and interest rate swaps described in the Group Capital Resources and Liquidity section, the Group has not entered into any material foreign exchange contracts, interest or currency swaps or other financial derivatives.

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).

EMPLOYEES

At 31 December 2001, excluding associated companies, the Group employed 77,253 people (2000 – 49,570 people) of whom 23,775 (2000 – 22,405) are employed in Hong Kong. In 2001, employee costs, excluding Director's emoluments, totalled HK$10,043 million (2000 - HK$7,642 million). The Group's employment and remuneration policies remained the same as those described in the Annual Report for the year ended 31 December 2000.

PUBLICATION OF FURTHER INFORMATION

All the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Rules Governing The Listing of Securities on the Stock Exchange of Hong Kong Limited ("the Exchange") will be published on the Company's and the Exchange's websites in due course. The Group's consolidated financial statements have been audited by the Company's auditors, PricewaterhouseCoopers, and they have issued an unqualified opinion. The auditors' report from PricewaterhouseCoopers will be included in the Annual Report to Shareholders.

HUTCHISON WHAMPOA LIMITED

ANALYSIS OF GROUP EARNINGS BEFORE INTEREST EXPENSE AND TAX (EBIT) AND
GROUP NET PROFIT AFTER TAX AND MINORITY INTERESTS
FOR THE YEAR ENDED 31 DECEMBER 2001

In HK$ Millions

	2001	2000	**2001**	2000	**% CHANGE**
PORTS AND RELATED SERVICES	**5,791**	5,341	**27%**	27%	**8%**
TELECOMMUNICATIONS	**719**	476	**3%**	3%	**51%**
PROPERTY AND HOTELS	**1,717**	1,536	**8%**	8%	**12%**
RETAIL AND MANUFACTURING	**537**	665	**2%**	3%	**-19%**
CHEUNG KONG INFRASTRUCTURE	**4,589**	3,972	**21%**	20%	**16%**
HUSKY ENERGY	**2,036**	2,116	**9%**	11%	**-4%**
FINANCE AND INVESTMENTS	**6,457**	5,461	**30%**	28%	**18%**
EBIT *	**21,846**	19,567	**100%**	100%	**12%**
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%**
	8,767	7,914			**11%**
PROFIT BEFORE THE FOLLOWING	**13,079**	11,653			**12%**
PROFIT ON DISPOSAL OF INVESTMENTS LESS PROVISIONS (see table below)	**3,124**	25,742			**-88%**
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 THE SHAREHOLDERS	**12,088**	34,118			**-65%**

* - includes share of associated companies and jointly controlled entities

Profit on disposal of investments less provisions comprise the following:

	2001	2000
Profit on merger of VoiceStream and Deutsche Telekom	**30,000**	-
Profit on sale of equity investments	**4,393**	-
Profit on exchange of Mannesmann and Vodafone shares	**-**	50,000
Profit on partial disposal of Vodafone shares	**-**	1,600
Profit on partial disposal of Hong Kong mobile operation	**-**	2,200
Profit on partial disposal of Hong Kong fixed line telecommunications business	**-**	1,720
Profit on merger of Husky Oil with Renaissance Energy Ltd.	**-**	4,222
Provision for diminution in value of property developments of jointly controlled entities	**(1,500)**	-
Provision for share price and exchange rate fluctuations on equity investments	**(29,769)**	(34,000)
	3,124	25,742