Annual Report 2002

Success through Excellence

Quality Counts

Hutchison Whampoa has featured in the top 200 of *BusinessWeek's Global 1000*, an annual list that ranks the world's top companies according to their market value. Hutchison rated 115th – the highest among the 15 Hong Kong Hang Seng Index stocks featured.

The dominant theme of the 2002 *Global 1000* was "Quality". Morgan Stanley Capital International Inc analysed data based on market capitalisation as at 31 May to rank companies from 23 countries.

The *Global 1000* serves as a barometer of global investor sentiment. To some extent, it shows that in turbulent times investors prefer moving their funds to good-quality stocks or individual categories, bonds or real estate, or to high-growth markets such as Korea.

Hutchison in UN's Global 100

Hutchison Whampoa has featured in the *United Nations' Global 100 World Investment Report 2002* in the "Transnational Corporations" and Export Competitiveness categories.

The annual Global 100 report analyses international foreign direct investment by Transnational Corporations (TNCs).

Hutchison was also top of the list both in the "25 non-financial TNCs" and the "50 TNCs from developing economies" categories, ranked by foreign assets in 2000.

This was the first time that five multinational companies from developing economies were included in the top 100, with Hutchison Whampoa having the largest foreign assets.

Confirming Hong Kong's ability to provide a good business environment for attracting investors, the global rankings also showed that Hong Kong is still second in attracting foreign investors, after Belgium and Luxembourg.

Hutchison Rated "Best Conglomerate" in Asia

Although the business environment has been difficult for many Asian companies, Hong Kong corporates are still widely favoured by analysts, according to a recent poll.

In the Hong Kong section of the "2002 Best Companies" poll by *Euromoney*, Hutchison Whampoa was rated the best Asian company in the "Conglomerates" category. It also ranked as one of the top five "Best Managed Companies in Hong Kong".

The rankings reflect the company's commitment to good corporate governance, shareholder value, transparency and investor communications.

Hutchison Whampoa is Asia's Best

In its annual ranking of the "Best Companies in Asia for 2002," *Global Finance* has rated Hutchison Whampoa "Best" in two sectors – Conglomerates and Logistics.

To select the "World's Best Companies," the exclusive survey covered a range of companies from key sectors which operate on a global basis. *Global Finance* editors received input from industry analysts, corporate reports and other expert sources.

The criteria for selecting the winners included: growth in revenue and profitability; growth in market capitalisation, social responsibility, percentage of revenues and employees from overseas; breakthroughs in technology or product; success in M&A, crisis management; and aggressiveness in market building.

Global Finance publisher Joseph Giarraputo said: "Excellence in business is most apparent and coveted in difficult economic times. The companies we've identified this year exemplify a level of operations that will keep them the global leaders in their sectors."

Six Wins in a Row

Hutchison has again come first in the overall conglomerates list of the "500 International Chinese Corporations" survey.

This is the sixth year in a row that Hutchison has been top of the list.

Companies selected for the research were from Taiwan, Hong Kong, Singapore, Malaysia, Philippines, Thailand and Indonesia, based on the prerequisite that their major shareholders are of Chinese descent. The ranking was based on their market capitalisation on June 30.

The annual survey by *Yazhou Zhoukan* revealed that the 2002 total market capitalisation of these companies had increased 4.3% over 2001.

Over the years, Hutchison has been acquiring good quality foreign companies to strengthen its diversified international portfolio. Analysts attributed Hutchison's success to the expertise of its management team and employing of the right people regardless of their nationality.

Hutchison Whampoa Limited

Success Through Excellence

With five core divisions operating in 41 countries, HWL's strength lies in its global diversity and total commitment to quality. The Group's culture of excellence is nurtured and perpetuated at every level, every day. Each member of our 150,000-strong staff and management is a crucial component of our success. By constantly striving to exceed and excel, they contribute to the superior performance and achievements of each division.

In 2002, HWL set standards across the board as we have done in previous years and we are honoured by the many accolades, awards and plaudits we have received.

YELLOW CREATIVE CONSULTANT LIMITED

Highly Rated for Corporate Governance

With the Enron and WorldCom scandals ringing alarm bells among investors, the demand for good corporate governance and transparency are higher than ever, and blue chip conglomerate Hutchison Whampoa has been commended for its performance in this regard.

In its first "Corporate Governance" poll, *Asiamoney* rated Hutchison Whampoa first in the "Capital goods – company self-assessment" category and third in the "Capital goods – combined results" category.

This poll will take place semi-annually as the poll results can be compared with subsequent results.

Asian companies were already under intense scrutiny after the 1997 financial crisis, and Hutchison's performance has consistently been amongst the most highly rated by investors.

HWL Cited for Vision and Leadership

Hutchison Whampoa has again featured prominently in the 10th year of the *Review 200*, an annual survey by the *Far Eastern Economic Review.*

FEER surveys business executives and professionals across the Asia region each year, identifying 200 companies with the best corporate leadership qualities.

In the overall rankings, Microsoft still tops the list followed by Nokia, the world's largest maker of mobile phones.

In Hong Kong, Hutchison Whampoa was among the "Company Leaders", ranking third. It also came third in the "Long-Term Vision" category and fourth in "Companies That Others Try To Emulate".

Hutchison Rated Best Managed Company

Hutchison Whampoa took the laurels in the 2002 Best Companies survey done by *FinanceAsia*.

The Hong Kong company was ranked first in the "Best Managed Company", "Best Financial Management" and "Best CFO" categories, was runner up in "Best Investor Relations" and "Strongest Commitment to Enhancing Shareholder Value" and ranked third in the "Company Most Committed to Corporate Governance" category.

The 2002 survey covered the performance of top companies in 10 Asian countries and was focused on investors and equity analysts.

Investors responding to the poll gave top marks to Hutchison for the diversity of its portfolio, its astute investment and trading strategy and its overall prudence.

According to one fund manager, Hutchison has first class management that is able to respond effectively and efficiently to market trends and its major businesses have clearly defined goals that are plainly understood by the public.

HWL Tops HK Credits League

Hutchison Whampoa has topped the Hong Kong list of The *Asset* magazine's "The Asset Annual Benchmark Survey of Asia's Best Credits in 2002", coming second in both weighted and unweighted rankings in the whole of Asia. This study is considered to be one of the most extensive surveys of investors' opinion on the region's credits. 165 companies in 10 markets were nominated – 30% more names than in 2001.

Outstanding Investor Relations

Hong Kong and Singapore are well ahead of all other countries in the region in terms of investor relations, according to the *Asia Research Report 2002.*

Investor Relations Magazine commissioned Taylor Nelson Sofres HK to carry out the annual research study with responses coming mainly from portfolio managers, buy-side and sell-side analysts. The survey also analysed the current state of investor relations discipline, to identify which areas had improved or were still in need of improvement, and which areas were important to the target group.

The report found that Hong Kong gained the most votes (29%), Singapore gained 21% and South Korea 7%.

In Hong Kong, the three companies rated as having the "Best Investor Relations by a Hong Kong Company" were Hang Seng Bank, Hutchison Whampoa and Sun Hung Kai Properties. Hutchison Whampoa was also voted as having the "Best Board Communications" and "Best Corporate Governance."

Hutchison showed good corporate governance; accountability to shareholders; strong board committee communications; and transparency which were "outstanding compared to other listed companies," the report said.

Hutchison Whampoa Limited

Hutchison House, 22nd Floor
10 Harcourt Road, Hong Kong
Telephone : (852) 2128 1188
Facsimile : (852) 2128 1705
www.hutchison-whampoa.com

Contents

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
Computershare Hong Kong Investor Services Limited
(formerly "Central Registration Hong Kong Limited")
Rooms 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

Registered Office
Hutchison House, 22nd Floor
10 Harcourt Road, Hong Kong
Telephone : (852) 2128 1188
Facsimile : (852) 2128 1705

Website Address
www.hutchison-whampoa.com

Business High

Ports and Related Services

Hutchison Port Holdings acquired three additional container facilities in South Korea – two in Busan and one in Kwangyang.

Telecommunications

Hutchison was awarded a 3G licence in the Republic of Ireland.

Telecommunications

Hutchison Global Crossing changed its name to Hutchison Global Communications after it became a wholly owned subsidiary of Hutchison Whampoa.

Telecommunications

The Group unveiled the brand identity **3** for its 3G mobile multimedia service worldwide.

Telecommunications

Hutchison opened its first **3** retail shop in Milan, Italy.

Property and Hotels

Harbour Plaza Metropolis, a hotel adjacent to the Hung Hom railway station in Hong Kong opened for business.

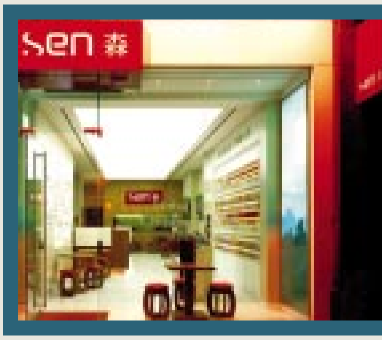
lights 2002

Retail and Manufacturing

Hutchison-Priceline launched Name Your Own Price, an on-line travel service, in Asia.

Retail and Manufacturing

A S Watson acquired one of Europe's leading health & beauty retail businesses, the Kruidvat Group.



Retail and Manufacturing

Hutchison China opened Sen, its first TCM (traditional Chinese medicine) shop, in the UK.

Retail and Manufacturing

A S Watson expanded its Watsons' health & beauty and pharmacy stores to the Philippines.

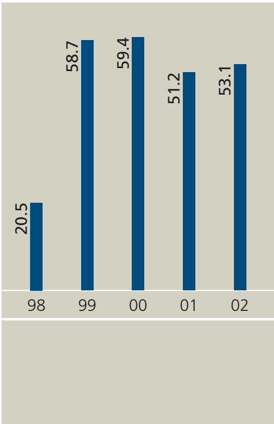
Energy, Infrastructure, Finance and Investments

Cheung Kong Infrastructure and Hongkong Electric jointly acquired electricity utility company CitiPower in Australia.

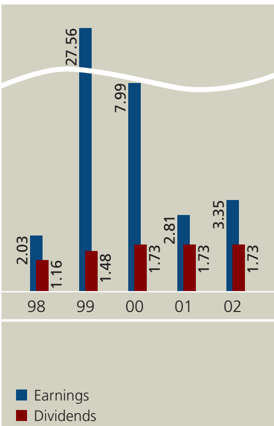
Energy, Infrastructure, Finance and Investments

Cheung Kong Infrastructure was awarded the contract for the Cross City Tunnel project in Sydney, Australia.

Net Assets per Share
HK dollars



Earnings and Dividends per Share
HK dollars



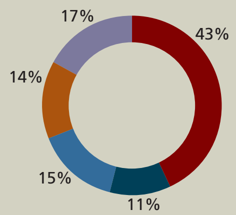
	2002 HK$ millions	2001 HK$ millions		Percentage Change
Turnover				
Company and subsidiary companies	**75,235**	61,460	+	**22%**
Share of associated companies and jointly controlled entities	**35,894**	27,578	+	**30%**
	111,129	89,038	+	**25%**
Earnings before interest and other finance costs and taxation				
Company and subsidiary companies	**16,231**	14,582	+	**11%**
Share of associated companies and jointly controlled entities	**8,216**	7,127	+	**15%**
Total earnings before interest and other finance costs and taxation ("EBIT")	**24,447**	21,709	+	**13%**
Interest and other finance costs				
Company and subsidiary companies	**5,262**	6,952	+	**24%**
Share of associated companies and jointly controlled entities	**1,831**	1,815	–	**1%**
Profit before profit on disposal of investments less provisions	**17,354**	12,942	+	**34%**
Profit on disposal of investments less provisions	**1,524**	3,124	–	**51%**
Profit before taxation	**18,878**	16,066	+	**18%**
Taxation	**2,724**	2,276	–	**20%**
Profit after taxation	**16,154**	13,790	+	**17%**
Minority interests	**1,866**	1,810	–	**3%**
Profit attributable to shareholders	**14,288**	11,980	+	**19%**
Total assets	**493,636**	431,209	+	**14%**
Net debt *(Note 1)*	**50,229**	1,656	+	**2,933%**
Shareholders' funds	**226,176**	218,077	+	**4%**
Net assets per share - book value (HK$)	**53.1**	51.2	+	**4%**
Earnings per share (HK$) *(Note 2)*	**3.35**	2.81	+	**19%**
Dividends per share (HK$)	**1.73**	1.73		**–**
Dividend cover	**1.9**	1.6	+	**19%**
Net debt / net total capital *(Note 1)*	**16%**	0.7%	+	**15.3%**
Return on average shareholders' funds	**6.4%**	5.1%	+	**1.3%**

Note 1: Net debt is defined on the Consolidated Cash Flow Statement. Net total capital is defined as total borrowings plus share capital, reserves and minority interests net of total cash, liquid funds and other listed investments as shown on the Consolidated Cash Flow Statement.

Note 2: The comparative figures have been restated to comply with the current year's presentation.

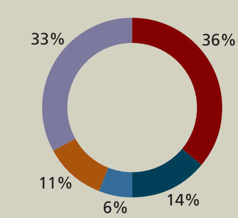
Analysis by Core Business of Group Turnover, EBIT and Profit

Turnover by Geographical Area 2002



Hong Kong
Mainland China
Asia and Australia
Europe
Americas and others

EBIT by Geographical Area 2002



Hong Kong
Mainland China
Asia and Australia
Europe
Americas and others

	2002 HK$ millions	2001 HK$ millions		Percentage Change
Turnover				
Ports and related services	**20,572**	15,505	+	**33%**
Telecommunications	**13,367**	11,468	+	**17%**
Property and hotels	**11,709**	5,516	+	**112%**
Retail and manufacturing	**39,471**	29,543	+	**34%**
Cheung Kong Infrastructure	**10,626**	10,079	+	**5%**
Husky Energy	**11,198**	11,801	–	**5%**
Finance and investments	**4,186**	5,126	–	**18%**
Total	**111,129**	89,038	+	**25%**
EBIT				
Ports and related services	**6,795**	5,791	+	**17%**
Telecommunications	**818**	719	+	**14%**
Property and hotels	**2,570**	1,717	+	**50%**
Retail and manufacturing	**1,031**	537	+	**92%**
Cheung Kong Infrastructure	**4,990**	4,589	+	**9%**
Husky Energy	**2,084**	1,899	+	**10%**
Finance and investments	**6,159**	6,457	–	**5%**
Total	**24,447**	21,709	+	**13%**
Profit attributable to shareholders				
Ports and related services	**4,071**	2,683	+	**52%**
Telecommunications	**173**	6,543	–	**97%**
Property and hotels	**598**	(1,984)	+	**130%**
Retail and manufacturing	**299**	(229)	+	**231%**
Cheung Kong Infrastructure	**2,675**	2,253	+	**19%**
Husky Energy	**1,127**	808	+	**39%**
Finance and investments	**5,345**	1,906	+	**180%**
Total	**14,288**	11,980	+	**19%**

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 strong performance in 2002 reflects solid earnings growth with all of the Group's operating business divisions reporting improved results despite the continuing uncertain economic conditions and volatile markets. In this challenging period, the Group focused on continuing to develop its existing businesses while laying the groundwork for future growth and value creation in the new 3G mobile multimedia telecommunication operations.

The Group's audited profit attributable to shareholders for the year amounted to HK$14,288 million, an increase of 19% compared to the previous year. Earnings per share amounted to HK$3.35, an increase of 19%. These results include profit on disposal of investments less provisions totalling HK$1,524 million (2001 – HK$3,124 million) which primarily relates to a profit of HK$1,129 million arising from the sale to strategic partners of equity interests, ranging from 1% to 3%, in certain ports. Profit on disposal of investments less provisions is described in Note 6 to the audited consolidated profit and loss account. Excluding these exceptional gains in both years, profit attributable to shareholders increased 44%, reflecting healthy continuous growth in the Group's recurring operations.

During the year, equity markets continued to be volatile and to decline, which has adversely affected the Group's remaining equity investments in Vodafone Group and Deutsche Telekom. The Vodafone Group share price declined from a book carrying value of £1.28 to £1.13 and Deutsche Telekom declined from a book carrying value of €17.38 to €12.25 at 31 December 2002. Considering the continuing volatility in the equity markets and the uncertain global economy, the decline in value of HK$3,105 million upon marking these investments to the 31 December 2002 market value, is not currently considered a permanent diminution and, therefore, in accordance with the Group's accounting policy, the reduction in value has been accounted for in investment revaluation reserves in the balance sheet. The Group continues to monitor and, where appropriate, enter into hedging arrangements relative to these positions. Currently 40% of the Group's holdings in Vodafone Group are hedged at or above book carrying value.

Dividend

Your Directors will recommend a final dividend of HK$1.22 per share (2001 – HK$1.22) at the forthcoming Annual General Meeting. This, together with the interim dividend of HK$0.51 paid on 11 October 2002, gives a total dividend of HK$1.73 per share (2001 – HK$1.73).

"Profit attributable to shareholders of HK$14,288 million, an increase of 19%"

Operations

The Group's turnover and earnings before interest expense and taxation ("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. Turnover for the year totalled HK$111,129 million, an increase of 25% over last year, mainly reflecting increased turnover in the ports and related services, property and hotels, and retail and manufacturing divisions. These were partially offset by decreased turnover in the finance and investments division due to the lower interest rates environment. Total EBIT for the year increased 13% to HK$24,447 million. All of the Group's divisions, other than the finance and investments division, reported EBIT ahead of last year.

Ports and Related Services

The ports and related services division reported turnover of HK$20,572 million, a 33% increase over last year. The increase in turnover reflects throughput growth and the additional activity from the 13 container terminals acquired in the latter part of 2001 and in early 2002. The combined throughput of the worldwide operations increased 32% to 35.8 million TEUs (twenty foot equivalent units) and this division reported EBIT of HK$6,795 million, 17% above last year. The major contributors to this total EBIT performance are as follows:

- The Hong Kong and Yantian deepwater port operations, which together serve the Shenzhen and Southern China manufacturing basin reported combined throughput growth of 21% and EBIT growth of 11%.

- In the United Kingdom ("UK"), combined container throughput at Felixstowe, Thamesport and Harwich was in line with last year and the combined EBIT grew 34%, mainly due to a successful cost rationalisation programme. In December 2001, the European Commission approved a request to increase the Group's ownership of Europe Container Terminals ("ECT") in Rotterdam, from 31.5% to 75.5%, subject to a condition to sell its 33.3%

interest in the recently completed adjacent Maersk Delta Terminals ("MDT"). ECT reported throughput 2% below last year, mainly due to a shipping line moving to MDT after it commenced operation. EBIT was 358% above last year reflecting the increased shareholding and the profit arising from the required disposal of MDT, partially offset by the effect of reduced throughput.

- In Indonesia, Jakarta International Container Terminal and the adjacent Koja Terminal reported combined throughput growth of 5% and EBIT growth of 14%, reflecting a successful effort to reduce costs.

"Earnings per share of HK$3.35, an increase of 19%"

- Shanghai Container Terminals, a joint venture company, reported a 16% growth in throughput and EBIT was in line with the previous year. The Group expanded its Mainland operations with the acquisition in January 2002 of a 49% interest in Ningbo Beilun International Container Terminals, which reported throughput of 984,000 TEUs and EBIT ahead of expectation. In March this year, the Group completed the acquisition of a 30% interest in Shanghai Pudong International Container Terminals, which operates the 1.8 million TEU annual capacity terminal in Phase I of Waigaoqiao Container Terminals.

- Internacional de Contenedores Asociados de Veracruz, which is located on the eastern coast of Mexico, reported throughput of 600,800 TEUs, a 19% increase over the comparable annualised throughput last year and EBIT increased 56% on the same comparative basis. International Ports Services at Dammam in Saudi Arabia, reported throughput of 564,200 TEUs and a 15% increase over the comparable annualised throughput last year and EBIT increased 19% on the same comparative basis.

The other ports in the division taken as a whole also performed satisfactorily.

The division is continuing to expand, mainly by developing its existing operations. Construction work is continuing on the Container Terminal 9 consortium development in Hong Kong to add 1.3 million TEUs of annual capacity and on Phase IIIA of Yantian port to add 2.0 million TEUs of annual designed capacity. The first berth of Container Terminal 9 is expected to be completed in the third quarter of 2003. The first two berths of Phase IIIA of Yantian port are expected to be completed at the end of 2003 and two further berths in 2004. Further capacity is being constructed at Balboa, Panama, to increase annual capacity by 500,000 TEUs to one million TEUs and is scheduled for completion at the end of 2003, while construction of Phase II of Kwangyang port in South Korea, consisting of seven berths with an annual capacity of 2.5 million TEUs, is progressing and is scheduled for completion in phases to 2004. This capacity expansion programme to meet demand and the continuing growth in the existing ports, provides a solid base for earnings growth in 2003 and beyond.

After completing major acquisitions of 13 container terminals in 2001 and 2002, this division currently operates in five of the seven busiest container ports in the world, with interests in a total of 31 ports comprising 175 berths in 15 countries. While this division will continue on a selective basis to seek attractive investment opportunities, it is currently focused on improving and developing its existing businesses.

Telecommunications

The telecommunication division's turnover of HK$13,367 million and EBIT of HK$818 million, an increase of 17% and 14% respectively, reflect the results of the Hong Kong mobile and fixed line operations, the Australian operations, India, Israel and other 2G operations, and dividends received from equity investments in Vodafone Group and Deutsche Telekom. Turnover increased mainly due to continued strong subscriber growth in the 2G operations in India and Israel. Currently, the Group's Hong Kong, Australia, India, Israel and other 2G operations have over 6.1 million subscribers, a growth of 34% from the beginning of the year. EBIT increased 14%, mainly due to improved results in Hong Kong, India and Israel and increased dividends received on equity investments, partially offset by losses in the listed Australian operations. The Group's 3G operations in the UK, Italy, Sweden, Denmark and

Austria along with the CDMA-1X operation in Thailand were in a pre-operating investment phase in 2002 and the related pre-operating expenses of HK$1,871 million which have been charged to the profit and loss account, have been compensated for by the release of provisions made in previous years.

"3G development completed and ready to start business in 2003"

In Hong Kong, the Group has maintained its position as the largest mobile operator with approximately 1.7 million subscribers currently and an approximate 28% market share. The 2G mobile operations successfully reduced operating costs and reported a stabilisation of its average revenue per user ("ARPU") after several years of intense price competition, resulting in EBIT well above last year. EBIT from the 2G operations more than covered the pre-operating expenses of its 3G business. The construction of the 3G network is on schedule and services are targeted to commence in June this year. In October, the Group sold an effective 3.73% equity interest in the Hong Kong 2G and 3G operations to a strategic partner, NEC Corporation, reducing the Group's interests to 70.9%.

Hutchison Global Communications ("HGC"), formerly Hutchison Global Crossing, which owns and operates a terrestrial fibre optic network in Hong Kong, continued to grow its business and reported strong customer growth for its broadband, data and voice services as well as its international bandwidth business. HGC increased its duct routes to over 3,300 kilometres. HGC reported improved operations, achieving its first month of EBIT in November and reducing its full year loss before interest expense and taxation ("LBIT") by 49% on an annualised basis compared to last year.

In Australia, listed Hutchison Telecommunications Australia ("HTA") announced a 44% increase in its net loss attributable to shareholders compared to last year of A$197 million, which reflects reduced losses from its existing 2G operations as a result of increased subscribers and ongoing cost reduction initiatives, offset by pre-operating expenses of A$85 million incurred as it builds its 3G network, which is scheduled to commence operations in the first half of this year. Orange Mobile subscribers increased 37% from the beginning of the year to over 263,000 and the 2G operation reached a milestone by reporting positive earnings before interest expense, taxation, depreciation and amortisation ("EBITDA") in the second half of the year.

The Group's 2G operations in India increased their combined subscriber base by 80% from the beginning of the year to over 2.0 million currently. EBIT decreased 15% reflecting continuing EBIT growth from the four existing operations in Mumbai, Delhi, Kolkata and Gujarat, offset by start-up losses from operations in the new licence areas in Andhra Pradesh, Karnataka and the city of Chennai, which all launched GSM network services in June 2002. The Indian operations continue to progress satisfactorily and are expected to provide further growth in the future. In January 2003, an agreement was reached to purchase, subject to regulatory approval, a licence to operate cellular mobile telephone services in the state of Punjab.

In Israel, listed Partner Communications ("Partner") has continued to grow its subscriber base, which at the end of 2002 totalled over 1.8 million, a 26% increase from the beginning of the year. Partner announced a milestone first time profit attributable to shareholders of US$18 million for the year, compared to a loss of US$69 million last year. During the year, Partner's original 2G spectrum licence was extended for an additional fourteen years to 2022 at no cost.

"EBIT of HK$24,447 million, an increase of 13%"

In Europe, the Group focused on finalising the deployment of networks, integration of systems, final user testing and preparations for commercial operations in its 3G businesses this year. In both the UK and Italy, the teams have been working hard and are satisfied that the 3G networks in these countries are now ready to provide quality services to customers. Consequently, the 3G operations in both countries are now "open for business". Handset pricing policies and tariff plans have been announced and early customer responses have been encouraging. Hutchison 3G UK has opened flagship **3** stores and other high street outlets and signed agreements with major handset distributors. Hutchison 3G Italy has also established its distribution channels, announced its handset pricing policies and tariff plans and received enthusiastic customer interest. On 3 March this year, the Group informed the market that the delivery of handsets would begin in both the UK and Italy in mid-March and suppliers have committed to deliver 700,000 units by the end of May. 3G services in Sweden, Denmark and Austria are scheduled to commence later this year. Through a rigorous review of capital expenditure requirements, operating methods and costs, the Group is projecting to reduce the aggregate peak funding requirement for its 3G business through to 2005 by over €4,000 million (HK$31,000 million). By the end of this year, approximately 100% of the licence costs and approximately 70% of the capital expenditure requirements for the 3G operations are expected to have been incurred, substantially completing the 3G telecommunication investment phase. The peak funding requirements for both the UK and Italy operations are currently being met by mainly existing non or limited recourse syndicated bank loans and matching loans from equipment vendors. The Group expects to provide some further financial support to its 3G businesses during their start-up phase and has substantial liquid assets to cover any such requirements. As the 3G businesses move from a development phase to full operations mode in 2003, the Group is confident the services will be successfully received.

"Operating business divisions all achieved EBIT growth"

On 9 August 2002, the Group together with Singapore Technologies Telemedia received the United States of America Bankruptcy Court's approval of an agreement for each to invest US$125 million for a 30.75% interest in a newly constituted Global Crossing Ltd ("GC") on its emergence from bankruptcy. GC owns and operates an integrated global fibre-optic network that reaches 27 countries and more than 200 major cities around the globe. This transaction is scheduled to be completed in the first half of 2003, subject to obtaining regulatory approvals and satisfaction of other closing conditions.

Property and Hotels

The property and hotels division turnover amounted to HK$11,709 million, a 112% increase over last year, mainly due to increased development activity. EBIT of HK$2,570 million was 50% above last year, mainly due to increased rental income from completed properties, the profit from the sale of three hotels in the Mainland and the completion and sale of more development projects. The vast majority of this division's EBIT arises from the steady and recurring gross rental earned from the division's investment portfolio, which grew 9% in 2002. The Hong Kong portfolio of 12.7 million sq ft of commercial, office, industrial and residential properties continues to be substantially fully let. Development profits were realised primarily from the completion and sale of 865 residential units of The Victoria Towers in Hong Kong, 131 residential units of the Harbourfront Landmark in Hong Kong and 525 residential units of Phase II of Le Parc in Shenzhen. The ongoing development projects in

Hong Kong, the Mainland and overseas in London and Singapore are progressing satisfactorily. In 2001 and the first half of 2002, the Group substantially increased its landbank, particularly in Mainland China. The Group's share of the developed landbank portfolio totals approximately 16.0 million sq ft of mainly residential properties to be completed in phases to 2009. The division's portfolio of hotels overall reported EBIT well ahead of last year due to improved operating results and a one time profit realised on the sale of the Time Plaza Shenyang, the Harbour Plaza Beijing and the Harbour Plaza Kunming hotels.

"Profit attributable to shareholders, excluding exceptional gains, increased 44%"

Retail and Manufacturing

The retail and manufacturing division reported turnover of HK$39,471 million, a 34% increase, mainly reflecting increased turnover from the acquisition of the Kruidvat Group. EBIT of HK$1,031 million was 92% better than last year, mainly due to profits contributed by the Kruidvat Group and improved results from existing operations.

Although PARKnSHOP, the supermarket chain, continued to be affected by the deflationary economy in Hong Kong, it reported improved results from its cost rationalisation programme. Its Mainland operations reported encouraging results and continued to grow, opening an additional four large-format stores in Southern China. The Watsons personal care, health and beauty retail operations in Hong Kong, Mainland China and other Asian countries, and Savers in the UK, reported a combined 21% increase in sales and a 16% increase in EBIT. The increase was mainly attributable to the improved performance of Savers in the UK which increased its chain by 56 stores, partially offset by lower results in Taiwan. In October 2002, the Group acquired the Kruidvat Group, a leading health and beauty retail chain with a store portfolio of approximately 1,900 outlets in six European countries. Kruidvat Group was immediately accretive to the Group, contributing two months of earnings and cash flow. The combined turnover of the water and beverage manufacturing and distribution operations in Hong Kong, the Mainland and Europe was in line with last year, however, EBIT was disappointing and lower due to adverse weather and competitive conditions. In January this year, an agreement was signed to sell the European water operations, subject to regulatory approval, to Nestlé Water for a consideration of approximately €560 million. The disposal is expected to be completed later this year and a profit will be recorded at that time.

Hutchison Harbour Ring, a listed subsidiary, announced turnover of HK$1,816 million and net profit attributable to shareholders of HK$105 million.

Cheung Kong Infrastructure

Cheung Kong Infrastructure ("CKI"), a listed subsidiary, announced turnover of HK$3,595 million and profit attributable to shareholders of HK$3,425 million, 3% above last year. CKI has promising prospects.

"Cash and liquid investments, at market value, totalled HK$130,267 million"

Husky Energy

Husky Energy, a listed associated company, announced turnover of C$6,384 million and profit attributable to shareholders of C$804 million, 23% above last year, mainly due to increased oil production and improved oil prices. Due to the current strong oil prices, Husky Energy is expected to have satisfactory results in the coming year.

Outlook

In 2002, the uncertain economic global environment continued. Global equity and credit markets were volatile, the Hong Kong economy recorded another year of deflation pressure and interest rates remained at low levels. Despite the challenging environment, the Group's operations remained competitive and reported solid recurring EBIT and growth, benefiting particularly from acquisitions overseas in the ports and retailing divisions in 2001 and 2002.

After completing a number of major acquisitions over the last two years, in 2003 the Group will focus on growing and expanding its existing operations cautiously in Hong Kong, Mainland China and overseas and building its start-up 3G businesses in Europe, Hong Kong and Australia. The technology, networks, handsets, content and business infrastructure required for 3G operations have all been successfully developed and **3** will be in business in all our markets this year.

The Group's cash and liquid investments amounted to HK$130,267 million at 31 December 2002 and cashflow from the existing core businesses remained strong (EBITDA of HK$33,273 million; 2001: HK$33,027 million). Cash and liquid investments include the Group's shareholding in Vodafone Group held at 31 December 2002 marked to the market value of £1.13 per share, in the amount of HK$20,118 million and in Deutsche Telekom, also marked to its 31 December 2002 market value of €12.25 per share, in the amount of HK$11,698 million. The Group's consolidated total debt at 31 December 2002 was HK$180,496 million, and after deducting cash and liquid investments, the Group's net debt position was HK$50,229 million, resulting in a conservative overall net debt to net capital ratio of approximately 16%. The Group will continue to benefit from the steady and growing cashflow and low borrowing levels of its existing core businesses as it builds its 3G businesses.

"3G businesses will be able to demonstrate in a year's time their promising prospects..."

The Group has benefited from its geographic diversity, has gained valuable competitive experience with operations in 41 countries and is in a strong financial position. I am confident that all of our existing core businesses will continue to perform well and will provide substantial recurring contributions; and that, in addition, the start-up 3G businesses, which have attracted much attention in the market, will be able to demonstrate clearly in a year's time, their promising prospects and their potential to contribute significantly to the Group's growth and create long term value for 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, 20 March 2003

Operations

Ports and Related Services
Telecommunications
Property and Hotels
Retail and Manufacturing
Energy, Infrastructure, Finance and Investments

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.

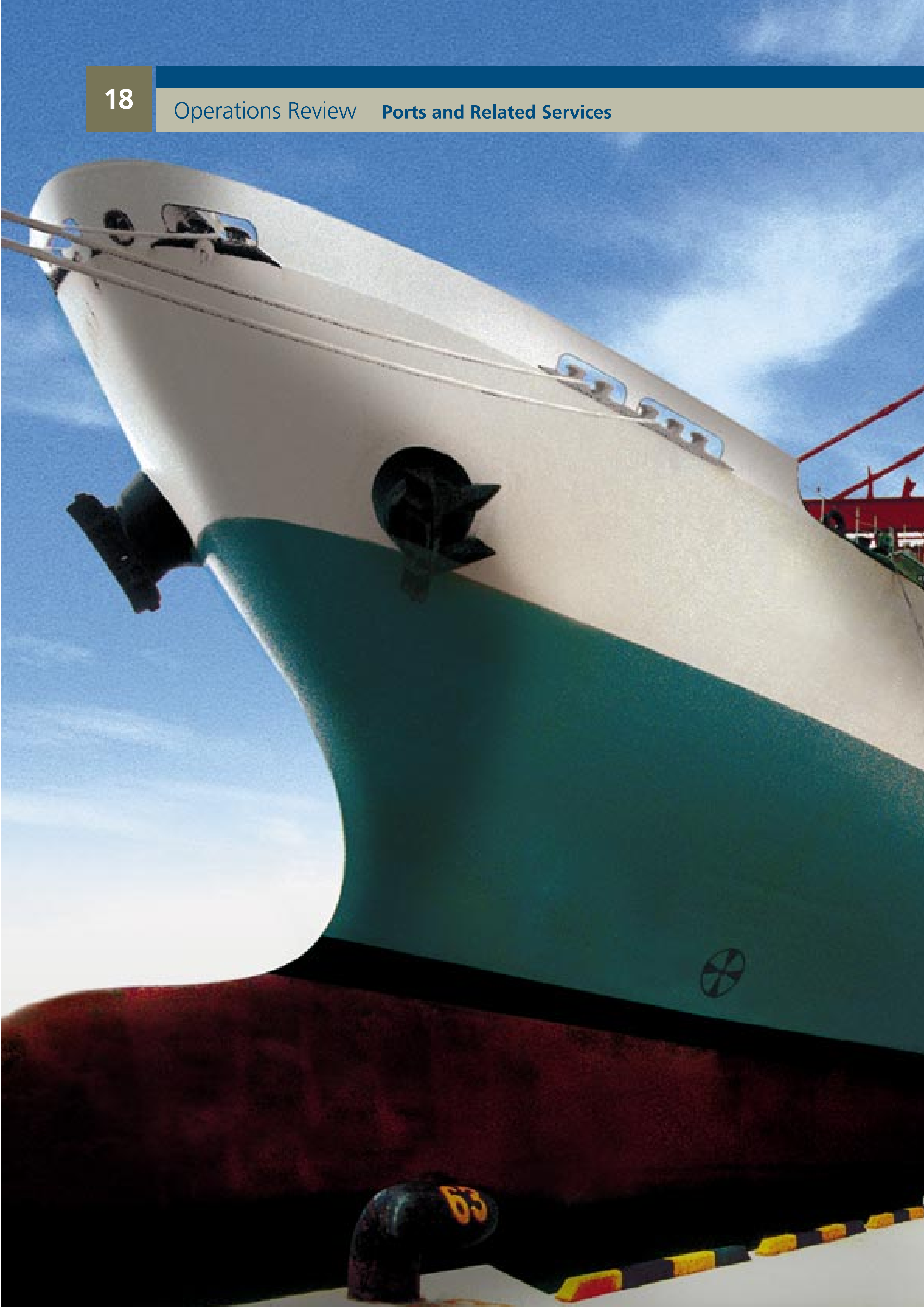
The Group's turnover and earnings before interest expense and taxation ("EBIT") for 2002, including the Group's share of associated companies' and jointly controlled entities' turnover and EBIT, are shown by business segment on page 5 of this Report and also in Note 3 to the consolidated profit and loss account. Turnover for the year increased 25% to HK$111,129 million, due to increased activities in the ports and related

Review

services, property and hotels, and retail and manufacturing divisions. Although 2002 proved to be a very challenging year with continued economic uncertainty, all the Group's business divisions reported EBIT ahead of last year, although the finance and investments division, which undertakes the Group's treasury activities, reported lower EBIT due to the lower interest rates environment. The Group's EBIT for the year was HK$24,447 million, a 13% increase.

The Group's interest expense for the year, including its share of associated companies' and jointly controlled entities' interest expense, decreased by 19% to HK$7,093 million, mainly due to reduced average interest rates, after taking into consideration interest rate swap agreements, partially offset by a higher average total loan balance as the Group drew down on existing, mainly non or limited recourse bank loan facilities to finance the development of its 3G networks. The details of the profit on disposal of investments less provisions totalling HK$1,524 million (2001 – HK$3,124 million) are shown in Note 6 to the consolidated profit and loss account. The Group's taxation charge increased by HK$448 million, or 20%, due to increased profits mainly from the overseas ports operations acquired in 2001 and early 2002, and also from the overseas retail operations, including the Kruidvat Group which was acquired in October 2002. The minority interests' share of the Group's profit increased by HK$56 million, or 3%.

The profit attributable to shareholders for the year increased 19% to HK$14,288 million.


63

South Korea

In 2002, Hutchison Port Holdings acquired three deepwater container terminals at Busan and Kwangyang from a local company in South Korea. These terminals included South Korea's busiest container terminal – Hutchison Busan Container Terminal, located at the port of Busan; a separate terminal in Busan – Hutchison Gamman Container Terminal and another in Kwangyang – Hutchison Kwangyang Container Terminal.

HIT Judged “Best Container Terminal Operator”

Hongkong International Terminals (“HIT”) has been named the “Best Container Terminal Operator” in this year’s *Lloyd’s List Maritime Asia* Awards.

Now in its 4th year, the Maritime Asia Awards give recognition to key players in the maritime and transport industry. Readers of *Lloyd’s List Maritime Asia* and a panel of independent judges made up of industry experts chose the winners.

“In light of the increasing regional competition, we are very pleased to have received this recognition,” commented HIT Managing Director, Eric Ip, during the award gala dinner held in Singapore.

HIT is “Most Intelligent Port”

Hongkong International Terminals (“HIT”) has received an award from the IT publication, *Intelligent Enterprise Asia*, for its development of *Yard Model 3*, a computer simulation model for yard management systems.

Organised by *Intelligent Enterprise Asia*, the annual Intelligent20 Awards showcase outstanding IT implementations with high business value.

The award highlights HIT’s use of computer modelling to test processes and workflows in the container yard. With limited terminal operating area, HIT continues to lead the field in developing globally recognised systems and processes.

Commenting on the achievement, HIT Managing Director Mr Eric Ip said, “We are very pleased to have received this award. Our project team works hard, continuously striving to enhance and optimise the service level at HIT.”

HPH Tops International List

Hutchison Port Holdings (“HPH”) has been selected as winner in the International Award category of the 2002 SCMP/DHL Business Awards. The accolade was in recognition of the spectacular progress it has made in recent years to become the world’s leading port operator and developer and an industry leader in the application of technologies.

HPH operates 31 ports together with a number of transportation related service companies. It has interests in 15 countries throughout Asia, Africa, Europe, the Americas and the Middle East.

HPH invests in the training of local staff and transferring proprietary state-of-the-art technologies to all the ports it operates. The increasing use of information technology at these ports has streamlined the transportation supply chain and helped local manufacturers and import-export businesses become more internationally competitive.

HPH also benefited from the financially strong and single entity shareholder, Hutchison Whampoa, which has a clear and defined vision and objective. The company is able to react swiftly to opportunities because it is a private sector operator. HPH also holds prime port locations.

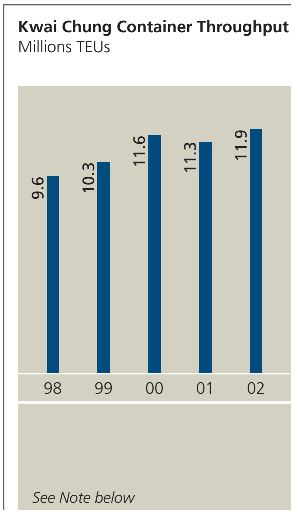
The Group is one of the world's largest independently owned operators of container terminals and currently has interests in 31 ports with 175 berths in 15 countries.

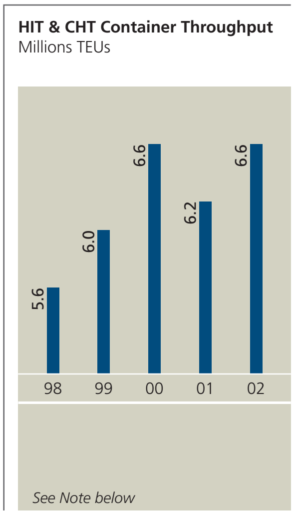
Turnover for the ports and related services division for 2002 totalled HK$20,572 million, an increase of HK$5,067 million, or 33%, compared to 2001, mainly due to a 32% increase in annual throughput to reach 35.8 million twenty foot equivalent units ("TEUs"). The increased throughput arose from growth at existing ports and additional contributions from the 13 container terminals acquired in the latter part of 2001 and in early 2002. EBIT from this division increased 17% in 2002 to HK$6,795 million due to increased throughput and the contributions from the acquired port operations.

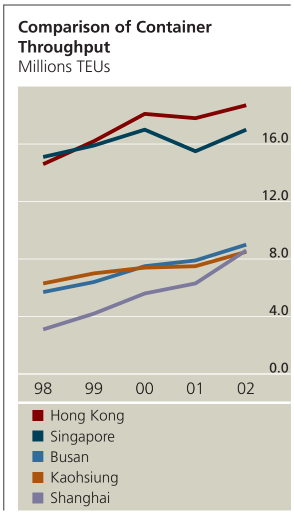
Left: Hongkong International Terminals, HPH's flagship operation, is one of the world's largest independently owned container terminals and winner of Lloyd's List Maritime Asia Awards 2002 for Best Container Terminal Operator.
Right: In the course of less than a decade, YICT has become a world-class port and an important gateway to South China.

Hong Kong and Yantian

The Group's Hong Kong and Yantian, PRC deepwater port operations serve the Shenzhen and Southern China manufacturing basin. Combined throughput in these two operations increased 21% and combined EBIT was 11% better than the previous year, reflecting increased export volumes. The port of Hong Kong remained the world's busiest container port in 2002.







Note: The published statistics from the Hong Kong Marine Department for the total of local and transshipment throughput in the Kwai Chung Container Throughputs graph incorporate liftings to or from ocean going vessels and containers received from or delivered to ports located within the river trade zone (as defined by the Hong Kong Marine Department) through water-borne traffic. Throughput figures of HIT and COSCO-HIT exclude this water-borne traffic, consistent with the treatment of containers transported to or from locations within the river trade zone by trucks.

In Hong Kong, Hongkong International Terminals ("HIT") operates Terminals 4, 6 and 7 at Kwai Chung and COSCO-HIT ("CHT") a joint venture company, operates Terminal 8 East. Combined throughput growth at HIT and CHT, was 7% above last year. Yantian International Container Terminals ("YICT") recorded another year of growth with throughput increasing 52%.

Construction work continued on the Container Terminal 9 consortium development in Hong Kong 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 the third quarter of 2003 and its second berth in 2005. During the year, construction work commenced on the Yantian Phase IIIA development, which comprises four container berths adjacent to the existing Phase I and II facilities. The first two berths are expected to be completed at the end of 2003 and two further berths in 2004.

Other operations in Hong Kong include the mid-stream and river trade businesses. Mid-Stream Holdings had a satisfactory year handling approximately 2.0 million TEUs, a 40% increase, and EBIT grew commensurately. The River Trade Terminal Company, a joint venture which principally serves the water-borne trade between the Pearl River Delta region and Hong Kong, continued to incur losses.

Name	**Location**	**Group's % Interest**	**2002 Throughput** (thousand TEUs)
Hongkong International Terminals / COSCO-HIT Terminals	Kwai Chung	86.5% / 43.25%	6,587
Yantian International Container Terminals	Yantian, PRC	48%	4,182
Mid-Stream Holdings	Hong Kong	100%	2,075
River Trade Terminal	Tuen Mun	38%	1,797

A view of the automated ECT Delta Terminal at nightfall where the automated guided vehicles are discharging a vessel.

Europe

The Group's United Kingdom ("UK") port operations, consisting of Felixstowe, Thamesport and Harwich, reported throughput in line with 2001 and EBIT increased 34%, mainly due to a successful cost rationalisation programme. Harwich port's passenger and freight roll-on / roll-off services reported a 6% decrease in passenger numbers and a 20% increase in freight volume.

In December 2001, the European Commission approved the Group's request to increase its ownership of Europe Container Terminals ("ECT") in Rotterdam from 31.5% to 75.5%, subject to a condition that ECT sells its 33.3% interest in the recently completed, adjacent Maersk Delta Terminals ("MDT"). ECT reported throughput 2% below last year, mainly due to Maersk Sealand moving its throughput to MDT after it commenced operation. EBIT was 358% above last year reflecting the Group's increased shareholding and the profit arising from the required disposal of MDT, partially offset by the effect of reduced throughput.

Name	Location	Group's % Interest	2002 Throughput (thousand TEUs)
Hutchison Ports (UK) – Felixstowe, Thamesport and Harwich	United Kingdom	90%	3,212
Europe Container Terminals	Netherlands	75.5%	3,500

Asia, Middle East and Africa

These operations are comprised of ports in Jakarta in Indonesia, Dammam in Saudi Arabia, Busan and Kwangyang in South Korea, Klang in Malaysia, Dar es Salaam in Tanzania, Karachi in Pakistan, Thilawa (Yangoon) in Myanmar and Laemchabang in Thailand. A call option was exercised in June 2002 to purchase additional interests in three operating terminals in Saudi Arabia, Tanzania, Pakistan and one terminal under development in Thailand.

In Indonesia, Jakarta International Container Terminal ("JICT") and the adjacent Koja Terminal reported combined throughput growth of 5% and an EBIT increase of 14%, mainly due to a successful cost reduction programme.

Left: JICT North Berth handles a weekly service of the Grand Alliance Consortium sailing direct to Europe. The port is equipped with two Post-Panamax quay cranes.
Right: Thai Laemchabang Terminal commenced operations in early 2002. The terminal is located at Laemchabang Port, a deepwater port on the east coast of the Gulf of Thailand, about 100 kilometres from Bangkok and 25 kilometres from Pattaya City.

TICT is situated 3 kilometers from downtown Dar es Salaam, the commercial capital of Tanzania.

In Saudi Arabia, International Ports Services, operates the Port of Dammam which reported throughput of 564,200 TEUs, a 15% increase over the comparable annualised throughput last year and EBIT increased 19% on the same comparative basis.

In South Korea, the Group acquired two terminals in Busan and one in Kwangyang in February 2002, which comprise of seven container berths. In addition, Korea International Terminals is developing a seven-berth Phase II terminal at Kwangyang Port. The first three berths started operations in April 2002 and the remaining four berths will be completed later this year. Both the Busan and Kwangyang operations have performed in line with expectation. In Malaysia, Kelang Multi Terminal reported throughput growth of 41% and EBIT increased 27%.

Name	**Location**	**Group's % Interest**	**2002 Throughput** (thousand TEUs)
Jakarta International Container Terminal and Koja Container Terminal	Indonesia	51% / 47.9%	2,082
International Ports Services	Saudi Arabia	51%	564
Hutchison Korea Terminals (two terminals in Busan and one terminal in Kwangyang)	South Korea	100%	1,986
Korea International Terminals	South Korea	80%	13
Kelang Multi Terminal	Malaysia	31.5%	1,968
Tanzania International Container Terminal Services	Tanzania	70%	166
Karachi International Container Terminal	Pakistan	100%	359
Myanmar International Terminals	Myanmar	85%	65
Thai Laemchabang Terminal	Thailand	88%	39

The Tanzania International Container Terminal ("TICT"), located in Dar es Salaam, the largest city, industrial centre and business capital of Tanzania, reported throughput of 166,300 TEUs, a 12% increase over the comparable annualised throughput last year and EBIT increased 15% on the same comparative basis.

In Pakistan, the Karachi International Container Terminal reported throughput of 358,500 TEUs, a 14% increase over the comparable annualised throughput last year and EBIT increased 16% on the same comparative basis.

NBCT is busy servicing the latest generation vessel.

Mainland China

Although throughput at Shanghai Container Terminals, a joint venture company, was 16% above last year, EBIT was in line with last year due to competition from nearby ports. A 49% interest in Ningbo Beilun International Container Terminals ("NBCT") was acquired in January 2002 which reported throughput of 984,000 TEUs and EBIT ahead of expectation. In March this year, the acquisition of a 30% interest in Shanghai Pudong International Container Terminals was completed. This company operates Phase I of Waigaoqiao Container Terminals, which in 2002 handled 1.8 million TEUs.

Name	Group's % Interest	2002 Throughput (thousand TEUs)
Shanghai Container Terminals	37%	3,035
Ningbo Beilun International Container Terminals	49%	984
Shanghai Pudong International Container Terminals (Waigaoqiao I)	30%	–
Pearl River Delta Ports in Southern China – Jiuzhou, Nanhai, Gaolan and Jiangmen	50%	652
Xiamen International Container Terminals	49%	366
Shantou International Container Terminals	70%	63

Hutchison Delta Ports' six joint venture river and coastal ports in Jiuzhou, Nanhai, Gaolan, Jiangmen, Xiamen and Shantou reported improved performances, handling a total of 1.1 million TEUs, a 19% increase over 2001, and also handling 2.5 million tonnes of general cargo. The combined EBIT increased 19% compared to the previous year.

The Americas and The Caribbean

These operations are comprised of ports in Veracruz in Mexico, Freeport in the Bahamas, Balboa and Cristobal in Panama, Ensenada in Mexico and Buenos Aires in Argentina.

Internacional de Contenedores Asociados de Veracruz, located at the Port of Veracruz on the eastern coast of Mexico, reported throughput of 600,800 TEUs, a 19% increase over the comparable annualised throughput last year and EBIT increased 56% on the same comparative basis.

Name	Location	Group's % Interest	2002 Throughput (thousand TEUs)
International de Contenedores Asociados de Veracruz	Mexico	100%	601
Freeport Container Port	Bahamas	95%	860
Panama Ports Company	Panama	82%	436
Ensenada International Terminal	Mexico	100%	54
Buenos Aires Container Terminal	Argentina	100%	151

An aerial view of Freeport Container Port ("FCP") and Freeport Harbour company ("FHC"). FCP serves as a transshipment hub for the eastern seaboard of the Americas and the principal east / west line haul routes throughout the region while FHC is capable of handling the largest cruise ships.

Freeport Container Terminal on Grand Bahama Island reported EBIT significantly above last year's breakeven EBIT as a result of a 63% increase in throughput. The Phase IV expansion plan is in progress and on completion at the end of this year, will increase the annual handling capacity by 58%.

In Panama, the Group has an interest in the concession to operate the ports of Balboa and Cristobal, located near both ends of the Panama Canal. The combined throughput and EBIT were 4% above and 59% below last year respectively, mainly due to a one time charge for disputed costs. Expansion of the Balboa terminal commenced in mid-2002, which will increase the annual handling capacity to one million TEUs on completion in 2004.


2003
JCDecaux

United Kingdom

3 UK marks the arrival of the UK's first commercial 3G mobile video and multimedia telecommunications service with a major marketing campaign. Here a poster at Waterloo station in London – home of the Eurostar train service connecting the UK with the rest of Europe – informs visitors to London that 2003 is the year of **3**.

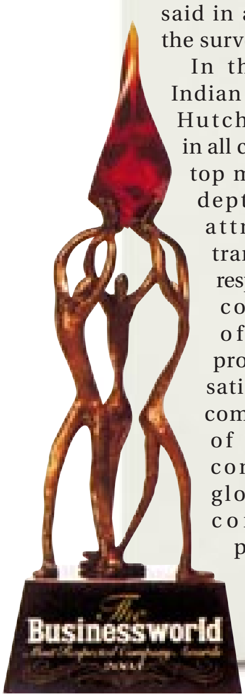
Hutchison Rated "Most Respected" Operator in India

Businessworld, one of India's oldest and most authoritative weekly business journals, has named Hutchison "India's Most Respected Telecom Company".

The award was based on polling of nearly 600 professionals and decision makers drawn from different cities in India, most with over 20 years of professional experience.

"Respect is the derivative of a company's total achievements. To gain respect, a company needs to achieve more than just big sales and profits," *Businessworld* said in a special issue covering the survey.

In the highly competitive Indian telecoms environment, Hutchison was rated No 1 in all categories: overall quality; top management leadership; depth of talent/ability to attract talent; belief in transparency/ethics; social responsiveness;environmental consciousness; quality of products/services provided; belief in customer satisfaction; track record of company; dynamism; speed of response to change; continuous innovation; global competitiveness; consistent corporate performance; returns to shareholders; value for stakeholders; and ability to cope with recession.



ESD*life* Wins Web Care Award

With the rapid development of the Internet, people from all walks of life have benefited from going on-line, whether for doing business or simply improving the quality of life. However, due to limitations in web accessibility, certain underprivileged groups have been unable to enjoy the benefits brought by this technological advancement.

The Web Care Campaign, initiated by iProA (Internet Professional Association), aims to promote a barrier-free Internet environment and provide equal opportunities to needy communities to share the benefits brought about by the Internet.

ESD*life* has been recognised for its achievements in breaking down these barriers. Following a review of various websites by the Campaign, ESD*life* received a Web Care Award for its "Electronic Service Delivery" Scheme — a core component of the Hong Kong Special Administrative Region Government's "Digital 21" information technology strategy. The *www.esdlife.com* website is designed to deliver government and commercial services via a highly secure and convenient on-line electronic platform.

Hutchison Telecom Judged "Best in Asia"

Hutchison Telecom has won the "Best Asian CDMA Operator" title in the "Telecom Asia Readers' Choice Awards 2002," for the second year running. The award honours Hutchison Telecom's achievements in, and long-term contribution to the development of CDMA mobile communications.

The Telecom Asia Readers' Choice Awards is organised by *Telecom Asia*. Winners are chosen by readers of *Telecom Asia, Wireless Asia, Telecom China and telecomasia.net.*

Hutchison Telecom has pioneered the CDMA development with several "firsts" — first operator to launch a commercial CDMA network, first to provide CDMA automatic roaming services to the US, Canada, Japan and Korea, first to introduce the 2.5G packet data mobile service with CDMA IS95B technology, first to launch a WAP platform character download, and first to launch colour display WAP phones.

Hutchison Telecom Wins Customer Services Award

Highlighting its track record of providing innovative and quality customer services, Hutchison Telecom has won the "Best Practice Award" for Customer Relationship Management (CRM) presented by Best Practice Management and the "HKRMA Customer Service Award" presented by the Hong Kong Retail Management Association (HKRMA). The company has successfully attained a leadership position in CRM by providing supreme customer services and by consistently enhancing staff quality, developing more communication channels and designing proper customer segmentation.

The Group has strong market share positions in the profit generating 2G telecommunications operations in Hong Kong, Israel and also India, a rapidly growing mobile market. In addition, this division operates a fixed line business in Hong Kong using its state-of-the-art fibre-optic network. The Group also has 3G spectrum licences in nine developed telecommunications countries, including six in Europe. Innovative and high quality 3G operations have recently commenced in the United Kingdom and Italy and are scheduled to commence in the other countries this year. The dividends received from the Group's investments in Vodafone Group and Deutsche Telekom are also accounted for in this division.

The telecommunication division's turnover increased 17% to HK$13,367 million and EBIT increased 14% to HK$818 million. These are the combined results of the Hong Kong mobile and fixed line operations, the Australian operations, India, Israel and other 2G operations and dividends received from equity investments in Vodafone Group and Deutsche Telekom. The Group's global 2G mobile subscriber base grew 34% to approximately 6.1 million subscribers at the end of 2002.

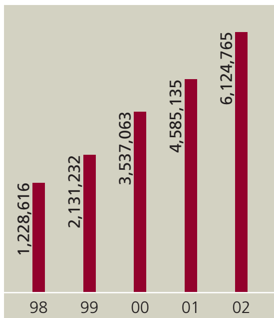
HGC, leveraging the largest full fibre optic network in Hong Kong, provides a wide array of fixed network services, including broadband, data, voice services and international connectivity.

Hong Kong

In Hong Kong, the Group's 2G mobile operation maintained its leading market position with a market share of approximately 28% and a current subscriber base of approximately 1.7 million. EBIT increased well above last year, more than offsetting the pre-operating expenses of its 3G business, reflecting a combination of a stabilising average revenue per user ("ARPU") and operational cost savings. The construction and final stage testing of the 3G network is progressing and services are expected to commence in June this year. In October, the Group sold an effective 3.73% equity interest in the Hong Kong 2G and 3G operations to a strategic partner, NEC Corporation, and the Group now holds an interest of 70.9%.

Hutchison Global Communications ("HGC") (formerly a joint venture — Hutchison Global Crossing) owns and operates a terrestrial fibre optic network in Hong Kong with over 3,300 kilometres of duct routes. HGC's fibre optic network is connected to major undersea cable-networks to provide international bandwidth and also has links to networks in the Mainland. HGC is continuing to develop its international business by offering dedicated and IP-based connectivity services for corporate customers and other carriers. HGC recorded strong customer growth, achieving EBIT in November and reducing its loss before interest expense and taxation ("LBIT") by 49% on an annualised basis compared to last year.

Mobile Telephone Subscribers



Hong Kong, Australia, India, Israel and Sri Lanka

Australia

The Group's 57.8% owned listed subsidiary in Australia, Hutchison Telecommunications Australia ("HTA"), announced a net loss after taxation of A$197 million compared to A$137 million last year which reflects reduced losses from its existing 2G operations as a result of ongoing cost reduction initiatives, offset by pre-operating expenses of A$85 million incurred as it builds its 3G network. HTA's 2G operations reported a 37% increase in Orange Mobile subscribers to over 263,000 and importantly, achieved a milestone positive earnings before interest expense, taxation, depreciation and amortisation ("EBITDA") result in the second half of the year. The 3G network is being rolled out to cover Australia's five major cities and the commencement of 3G services is scheduled in the first half of this year.

India

The Group's 2G operations in India consist of approximately 49% interests in seven operations: Hutchison Max Telecom in Mumbai, Hutchison Essar Telecom (formerly Sterling Cellular) in Delhi, Hutchison Telecom East (formerly Usha Martin Telekom) in Kolkata, Fascel in the province of Gujarat, three new licence operations in the provinces of Karnataka, Andhra Pradesh and the city of Chennai, which commenced GSM network services in June. EBIT decreased 15% reflecting the start-up operating losses in the new licence areas, partially offset by EBIT growth

Executives at the Orange Shop (Hutchison's Customer Centre in Mumbai, India) resolve a variety of service queries from the growing customer base.

at the existing operations in Mumbai, Delhi, Kolkata and Gujarat. The Group continued to penetrate this rapidly growing mobile telecommunications market and recorded an impressive 80% growth in subscribers to currently total over 2.0 million. In January 2003, an agreement was reached to purchase, subject to regulatory approval, a licence to operate 2G mobile telephone services in the state of Punjab.

Israel

The Group's 2G operations also include 42.7% owned associated company, Partner Communications ("Partner") in Israel, which is listed on the NASDAQ National, the London and the Tel Aviv stock exchanges and operates a 2G network using the Orange brand name. Partner increased its subscriber base by 26% to over 1.8 million at the end of the year and announced revenue of US$856 million, 25% higher than last year. Partner announced its first full year of positive profit attributable to shareholders of US$18 million compared to a net loss of US$69 million last year. During the year, Partner's original 2G spectrum licence was extended for an additional fourteen years to 2022 at no cost. During the year, the Group purchased an additional 7.7% interest in Partner which increased its equity interest to 42.7%.

Partner Leads in Customer Service

For orange customers in Israel, it is always good to have a "Partner". Partner Communications, the telecom operator of the orange network in Israel won top honours in the communications category of the "Customer Service in Israel 2002" contest.

Partner CEO Amikam Cohen said that since the day of the company's establishment, orange had set itself a strategic goal of providing fast, quality and efficient service. The high level of service was based on an evolving and continued customer-

operator relationship with each of the company's more than 1,800,000 orange customers, Cohen added.

This ongoing focus on customer relationships put orange ahead of other cellular companies.

One of the UK's flagship **3** Stores, ready to open the doors to the UK consumers eager to explore the company's innovative 3G handsets and services.

Europe

In Europe, the Group currently has a 65% interest in Hutchison 3G UK, an 88.7% interest in Hutchison 3G Italy, a 60% interest in Hi3G Access, which holds 3G licences in Sweden and Denmark, a 100% interest in Hutchison 3G Austria and a 100% interest in Hutchison 3G Ireland. The Group now has over 5,700 staff focusing on completing state-of-the-art 3G networks in Europe and commencing commercial services. In November, the first person-to-person video calls via **3** handsets over the commercial UMTS network, were conducted between Rome and Milan and also London. The Group remains on schedule to benefit from a first to market advantage as one of the first operators in each country to launch 3G high-speed multimedia services.

In the UK, network testing and business readiness testing have been carried out successfully, the company is "open for business" and the delivery of handsets to customers began in mid-March this year. Agreements with major high street retailers including Dixons, The Link and Phones 4u for the distribution of **3** services have been announced and flagship **3** stores opened. A marketing campaign is underway to build consumer awareness of the **3** brand

and services. In June, Hutchison 3G Ireland was awarded a national 3G licence in the Republic of Ireland and plans have been developed to extend the network and operations to take advantage of the synergies between the UK and the Ireland operations.

Hutchison 3G Italy is also well advanced and "open for business". The delivery of handsets also began in mid-March this year. The initial marketing media campaign attracted over 100,000 expressions of interest registering on-line to reserve an early subscription to the new service. Flagship **3** stores have been opened and agreements with other distribution outlets have been established. The announced handset pricing policies and tariff plans have received positive market reviews.

Network rollout in Sweden, Denmark and Austria is benefiting from the start-up experience and the successfully completed network and handset testing processes of the UK and Italian businesses. The 3G services in these three countries are scheduled to commence later this year.

The development of 3G operations is being undertaken in a co-operative manner by all of the Group's 3G businesses. The operations are co-ordinating their efforts to design and build their networks and supporting software infrastructure, to take advantage of procurement

Night view of the two-storey Negozio **3** located in the heart of Milan.

A salesperson at the **3** store in Milan describes the advantages of UMTS to potential customers.

economies of scale and to share skills and resources. Joint strategies are being used for the acquisition and development of information technology and content. This approach has delivered cost savings and related benefits through Group purchasing, including the strengthening of strategic relationships with industry participants. Through a rigorous review of capital expenditure requirements, operating methods and costs, the Group is projecting to reduce the aggregate peak funding requirements for its 3G businesses through to 2005 by approximately €4,000 million (HK$31,000 million). By the end of this year, approximately 100% of the licence costs and approximately 70% of the capital expenditure requirements for the 3G operations are expected to have been incurred, substantially completing the 3G telecommunication investment phase. The peak funding requirements for both the UK and Italy operations are being met by the existing mainly non or limited recourse syndicated bank loans and matching loans from equipment vendors. The Group expects to provide some additional financial support to its 3G businesses during their start-up phase and the Group has substantial liquid assets to cover any such requirement. As all of the 3G businesses move in 2003 from a development phase to full business operations, the Group is confident that the breadth and quality of this new generation of multimedia telecommunication services with its appealing content and applications will be successful. The Group's 3G operations in the UK, Italy, Sweden, Denmark and Austria along with the CDMA-1X operation in Thailand were in a pre-operating investment phase in 2002 and the related pre-operating expenses of HK$1,871 million which have been charged to the profit and loss account, have been compensated for by the release of provisions made in previous years.

The CDMA-1X network operations in the greater Bangkok area in Thailand successfully commenced in February this year.

On 9 August 2002, the Group together with Singapore Technologies Telemedia received the United States of America Bankruptcy Court's approval of an agreement for each to invest US$125 million for a 30.75% interest in a newly constituted Global Crossing ("GC") on its emergence from bankruptcy. GC owns and operates an integrated global fibre-optic network that reaches 27 countries and more than 200 major cities around the globe. This transaction is scheduled to be completed in the first half of 2003, subject to obtaining regulatory approvals and satisfaction of other closing conditions.

The Lakeside, Phase 2 of Laguna Verona, is a luxury residential development in Dongguan, which is embraced by a scenic lake offering breathtaking views. The property incorporates over 30 deluxe North American home designs with extensive front and back gardens. In addition to clubhouse facilities, the development is further graced with the 27-hole Harbour Plaza Golf Club nearby.

Footbridge Wins Design, Construction Award

The Cheung Kong Center Footbridge has won the Structural Division Special Award 2001/2002 in Hong Kong. This C-shaped, 130m sculpted steel structure is partially clad with glass, stainless steel and aluminium and was conceived to be visually integrated with the Cheung Kong Center tower in terms of its quality, appearance and materials.

The bridge was nominated for its unique structural form and the use of advanced dynamic analysis in its design.

The construction was also judged on how it addressed the site constraints in terms of its in-situ fabrication and erection. Structural and geotechnical engineer Arup Hong Kong had to overcome various constraints. These included an extremely narrow available support width, bridge supports could not be located within the pubic pavements below, and only vertical and horizontal elements were permitted.

The attention to structural detailing set a new standard for the collaboration between engineers and architects on bridge design in Hong Kong.

Harbour Plaza Chain's Restaurants Rated "Hong Kong's Finest"

Restaurants at the Harbour Plaza chain of hotels have been judged to be among the finest in Hong Kong. The Robatayaki and Harbour Grill at Harbour Plaza Hong Kong and Hoi Yat Heen of Harbour Plaza North Point have been recommended in "Hong Kong's Best Restaurants 2002/2003"a gourmet guide published annually by *Hong Kong Tatler.* A good range of cuisine is available at the hotels — Western, Japanese, Chinese and more. These are spiced up with special promotions arranged during the year for visiting chefs from all over the world who show off their best national dishes.

Not to be outdone, Harbour Plaza Chongqing in China has been named "2002 Good Food Hotel" by Saga Holidays Limited based on the results of questionnaires returned by about 2,000 visitors who travelled with Saga Tourism groups. Harbour Plaza Chongqing is the only hotel in the city of Chongqing to have received the award.

Horizon Cove Named "Best Resort in Zhuhai"

Horizon Cove has been honoured with The Best Resort award in Zhuhai by the Zhuhai Tourism Bureau. Conveniently close to Hong Kong and located close to exciting tourist spots, a golf course and shopping and dining venues, the resort is ideally situated for residents to get around. Horizon Cove has a tranquillity of its own with landscaped gardens, waterfalls, and an artificial beach and lake. Its low-density, stylish townhouse style residential environment gives residents a resort-type of feel and offers a welcome break from the hustle and bustle. Guests can also enjoy the fabulous facilities provided by the residents club.

The Group's property activities comprise an investment portfolio of approximately 15.7 million sq ft of office, commercial, industrial and residential premises that provide steady recurrent rental income. This division also includes interests in joint ventures for the development 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 of the property and hotels division for 2002 totalled HK$11,709 million, an increase of HK$6,193 million, or 112%, compared to 2001, mainly due to the completion and sale of more development projects in 2002. Gross rental income from the investment properties, including the Group's share of associated companies, grew 9% in 2002 to HK$2,438 million. EBIT from the property and hotels division amounted to HK$2,570 million, an increase of 50%, mainly due to the profit realised from the sale of three hotels in the Mainland, increased rental income from completed properties and increased profits from the completion and sale of more development projects.

Cheung Kong Center houses the headquarters of Cheung Kong (Holdings) Limited and some of the world's most renowned banks, financial institutions, accounting and law firms.

Rental Properties

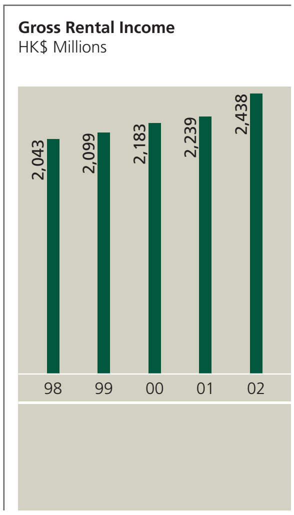
Hong Kong

The Group's portfolio of rental properties in Hong Kong, comprising approximately 12.7 million sq ft (2001 - 12.4 million sq ft) of office (24%), commercial (25%), industrial (50%) and residential (1%) properties, continue to provide a strong recurrent earnings base. Gross rental income, including the Group's share of associated companies, of HK$2,017 million, was 3% below last year, mainly due to lower rental from office buildings. All of the Group's premises remain substantially fully let at satisfactory rental levels. During the year, the Group increased its interest to 50% in the newly completed complex, the Metropolis, comprising an office tower, retail podium and hotel tower. Leasing has commenced for the office tower and retail podium with satisfactory rentals achieved to date and the hotel commenced operation in June 2002.

Major rental properties in Hong Kong

Name	Property Type	Total Gross Floor Area for Rent ('000 sq ft)	Group's Interest	% Leased
Cheung Kong Center	Office	1,254	100%	97%
Hutchison House	Office	504	100%	98%
Harbourfront Office Towers I and II	Office	863	100%	95%
Aon China Building	Office	259	100%	98%
Whampoa Garden	Commercial	1,714	100%	98%
Aberdeen Centre	Commercial	345	100%	97%
Hongkong International Distribution Centre	Industrial	4,705	88%	99%

Chongqing Metropolitan Plaza consists of three main operations: a large scale shopping mall, a grade A office tower and a five-star hotel.



The Mainland and Japan

The Group's various joint ventures in the Mainland and Japan own a portfolio of investment properties totalling 9.6 million sq ft, of which the Group's share is 3.0 million sq ft (2001 - 2.6 million sq ft). Gross rental income of HK$346 million was 127% above last year due to the completion and leasing of new investment properties, including two office towers and one tower of serviced apartments in the Beijing Oriental Plaza, and an office tower, Pacific Century Place, in Marunouchi, Tokyo. The portfolio of investment properties in the Mainland are expected to increase in 2003 with the phased completion of the Seasons Villas and Regency Park residential projects in Shanghai and the remaining tower of serviced apartments in the Beijing Oriental Plaza.

Major rental properties in the Mainland and Japan

Name	Location	Property Type	Total Gross Floor Area for Rent ('000 sq ft)	Group's Interest	% Leased
The Mainland					
Westgate Mall & Tower	Shanghai	Office & commercial	1,099	30%	99%
Oriental Plaza	Beijing	Office, serviced apartments & commercial	4,984	18%	60%
Seasons Villas	Shanghai	Residential	1,034	50%	91%
Metropolitan Plaza	Chongqing	Office & commercial	1,512	50%	89%
Japan					
Pacific Century Place, Marunouchi	Tokyo	Office	786	38%	100%

Property Sales and Properties Under Development

In Hong Kong, despite deflationary pressure, profits were recorded from the sales of 865 residential units in The Victoria Towers and 131 residential units in Harbourfront Landmark in the year. In the Mainland, Phase II of the residential development, Le Parc in Shenzhen was completed during the year and 525 units were sold and a profit recorded.

During the first half of the year, the Group increased its landbank in the Mainland by entering into a joint venture to develop a 1.2 million sq ft residential project in the Baoan district, Shenzhen (50% interest). Currently the Group's joint venture share of landbank being developed totals approximately 16.0 million sq ft of developed area, of which 21% is in Hong Kong, 72% is in the Mainland and 7% is overseas. These projects are scheduled for completion in phases from 2003 to 2009 and are expected to provide satisfactory returns and development profits to the Group.

An artist's impression of the medium rise blocks and landscape of The Summit. Providing a gross floor area of 675,000 sq ft, The Summit is Shanghai's premier living space for the elite.

Hong Kong

Monterey Cove, Phase I of the Caribbean Coast residential development in Tung Chung, and The Victoria Towers in Kowloon were completed in the second half of the year. Both developments are substantially all sold. The two towers of serviced apartments in The Metropolis are currently being marketed for sale. A complex of three towers of hotel and five towers of serviced suites on Tsing Yi Island, is scheduled for completion in 2003 and pre-sale activity will commence later this year.

Major Hong Kong properties for sale or under development

Name	Location	Property Type	Total Gross Floor Area ('000 sq ft)	Group's Interest	Completion Date
The Metropolis	Hung Hom	Serviced apartments	377	25%	2002
Tsing Yi Resort	Tsing Yi Island	Hotel & serviced suites	1,671	70%	2003
Caribbean Coast – Phase II to IV	Tung Chung	Residential	3,131	40 – 50%	2004 – 05
Harbourfront Extension	Hung Hom	Office & serviced suites	270	100%	2005
Tsing Yi Office	Tsing Yi Island	Office	355	89%	2005

Harbour Plaza Metropolis, the Group's newest hotel property, provides convenient respite at the doorstep of Hong Kong's Hung Hom railway station.

Conveniently located in Shenzhen Central District, Le Parc Phase II is a residential paradise offering an array of contemporary and spacious apartments.

The Mainland

In the Mainland, Phase III and IV of Le Parc in Shenzhen are scheduled to be completed and sold in 2003. Pre-sale activity for Phase III commenced during the year and over 60% of the units have been pre-sold. Construction of the second and third phases of Walton Plaza, Shanghai are in progress. The residential portion of this complex, The Summit, is scheduled for completion in 2003 and pre-sale activity has already commenced.

Major properties in the Mainland under development

Name	Location	Property Type	Total Gross Floor Area ('000 sq ft)	Group's Interest	Completion Date
Le Parc – Phases III & IV	Shenzhen	Residential	2,064	50%	2003
Seasons Villas	Shanghai	Residential	244	50%	2003
Oriental Plaza – one tower of serviced apartment	Beijing	Serviced apartments	506	18%	2003
Walton Plaza – Phases II and III	Shanghai	Residential & commercial	1,600	50%	2003
Regency Park	Shanghai	Residential	1,728	31%	2003 – 04
Dynasty Garden, Baoan	Shenzhen	Residential	1,232	50%	2003 – 04
Chongqing Jiangbei	Chongqing	Residential	765	50%	2003 – 04
Guangzhou Panyu Dashi	Guangzhou	Residential & commercial	4,860	50%	2003 – 06
Dongguan Laguna Verona	Dongguan	Residential	3,302	47%	2003 – 07
Huangsha underground railway development	Guangzhou	Residential & commercial	3,444	50%	2004 – 05
Horizon Cove – Phases III & IV	Zhuhai	Residential	2,893	50%	2004 – 06
Shanghai Gubei	Shanghai	Residential & commercial	1,685	50%	2005

Overseas

In the UK, a pre-sale programme of Albion Riverside in London is progressing well and over 80% of the units have been pre-sold. In Singapore, pre-sale activity of the Costa del Sol project continued during the year and over 30% of the development has been pre-sold.

Major overseas properties under development

Name	Location	Property Type	Total Gross Floor Area ('000 sq ft)	Group's Interest	Completion Date
United Kingdom					
Albion Riverside	London	Residential & commercial	395*	45%	2003
Chelsea Harbour Phase II	London	Residential	161*	23%	2005
Lots Road Power Station	London	Residential & commercial	691*	23%	2009
Singapore					
Costa del Sol	Singapore	Residential	1,496	24%	2003
Cairnhill Crest	Singapore	Residential	440	50%	2004

** Total net floor area for UK projects*

Opened in June 1998, the 391-room deluxe Harbour Plaza Chongqing stands as the original five-star hotel in the city.

Hotels

The Group currently has interests in nine operating hotels in Hong Kong, the Mainland and the Bahamas. The Group currently manages four of these hotels.

In Hong Kong, the hotels reported an overall EBIT 3% better than last year, generally reflecting improved operating results partially offset by the start-up losses at the Harbour Plaza Metropolis and the Horizon Suite Hotel. The Harbour Plaza Metropolis in Hung Hom (50% interest), a 690 room hotel and serviced suites complex, commenced operation at the end of June, and the Horizon Suite Hotel in Ma On Shan (49% interest) with 831 serviced suites, commenced operation in mid-October.

The Group's hotels in the Mainland reported an overall positive EBIT compared to a loss last year, mainly as a result of improved operations. Three hotels were sold during the year, namely, the Time Plaza Shenyang (87.4% interest), the Harbour Plaza Beijing (95% interest) and the Harbour Plaza Kunming (95% interest).

Our Lucaya, the 1,271 room hotel and golf resort on Grand Bahama Island, continued to be affected by the low volume of tourist arrivals, particularly from the USA. Earlier this year, Starwood Hotels & Resorts, a USA based, world leading hotel and leisure company, commenced management of this hotel and resort.

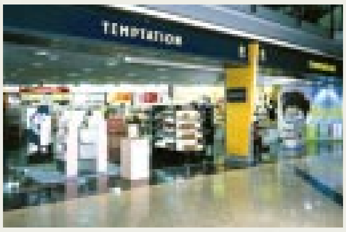
Our Lucaya Beach & Golf Resort located on the pristine white sands of the Grand Bahama Island, proves a luxurious escape for leisure travellers the world over.


Marktplein
Politiebureau
VOORDEELDROGISTERIJ
Kruidvat
Kruidvat

The Netherlands

Kruidvat is one of the major retail brand names of the Kruidvat Group acquired by A S Watson. The Kruidvat Group has approximately 1,900 outlets operating under five retail chains in six European countries. Other brands include Superdug, Trekpleister, Rossmann and Ici Paris XL.

Flying Colours for Nuance-Watson



Nuance-Watson has won all four awards in which it was nominated at the fifth annual Raven Fox Awards for Travel Retail Excellence in Asia/Pacific 2002 including the coveted "Asia/Pacific Travel Retailer of the Year" Award. The company also won three product category awards: "Best Fashion,Leathergoods and Accessories Travel Retailer in Asia/Pacific", "Best Fragrances and Cosmetics Travel Retailer in Asia/Pacific" and "Best Food and Confectionery Travel Retailer in Asia/Pacific".

This is the fourth consecutive year that Nuance-Watson has won in this annual event.

Watson's Wine Cellar Rated "Superior Vintage"

Watson's Wine Cellar has been named "The Best Wine Store" by *HK Magazine* for the fourth time.

The Cellar offers the growing wine market in Hong Kong a larger range of wines than any other retail wine store in Hong Kong. With wines sourced directly from over 20 countries, Watson's Wine Cellar lists over 1,500 different vintages in total, over 400 of which are "exclusive" and cannot be found elsewhere in Hong Kong.

A particular high point of the Cellar is the Fine Wine Room containing over 300 different vintages from the top Chateaux from Bordeaux as well as emerging New World Classics from around the world.

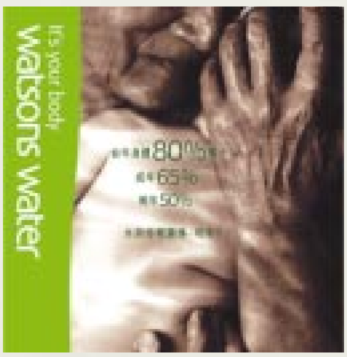
Watson's Wine Cellar offers free wine tasting all day and every day at their Tasting Table where customers can appreciate the wines and talk to the sales team for specific information and advice.

Great Voted "Best Food Hall"

For the second year running, Great has been voted the Best Food Shop by readers of *HK Magazine*.

Opened in December 2000, Great Food Hall was designed to be the best food hall in Asia ranking alongside the leading food halls in the world such as Harrods of London, or Dean & Deluca of the U.S. Great Food Hall provides an exciting environment for both shopping and dining, combining a gourmet food hall and food court, a premium florist and dry cleaners as well as a large selection of complimentary services to ensure a complete shopping experience.

Within the food hall, shoppers can find the largest selection of international products, the best selection of fresh foods - including live fish and seafood, fresh meats, delicatessen cheeses and meats, fruit and vegetables as well as a selection of international food brands including Harrods, Harvey Nichols, Fortum & Mason and Godiva chocolates.



Awards aplenty for Watsons Water

Watsons Water's new bottle, launched in June 2002 has been honoured by the Hong Kong Print Awards (established by the Hong Kong Trade Development Council, the Hong Kong Productivity Council and the Hong Kong Leisure and Cultural Services Department) as winner of The Best Packaging Material Printing.

Watsons Water was also honoured for its creativity, winning the 4A's Creative Awards for its latest advertising campaign, "It's Your Body". The Watsons Water "It's Your Body – Sports" TVC earned an editing and cinematography award, whilst its 'Life' counterpart also received a cinematography award.

The retail and manufacturing division consists of the A S Watson group, Hutchison Whampoa (China) and listed subsidiary Hutchison Harbour Ring. The A S Watson group is one of the world's largest food, personal care, health and beauty retailers, operating three major retail chains in Asia and six retail chains in Europe, with more than 3,200 stores worldwide that provide food and general merchandise, high quality personal care, health and beauty products, and consumer electronic and electrical appliances. The division manufactures and distributes various water and other beverage products in Hong Kong and the Mainland. Hutchison Whampoa (China) invests in various ventures in the Mainland. Hutchison Harbour Ring is a leading manufacturer of toys and has recently commenced the design and manufacture of high quality consumer electronic products and accessories.

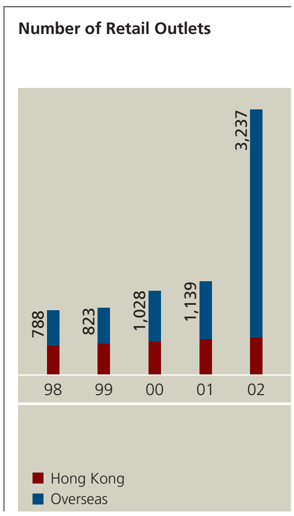
Turnover for the retail and manufacturing division totalled HK$39,471 million, an increase of HK$9,928 million, or 34% compared to last year, due to the turnover contributed by the recently acquired Kruidvat Group. EBIT of HK$1,031 million was 92% above last year, mainly due to profits contributed by the Kruidvat Group and improved results from existing operations.

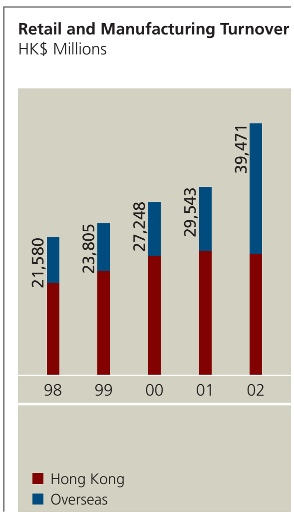
PARKnSHOP has achieved considerable success in China with its revolutionary Megastore concept. Located in Haizhu District of Guangzhou, the Fujing Garden store is the largest PARKnSHOP in China with a store space of 203,380 sq ft.

A S Watson

Despite continuing deflation in food prices, PARKnSHOP in Hong Kong reported improved results and maintained its leading market share, continuing to expand its offers by introducing more fresh food, new product lines and concepts such as "$8 mart". Its Mainland operations reported more encouraging results and opened an additional four large-format stores. In Southern China PARKnSHOP currently operates 19 stores and more large-format stores are planned for this year.

The personal care, health & beauty retail businesses include Watsons, a leading retail chain with strong brand name recognition in Hong Kong, Taiwan, Mainland China and other countries in Southeast Asia, Savers in the UK, and the recently acquired Kruidvat Group in the UK and continental Europe. These operations reported combined sales 89% above and EBIT 93% above the previous year. Watsons continued to expand its presence in Asia with the acquisition of a 60% interest in a 60 store retail chain of personal care, health, beauty and drug products in the Philippines. In addition, Watsons opened 45 outlets during the year and currently operates more than 660 stores in Asia.





Superdrug is the second-largest health and beauty chain in the United Kingdom with more than 700 stores.

In Hong Kong, sales were in line with last year while EBIT increased mainly due to cost reductions. In the Mainland, Watsons reported sales growth of 31% and EBIT was 145% higher reflecting eight new store openings as this chain continues to expand. In Southeast Asia, Watsons' operations in Singapore, Malaysia and Thailand reported a 13% increase in sales and EBIT was 38% above the previous year, mainly due to new store openings. In the UK, Savers expanded its outlets by 56 to over 290 at the end of the year and reported a 34% increase in sales and a 29% increase in EBIT. The Group acquired the Kruidvat Group, a leading health and beauty retail chain in Europe in October 2002. Kruidvat Group has a store portfolio of approximately 1,900 outlets, operating under five retail chains in six European countries which include the health and beauty chains branded Superdrug in the UK, Kruidvat in the Netherlands and Belgium, Trekpleister in the Netherlands, Rossmann in the Czech Republic, Poland and Hungary and the perfumery chain of Ici Paris XL in the Netherlands and Belgium. Kruidvat Group was immediately accretive to the Group, contributing two months of earnings and cashflow. This acquisition significantly enhances A S Watson's retail presence in Europe and is expected to provide synergistic benefits, particularly in sourcing, across the Asian and European operations.

PARKnSHOP Hong Kong has launched the $8 mart in 25 of its stores, creating additional excitement for customers.

Left: Watsons Taiwan has established itself as the top health and beauty retailer in Taiwan with over 220 stores.
Right: Watson's Wine Cellar was again named the Best Wine Store in Hong Kong by a popular local magazine.

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 and the sale of perfume and cosmetics at the Singapore Changi Airport. Combined sales increased 42% and EBIT also improved due to an increase in passenger numbers and spending. In January 2003, Nuance-Watson was awarded five-year concessions for six outlets, to sell luxury brand goods at the Hong Kong International Airport.

The manufacturing division's operations comprise 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. Sales were in line with last year, however combined EBIT declined significantly due to price competition in all markets, poor weather in Europe and generally slow economies in Hong Kong and Europe. In January 2003, an agreement was signed to sell the European water operations, subject to regulatory approval, to Nestlé Water for approximately €560 million. The disposal is expected to be completed later this year and a profit will be recorded at that time. This disposal will allow A S Watson to focus more on its rapidly expanding European health and beauty retail businesses.

The creativity reflected in the new packaging and its inspired advertising campaign brought Watsons Water many industry awards in 2002.

Hutchison Whampoa (China)

Hutchison Whampoa (China) ("HWC") currently has investments in a number of successful consumer products, aviation services and healthcare projects.

HWC's principal investment is a 20% interest in Procter & Gamble-Hutchison, which manufactures and distributes a range of hair-care, skin-care, soap, detergent, dental hygiene and paper products throughout the Mainland. The Group's share of EBIT from this joint venture increased substantially compared to last year, reflecting both improved results and the effect of a one time restructuring charge last year.

HWC continued to develop its healthcare joint ventures. Hutchison Healthcare, an 80% owned joint venture in Guangzhou, manufactures and distributes health products in the Mainland and Shanghai Hutchison Pharmaceuticals, a 50% owned joint venture in Shanghai, manufactures and distributes Traditional Chinese Medicine ("TCM") products in the Mainland. In November 2002, the Group opened its first retail outlet in the UK to test market TCM related products under the "Sen" brand.

Sen, Hutchison's new Chinese medicine brand, offers a wide variety of products in modern formats including high-quality tablets beautifully packaged to appeal to Western consumers.

A Hutchison Harbour Ring operator is tuning the focus of an optical lens on a CMOS sensor – a critical process in making a quality digital camera.

Hutchison Harbour Ring

Hutchison Harbour Ring ("HHR"), a 50.5% owned subsidiary, is listed on the Stock Exchange of Hong Kong ("SEHK") and is a leading toy manufacturer. Recently HHR expanded its business scope to include the design and manufacture of high quality consumer technology products such as mobile handset accessories, computer peripherals, MP3 players and FM radios. It also holds a number of investment properties in the Mainland. HHR announced turnover of HK$1,816 million and profit attributable to shareholders of HK$105 million, compared to HK$681 million in 2001. The 2001 results include a one time write-back of provisions of HK$968 million related to a major and fundamental restructuring of its business strategy. Excluding this one time write-back, the comparative 2001 result was a loss of HK$287 million. The improved results of the recurring operations in 2002 reflect a strategy, after restructuring, to focus primarily on its core manufacturing operation.

Canada

Husky holds a 50% interest in, and operates, the Rainbow Lake processing plant. Located in northern Alberta, this is the site of Husky's largest light oil production operation and one of the largest plants of its kind in Alberta. Husky's production in this area is derived from more than 50 oil and gas pools spread over an area of approximately 500 square miles.

AAL Recognised for Quality Management

The dedication of Anderson Asphalt (AAL) staff in establishing a modern management system with a clear policy, achievable objectives and measurable targets has won recognition by successfully obtaining ISO 9001:2000 certification from Hong Kong Quality Assurance Agency (HKQAA), the most recognised ISO certification body in the construction industry. AAL is also the first Hong Kong asphalt supplier to achieve this international standard.

Since 1997, AAL has been the first and only asphalt company in Hong Kong with all operations — from mix design to asphalt production, testing, transportation and laying — certified to the ISO 9001:1994 standard by the HKQAA. AAL had surpassed the ISO complying standards and was therefore quick to implement the ISO 9001:2000 conversion with excellent results. AAL has been the first and only ISO 14001:1006 certified asphalt company in Hong Kong since 1999.

Hongkong Electric Energises Community Care

Hongkong Electric received a Caring Company Award from the Hong Kong Council of Social Service in recognition of the company's efforts "to build a caring community spirit through cultivating corporate citizenship and strategic partnership between the business and social service sectors".

The objectives of the 'Caring Company' programme are to raise public awareness of good corporate citizenship and its contribution to a caring community. Caring companies should demonstrate good corporate citizenship in at least two of six areas: Volunteering, Family Friendly, Employing the Vulnerable, Partnership, Mentoring and Giving. Hongkong Electric fulfilled the requirements in all six areas.

Husky Strikes Gold on Health, Safety & Environment

Husky Energy has been awarded a Health, Safety and Environmental Stewardship Award — Gold Level, from the Canadian Association of Petroleum Producers (CAPP).

The Award recognises CAPP-member organisations that facilitate and enhance the sustainability of the Canadian petroleum industry by responsibly balancing environmental, economic and societal interests.

"We are particularly pleased to receive the award, as it recognises the company's commitment and dedication of resources to socially responsible health, safety and environmental practices," said manager Ken Jackson of Health, Safety, Environment & Risk Management.

Husky also received a Stewardship Award in 2001, when the awards programme began.

Husky named "Top 100" Employer

For the third consecutive year, Husky Energy has been named one of Canada's Top 100 Employers. This recognition was designated by MediaCorp Canada Inc., a Toronto-based publisher that evaluates interesting employers, both large and small, that have innovative programmes to attract and retain talented employees.

In selecting this year's top 100 Companies, MediaCorp pared an initial listing of 47,000 organisations down to the 6,000 fastest-growing employers. These employers were invited to complete a Request for Information application, which included detailed questions regarding human resource policies and financials.

Employers were compared to others in their industry. Winners will be profiled in *Maclean's* magazine and in the 2003 edition of Canada's Top 100 Employers.

"We are very proud of this accomplishment," says John C.S. Lau, President and Chief Executive Officer. "Being nominated three years in a row is an achievement we can all share in."

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% 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 the Group treasury operations and from the substantial pool of cash and other liquid investments, is reported in this division.

Turnover for the energy, infrastructure, finance and investments division for 2002 totalled HK$26,010 million, a 4% decrease from last year. EBIT from this division totalled HK$13,233 million, a 2% increase over the EBIT in 2001 of HK$12,945 million. The aggregate net increase is mainly due to the increased returns from CKI and the effect of increased crude oil prices and production at Husky Energy, partially offset by the effects of lower market interest rates on the finance and investment income.

CitiPower distributes approximately 5,300 GWh of electricity to around 265,000 connected customers with concentration aggregated in the densely populated Melbourne central business district and inner suburban areas.

Cheung Kong Infrastructure

The Group has an 84.6% interest in CKI, which is listed on the SEHK. CKI announced turnover of HK$3,595 milion, a decrease of 6%, and profit attributable to shareholders of HK$3,425 million, an increase of 3% compared with last year. CKI is currently engaged in the development, ownership, operation and management of infrastructure businesses, including power plants, electricity distribution networks, gas distribution networks, roads, toll bridges, tunnels and water treatment plants in Hong Kong, the Mainland and Australia. CKI 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. CKI has developed an environmental business 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$6,827 million, an increase of 5% over last year. CKI's other infrastructure businesses recorded increased profits reflecting improved contributions from the Mainland and Australian energy projects. In July, CKI and HEH completed the acquisition of CitiPower in Australia, an electricity distributor serving approximately 265,000 customers in and around Melbourne. CKI's cement, concrete, asphalt and aggregates businesses in Hong Kong and the Mainland experienced another difficult year and a decline in profits.

Husky Energy

The Group has a 35% interest in Husky Energy, a listed Canada based integrated energy and energy related company. Husky Energy announced turnover of C$6,384 million, 3% below last year, mainly due to lower average North American natural gas prices, partially offset by higher crude oil prices and production. Net profit attributable to shareholders of C$804 million was 23% higher than the previous year, mainly due to increased oil production and improved crude oil prices, partially offset by lower natural gas prices.

In 2002, Husky Energy's gross production volume averaged approximately 300,200 barrels of oil equivalent ("boe") per day compared to 272,800 boe per day during 2001, a 10% increase. In the upstream operations, the Terra Nova oil field offshore the east coast of Canada commenced production in January 2002 and increased Husky Energy's average daily production by 18,750 boe. The Wenchang oil field offshore Southern China commenced production in July 2002 and increased Husky Energy's average daily production by 25,250 boe.

At the end of 2002, Husky Energy had estimated gross proved reserves of crude oil, natural gas liquids and natural gas of 918 million boe and for the three years up to December 2002, a production replacement ratio, including acquisitions and divestitures, of 136%. Husky Energy has substantial offshore development and exploration opportunities. It is one of the largest working interest holders in the Jeanne d'Arc basin offshore the east coast of Canada. In western Canada, Husky Energy has a high working interest, undrilled land base comprising 7.8 million net acres of undeveloped land. In addition, it has development and exploration opportunities offshore Southern China.

In the city that never sleeps, Hongkong Electric helps keep life on the go 24 hours a day – every day.

In March 2002, the decision was made to proceed with the development of the White Rose oil field offshore the east coast of Canada, with first oil anticipated by the end of 2005. On completion, this oil field is expected to produce approximately 200 million to 250 million barrels of oil over a ten to fifteen year period. In the fourth quarter, Husky Energy increased its working interest in the in-situ development of the oil sands property at Kearl, Alberta to 100%. Evaluation of this property is ongoing and further test wells are planned in 2003. A development plan for the Tucker oil sands property is being prepared and on completion, this property is expected to produce approximately 30,000 barrels of bitumen per day for twenty five years.

The midstream operations comprise a portfolio of assets strategically located in western Canada which include the heavy oil upgrader facility at Lloydminster, marketing and infrastructure activities consisting of pipeline systems, commodity marketing, thermal and electrical generation and crude oil and natural gas storage and processing. The refined products operations include a network of 571 branded retail outlets, providing a full range of services and petroleum products, as well as the marketing of asphalt products.

Sunrise at the Bolney Celtic facility near Lloydminster. The Bolney/Celtic thermal expansion project, which will utilize an existing 6,000 barrels per day of spare capacity at Bolney, commenced production on December 2002 and averages 2,000 barrels per day from six horizontal steam-assisted gravity drainage well pairs. Peak production from this project is estimated at 14,000 barrels per day.

Group Capital Resources and Liquidity

The Group's total shareholders' funds increased 4% to HK$226,176 million at 31 December 2002 compared to HK$218,077 million at the end of last year.

Net debt of the Group was HK$50,229 million (2001 - HK$1,656 million) and the net debt to net capital ratio was 16% (2001 - 0.7%). This ratio is a combination of the net debt to net capital ratio of the existing operations of approximately 13% and of the 3G start-up operations of approximately 21%. The Group will continue to benefit from the steady and growing cashflow and also the low net debt levels of its existing core businesses during the start-up phase of its 3G businesses. EBITDA amounted to HK$33,273 million (2001 – HK$33,027 million) and funds from operations ("FFO"), before capital expenditure and changes in working capital, amounted to HK$20,836 million (2001 - HK$16,571 million). EBITDA and FFO, after adjusting for interest income, covered net interest expense 13.6 and 7.8 times respectively (2001 – 11.1 times and 4.5 times).

At 31 December 2002, the Group's cash, portfolio of managed debt security funds and other liquid investments (including equity investments, marked to market value, in Vodafone Group of HK$20,118 million and Deutsche Telekom of HK$11,698 million) totalled HK$130,267 million (2001 – HK$145,336 million) of which 7% were denominated in HK dollars, 59% in US dollars, 17% in Pounds Sterling (mainly investment in Vodafone Group), 12% in Euros (mainly investment in Deutsche Telekom) and 5% in other currencies.

During the year, all the Group's forward sales contracts entered into in 2001 matured, completing the disposal of an aggregate of approximately 695 million shares of Vodafone Group and approximately 89 million shares of Deutsche Telekom. A total cash consideration of HK$27,196 million was received.

The shareholdings in Vodafone Group and Deutsche Telekom are accounted for as long term investments and are marked to market value at each period end. The change in market value, positive or negative, is credited or charged to the investment revaluation reserves on the balance sheet, unless a decline in value is judged to be a permanent diminution in value, in which case a charge is made to the profit and loss account. Considering the continuing volatility in the equity markets and the uncertain global economy, this decline in value of HK$3,105 million upon marking these investments to market value, is not currently considered a permanent diminution and therefore, in accordance with the Group's accounting policy, the reduction in value has been charged against the existing investment revaluation reserves in the balance sheet. The Group continues to monitor and, where appropriate, enter into hedging arrangements relative to these positions. Currently 40% of the Group's holdings in Vodafone Group are hedged at or above book carrying value.

The Group's total borrowings at 31 December 2002 were HK$180,496 million (2001 - HK$146,992 million) of which HK$26,110 million (2001 - HK$5,977 million) relates to the mainly non or limited recourse borrowings of the 3G UK and Italy operations. The significant financing activities during the year were as follows:

- In January 2002, arranged a nine and three quarter year, floating interest rate, bank and equipment vendor financing, totalling €4,200 million, to finance the 3G Italy operations;

- In February 2002, repaid on maturity, three year, fixed interest rate notes, totalling HK$1,500 million;

- In March 2002, repaid early, without penalty, a floating interest rate, US$210 million bank loan which was to mature in January 2004;

- In March 2002, CKI issued a fixed interest rate foreign currency note totalling the equivalent of HK$1,813 million under a US$2,000 million medium term note programme established in March 2001;

- In April 2002, arranged a five year, floating interest rate, HK$1,500 million bank loan to repay at maturity an existing floating interest rate bank loan;

- In May 2002, CKI arranged a five year, floating interest rate, HK$3,800 million syndicated bank loan to refinance an existing syndicated bank loan of HK$3,100 million maturing in September 2002;

- In June 2002, arranged two short term floating interest rate loans totalling A$600 million to finance the Group's share of the telecommunication Australia operations;

- In September 2002, CKI arranged a one year, floating interest rate, A$413 million bridging loan to partially finance the Group's acquisition of CitiPower, an Australian electricity distributor;

- In October 2002, arranged a five year, floating interest rate, €550 million and US$210 million syndicated bank loans to partially finance the acquisition of the Kruidvat Group;

- In November 2002, arranged a five year, floating interest rate, ¥19,257 million loan and a floating interest rate short term, ¥5,093 million loan, totalling ¥24,350 million to refinance the Group's share of the existing bank loans of an associated company holding an investment property in Japan;

- In December 2002, repaid on maturity, a five year, fixed interest rate, HK$4,000 million bank loan, and a five year, floating interest rate, HK$1,000 million bank loan.

Total borrowings include US$3,000 million principal amount of 2.875% exchangeable notes due in September 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, US$2,657 million principal amount of 2.00% exchangeable notes due in January 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.

The Group's borrowings at 31 December 2002 were denominated as to 23% in HK dollars, 42% in US dollars, 13% in Pound Sterling, 11% in Euros, 11% in other currencies.

Subsequent to the year end, significant financing activities were as follows:

- In February 2003, issued ten year, fixed interest rate, US$1,500 million notes which will be used to repay a portion of exchangeable notes due in September 2003;

- In March 2003, issued five year, floating interest rate, A$800 million notes to repay three of the telecommunication Australia operations bank loans totalling A$796 million;

- In March 2003, an agreement was signed whereby the £3,252 million project financing facilities of Hutchison 3G UK were extended one year to mature in March 2005, subject to certain conditions including the contribution of not less than £1,000 million to Hutchison 3G UK from its direct parent company by way of new subordinated debt.

After considering the refinancing activity subsequent to the year, the Group's borrowings are denominated and repayable as follows:

	HK$	US$	£	€	Others	Total
Within 1 year	3%	7%	–	–	3%	13%
In year 2	2%	12%	1%	–	2%	17%
In year 3	7%	–	9%	–	–	16%
In year 4	6%	1%	1%	2%	2%	12%
In year 5	3%	4%	–	3%	1%	11%
In years 6 to 10	2%	7%	–	1%	2%	12%
In years 11 to 20	–	8%	2%	5%	–	15%
Beyond 20 years	–	3%	–	–	1%	4%
	23%	42%	13%	11%	11%	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 2002, approximately 47% of the Group's borrowings bear interest at floating rates and the remaining 53% are at fixed rates. The Group has entered into various interest rate agreements with major financial institutions to swap approximately HK$30,363 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$6,539 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 2002, approximately 60% of the Group's borrowings bear interest at floating rates and the remaining 40% are at fixed rates.

At 31 December 2002, shares of Hutchison 3G UK and Hutchison 3G Italy owned by the Group were pledged as security for their respective project financing facilities. The assets of these two companies totalled HK$119,812 million (2001 – HK$56,792 million). In addition, HK$22,238 million (2001 – HK$14,988 million) of the Group's assets 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 2002, amounted to the equivalent of HK$58,573 million (2001 – HK$28,195 million), of which HK$55,748 million (2001 – HK$27,510 million) related to 3G operations.

The Group's capital expenditures, excluding expenditures for properties under development and for sale, totalled HK$39,198 million (2001 – HK$14,293 million), of which HK$28,282 million (2001 – HK$7,532 million) related to 3G operations. Capital expenditures are shown by business segment in Note 3 to the consolidated accounts. The majority of capital expenditures for the 3G operations were primarily funded by mainly non or limited recourse project financing facilities. The Group's remaining capital expenditures were funded primarily from cash generated from operations, cash on hand 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 same 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 assist in managing the Group's interest rate exposures.

Contingent Liabilities

At 31 December 2002, the Group had provided guarantees for banking and other borrowing facilities granted to associated companies and jointly controlled entities of HK$11,696 million (2001 – HK$11,226 million). At 31 December 2002, the Group had contingent liabilities in respect of guarantees related to the procurement of 3G handsets of HK$14,116 million (2001 – HK$8,722 million), procurement of 3G infrastructure of HK$2,036 million (2001 – HK$2,539 million), and other guarantees totalling HK$2,103 million (2001 - HK$1,158 million).

Community Relations

The Group is aware of and is committed to its role as a corporate citizen, and frequently supports numerous community programmes through active participation and financial assistance.

During the year, the Group made donations aggregating to HK$64 million (2001 – HK$57 million) to charities and educational and professional institutions. Donations were made to charitable organisations, including the Community Chest, which provides funds to more than 140 member agencies. Some of the other organisations that received assistance included Impact Hong Kong Foundation's Lifeline Express Project, Children's Miracle Charity, the Hong Kong Cancer Fund and the Save the Children Fund, as well as several arts and culture related programmes, like the Hong Kong Arts Festival and the Hong Kong Philharmonic Society. The Group has also been a significant donor to educational and professional institutions such as the Stanford University in the USA and the Hong Kong America Center to further medical research projects and academic exchange programme.

During the year, the HWL Volunteer Team formed by the Group in 2001, continued to organise community activities among employee volunteers, including visiting and aiding the elderly and groups with special needs.

Employee Relations

At 31 December 2002, the Company and its subsidiaries employed 117,843 people (2001 – 77,253 people) and the related employee costs for the full year, excluding Director's emoluments, totalled HK$15,100 million (2001 – HK$10,043 milion). Including the Group's associated companies, at 31 December 2002 the Group employed 154,813 people of whom 29,871 are employed in Hong Kong. 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. The Company does not have a share option scheme for the purchase of ordinary shares in the Company. 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. Further, Group employees also participated in community oriented events.

Outlook

The Group's results for 2002 were achieved in a year characterised by uncertain and slow economies in Asia, a deflationary economy in Hong Kong, the threat of war, and low market interest rates. In addition, 2002 was the third consecutive year of volatile and declining equity markets. In this challenging environment, all of the Group's operating businesses performed well and reported improved, solid results as well as benefiting from expansion activity in 2001 and also in 2002.

The Group's financial position continues to be strong, with a conservative net debt level and strong cash flows generated by the established core businesses. The Group has on hand consolidated cash and other liquid investments totalling HK$130,267 million. This favourable financial position will benefit the Group as it builds its 3G telecommunication business in 2003. These state-of-the-art operations will provide future profit growth and value creation to our shareholders. In 2003 the Group will continue to focus on improving the performance and cost effectiveness of its existing solid core businesses to enhance the recurring profit base of the Group.

The business environment and markets continue to be affected by the uncertain economies, low interest rates and also the threat of war. As a result 2003 is expected to be another challenging year. The Group's geographically and segmentally diversified, established core businesses provide a strong base for another solid and steady operating performance in 2003.

The results for 2002 were achieved 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, 20 March 2003

LI Ka-shing, KBE, GBM, aged 74, 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 50 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, Zhuhai and Winnipeg, Canada 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 38, 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 CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences") 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 9th Chinese People's Political Consultative Conference ("CPPCC") and a member of the Standing Committee of the 10th CPPCC. He is also a member of the Commission on Strategic Development and the Business Advisory Group for the Hong Kong SAR. He holds a Bachelor of Science degree in Civil Engineering and a Master of Science degree in Structural Engineering.

FOK Kin-ning, Canning, aged 51, has been an Executive Director since 1984 and Group Managing Director since 1993. He is the Chairman of Hutchison Telecommunications (Australia) Limited ("HTAL"), Hutchison Harbour Ring Limited ("Hutchison Harbour Ring") and Partner Communications Company Ltd. ("Partner Communications") and the Co-Chairman of Husky Energy. He is also the Deputy Chairman of Cheung Kong Infrastructure and Hongkong Electric and a Director of Cheung Kong. He holds a Bachelor of Arts degree and is a member of the Australian Institute of Chartered Accountants.

CHOW WOO Mo Fong, Susan, aged 49, 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 51, 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 49, has been an Executive Director since 2000. He is also the Deputy Chairman of Hutchison Harbour Ring and a Director of priceline.com Incorporated 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 67, 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 56, has been an Executive Director since 1993. He is the Deputy Managing Director of Cheung Kong, Group Managing Director of Cheung Kong Infrastructure and President and Chief Executive Officer of CK Life Sciences. He is also an Executive 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 61, 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 86, 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 63, 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 53, 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 is also Chairman of the Hong Kong Association of Banks.

William SHURNIAK, aged 71, has been a Director since 1984. He is Chairman of ETSA Utilities, Powercor Australia Limited and CitiPower Pty, a Director of Envestra Limited, Downer EDI Limited, CrossCity Motorway Pty Ltd 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 81, 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 69, 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.

The directors have pleasure in submitting to shareholders their report and statement of accounts for the year ended 31 December 2002.

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 135 to 143.

Group Profit

The consolidated profit and loss account is set out on page 93 and shows the Group profit for the year ended 31 December 2002.

Dividends

An interim dividend of 51 cents per share was paid to shareholders on 11 October 2002 and the directors recommend the declaration of a final dividend at the rate of HK$1.22 per share payable on 23 May 2003 to all persons registered as holders of shares on 22 May 2003.

Reserves

Movements in the reserves of the Company and the Group during the year are set out in note 28 to the accounts and in the consolidated statement of changes in equity on pages 98 and 99, respectively.

Charitable Donations

Donations to charitable organisations by the Group during the year amounted to HK$64 million (2001 - HK$57 million).

Fixed Assets

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

Share Capital

Details of the share capital of the Company are set out in note 27 to the accounts.

Directors

The board of directors as at 31 December 2002 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.

Mr Fok Kin-ning, Canning was appointed as alternate director to Mr Simon Murray on 10 March 2003.

Messrs Chow Woo Mo Fong, Susan, Lai Kai Ming, Dominic, Simon Murray, Or Ching Fai, Raymond and William Shurniak 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 76 and 77.

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 15 April 2002, DS Eastin Limited, a then indirect wholly owned subsidiary of the Company, made available a loan (the "DSE Loan") of US$26.5 million to Beijing Harbour Plaza Co., Ltd., a then indirect non wholly owned subsidiary of the Company. The DSE Loan constituted a connected transaction for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

On 16 April 2002, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Hutchison Telecommunications (Australia) Limited ("HTAL"), 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, to underwrite the subscription of certain convertible notes (the "Convertible Notes") offered in the rights issue made by HTAL (the "Underwriting"). As a 57.8% shareholder of HTAL, Hutchison Communications (Australia) Pty Ltd. ("HCAPL") which is an indirect wholly owned subsidiary of the Company was entitled as of right to subscribe for up to A$347 million in the Convertible Notes which upon full conversion would result in allotment of up to approximately 693.8 million ordinary shares of HTAL to HCAPL (the "HCAPL Note Subscription" and "HCAPL Note Conversion" respectively). On 12 July 2002, HCAPL was allotted Convertible Notes to subscribe for 906,206,358 ordinary shares of HTAL pursuant to the exercise of its own subscription right and the Underwriting Agreement. 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. The Underwriting and the HCAPL Note Subscription constituted, and the HCAPL Note Conversion, if effected, would constitute a connected transaction for the Company under the Listing Rules.

On 19 April 2002, HTAL accepted facilities of up to an aggregate amount of A$220 million from Australia and New Zealand Banking Group Limited ("ANZ") for general corporate funding and working capital requirements. As a condition precedent to the draw down of any part of the facilities, the Company had to and did provide a guarantee (the "HTAL Guarantee") to ANZ on 22 April 2002 in respect of, inter alia, the prompt performance by HTAL of all of its obligations under the facility agreement dated 19 April 2002 made between ANZ and HTAL. 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. The HTAL Guarantee constituted a connected transaction for the Company under the Listing Rules.

On 24 April 2002 and 12 November 2002 respectively, Hutchison Whampoa Properties Limited ("HWPL"), an indirect wholly owned subsidiary of the Company, provided two guarantees (the "HWPSG Guarantees") in respect of 50% of all the obligations of Hutchison Whampoa Properties (Shanghai) Gubei Limited ("HWPSG") under two bank loans in an aggregate amount of RMB500 million made available to HWPSG by an independent financial institution. HWPSG is owned as to 50% by the Company and 50% by Cheung Kong (Holdings) Limited ("Cheung Kong"), the controlling shareholder of the Company. The HWPSG Guarantees constituted connected transactions for the Company under the Listing Rules.

On 20 May 2002 and 3 July 2002 respectively, Shenyang Hotel Holdings Limited ("SHHL"), a then indirect non wholly owned subsidiary of the Company, made available two loans (the "SHHL Loans") in an aggregate amount of US$10,292,000 to Time Plaza Shenyang Ltd., a non wholly owned subsidiary of SHHL. The SHHL Loans constituted connected transactions for the Company under the Listing Rules.

On 10 June 2002, Hutchison Whampoa (China) Limited, an indirect wholly owned subsidiary of the Company, provided a guarantee (the "HOTT Guarantee") in respect of the obligations of Hutchison Optel Telecom Technology Co., Limited ("HOTT"), an indirect non wholly owned subsidiary of the Company, under a bank facility of RMB80 million made available by an independent financial institution to HOTT. The HOTT Guarantee constituted a connected transaction for the Company under the Listing Rules.

On 19 June 2002, H3G S.p.A. ("H3G") was a wholly owned subsidiary of Hutchison 3G Italia S.p.A. ("H3GI") which in turn was a non wholly owned subsidiary indirectly owned as to approximately 88.23% by the Company and approximately 11.77% by a number of minority shareholders, none of whom are connected persons of the Company. In the relation to a project financing effected on such date by H3G, the following connected transactions were entered into:

a) the Company and its indirect wholly owned subsidiary, Hutchison Whampoa Europe Investments S.à r.l. ("HWEI"), jointly and severally provided a guarantee in favour of a syndicate of independent banks and financial institutions for their provision to H3G of recourse bank facilities in the amount of €2.2 billion;
b) the Company entered into an equity contribution agreement under which the Company agreed to make cash contributions to H3G at such time and subject to such limits as provided under the equity contribution agreement;
c) the Company entered into an intercreditor agreement under which the Company agreed to subordinate debts owing by H3G to the Company and guaranteed the obligations of H3GI under the sponsor facility agreement;
d) HWEI provided a guarantee in respect of the obligations of H3GI under a loan facility of €1.4 billion granted to H3GI by an independent financial institution;
e) H3GI pledged all of its shares in H3G for securing the obligations of H3G under the €4.2 billion financing package from independent banks, financial institutions and vendors; and
f) H3GI provided to H3G a sponsor loan facility of €1 billion and a loan facility of €400 million to roll up into the principal amount of such facility all and any fees, costs (including interest costs), expenses and taxes incurred by H3G in connection with the sponsor loan facility.

On 20 June 2002, Hutchison Telephone Company Limited ("HTCL"), an indirect non wholly owned subsidiary of the Company, entered into a service agreement with Hutchison 3G HK Limited ("H3GHK"), another indirect non wholly owned subsidiary of the Company. The service agreement set out the basis upon certain 3G network construction and related systems development project support was, and would continue to be, provided by HTCL to H3GHK for the roll out of its 3G mobile telephony network in Hong Kong. In addition to being a substantial shareholder of HTCL and H3GHK, NTT DoCoMo, Inc. ("DoCoMo") is a connected person of the Company also by virtue of it being a substantial shareholder of Hutchison 3G UK Holdings Limited which is an indirect non wholly owned subsidiary of the Company. Having regard to the specific facts and circumstances of the case, The Stock Exchange of Hong Kong Limited (the "Stock Exchange") ruled that the entering into of the service agreement constituted a connected transaction for the Company under the Listing Rules not falling within any exemption under the provisions of Rule 14.24 of the Listing Rules.

On 20 June 2002 and 12 November 2002 respectively, HWPL provided three guarantees (the "SWMC Guarantees") in respect of 50% of the obligations of Shanghai Westgate Mall Co., Ltd. ("SWMC"), which is a subsidiary of Cheung Wo Hing Fung Enterprises Limited which in turn is owned equally by the Company and Cheung Kong, under three bank loans in an aggregate amount of RMB200 million made available to SWMC by independent financial institutions. The SWMC Guarantees constituted connected transactions for the Company under the Listing Rules.

On 10 July 2002, Kingdom Development S.A. ("Kingdom"), an indirect wholly owned subsidiary of the Company, entered into a shareholders' agreement with, among others, Magic Melody Limited ("Magic Melody"), Proficient Investment Limited ("Proficient Investment") and New Civic Company, Ltd. ("New Civic") for the establishment of a joint venture holding company (the "JVCo") incorporated in the Cayman Islands to be principally engaged in hotel services and tourism services in the People's Republic of China ("PRC") and the United States. As contemplated by the shareholders' agreement, Magic Melody, Kingdom, Proficient Investment and New Civic injected their respective assets into the JVCo in return for JVCo's new shares. The asset injection by Kingdom and Proficient Investment was effected by Cavendish Hotels (Holdings) Limited ("Cavendish"), an indirect non wholly owned subsidiary of the Company, transferring to the JVCo the entire issued share capital of Doncaster International Limited ("Doncaster", the principal asset of which was its 82% equity interest in a sino-foreign equity joint venture, the Great Wall Hotel Joint Venture of Beijing, principally engaged in the ownership and operation of the Beijing Great Wall Sheraton Hotel in Beijing) in consideration for the issue and allotment by the JVCo of its new shares to Kingdom and Proficient Investment in the ratio of 51% and 49% respectively (the "Kingdom Asset Injection"). Kingdom and Proficient Investment accepted such new JVCo shares as interest free and unsecured loans from Cavendish repayable on demand in the principal amount of 51% and 49% respectively of the agreed value of the Doncaster shares transferred to the JVCo. The resultant shareholdings in the JVCo following such asset injection would be 40% (Magic Melody), 27.50% (Kingdom), 26.42% (Proficient Investment) and 6.08% (New Civic). Magic Melody is a wholly owned subsidiary of Beijing Enterprises Holdings Limited, an independent third party not connected with the Company, its directors, chief executive or substantial shareholders or of any of its subsidiaries or of any of their respective associates. Proficient Investment is a wholly owned subsidiary of Beijing Tourism Group Corporation Limited, both being connected persons of the Company by virtue of Proficient Investment being a substantial shareholder of Cavendish. New Civic is also a connected person of the Company by virtue of it being a wholly owned subsidiary and therefore an associate of Beijing Tourism Group Corporation Limited. The entering into of the shareholders' agreement and the Kingdom Asset Injection constituted connected transactions of the Company under the Listing Rules.

On 17 July 2002, HWPL provided two guarantees (the "HWPL Guarantees") in respect of 50% of all the obligations of Shanghai Xin Hui Property Development Co., Ltd. ("SXHP") under a bank loan of RMB195.2 million and 50% of all the obligations of Shanghai Hehui Property Development Co., Ltd. ("SHHP") under a bank loan of RMB1,024.8 million made available by an independent financial institution. In addition, on 31 July 2002, HWPL provided another guarantee (the "HECQ Guarantee") in respect of 50% of all the obligations of Hutchison Enterprises (Chongqing) Co., Ltd. ("HECQ") under a bank loan of RMB370 million made available by such independent financial institution. SXHP, SHHP and HECQ are owned as to 50% by the Company and 50% by Cheung Kong. The HWPL Guarantees and the HECQ Guarantee constituted connected transactions for the Company under the Listing Rules.

On 13 August 2002, HWPL provided a guarantee (the "HWPS Guarantee") in respect of 50% of all the obligations of Hutchison Whampoa Properties (Shenzhen) Co., Ltd., which is owned as to 50% by the Company and 50% by Cheung Kong, and any other foreign investment enterprises established in the PRC the controlling interests in which are owned directly or indirectly by HWPL and CKH equally, under a credit facility of RMB1.5 billion made available by an independent financial institution. The HWPS Guarantee constituted a connected transaction for the Company under the Listing Rules.

On 15 August 2002, various wholly owned subsidiaries of the Company established from time to time for the principal purpose of undertaking joint procurement and development activities in connection with the launch of the 3G business (the "Hutchison Group Companies"), Hutchison Telecommunications Limited ("HTL"), an indirect wholly owned subsidiary of the Company, and the relevant Hutchison Operating Companies (as defined below) entered into cost sharing agreements, the principal purpose of which was to regulate the sharing of costs associated with various joint procurement and development activities relating to the roll out and ongoing operation of 3G business. These activities related primarily to the joint acquisition and development of information technology platforms and software solutions, hardware, content and other services, or joint marketing, promotion and communications activities on a worldwide basis for the purpose of 3G business of the various Hutchison Operating Companies in their respective licensed territories.

Each cost sharing agreement has identical principal terms and sets out the bases upon which external and internal costs, expenses and liabilities paid or discharged by the Hutchison Group Companies in connection with each underlying contract or joint procurement or development activities would be allocated among the Hutchison Operating Companies electing to participate in such underlying contract or activities. The bases for cost allocation among the Hutchison Operating Companies were arrived at after arm's length negotiations.

In connection with the performance of obligations of the Hutchison Operating Companies under some of the underlying contracts, HTL has provided guarantees in favour of the counter-parties (the "3G CS Guarantees") thereunder who are all independent of the chief executive, directors and substantial shareholders of the Company, its subsidiaries and their respective associates. HTL has also undertaken in each cost sharing agreement to procure the performance of each of the Hutchison Operating Companies under each underlying contract in which such Hutchison Operating Company elected to participate.

"Hutchison Operating Companies" means Hutchison 3G Austria GmbH, Hutchison 3G Ireland Limited, Hutchison CAT Wireless MultiMedia Limited, Partner Communications Company Ltd. ("Partner Communications"), and Hutchison 3G Subsidiaries (i.e. H3G, Hi3G Access AB ("Hi3G"), Hi3G Denmark ApS ("Hi3G Denmark") and Hutchison Connected 3G Subsidiaries which include Hutchison 3G UK Limited ("H3GUK"), HTAL, Hutchison 3G Australia Pty Limited ("H3G Australia"), HTCL, H3GHK and Hutchison 3G Services (HK) Limited ("H3G Services")).

Each of the Hutchison 3G Subsidiaries is a connected person for the Company by virtue of it being a non wholly owned subsidiary of the Company. In addition, DoCoMo is a connected person for the Company by virtue of its then holding of approximately 25.37% indirect shareholding interest in each of HTCL, H3GHK, H3G Services and its 20% indirect shareholding interest in H3GUK, all of which are indirect non wholly owned subsidiaries of the Company. Leanrose is another connected person for the Company by virtue of it being holder of approximately 12.5% shareholding interest in HTAL, and an associate of a director of HTAL and H3G Australia, a non wholly owned subsidiary of HTAL. Each of the 3G CS Guarantees in relation to the relevant Hutchison 3G Subsidiary constituted a connected transaction for the Company under the Listing Rules.

On 19 September 2002, the Company provided a guarantee (the "Hi3G Denmark Guarantee") in favour of an independent financial institution in respect of 60% of the liabilities of Hi3G Denmark under the guarantee of up to DKK213,747,300.21 issued by such financial institution at the request of Hi3G Denmark in favour of Danish Government, in replacement of a similar guarantee granted in October 2001 which was disclosed in last year's annual report. Hi3G Denmark is an indirect non wholly owned subsidiary owned as to 60% by the Company and 40% by Investor AB. The Hi3G Denmark Guarantee constituted a connected transaction for the Company under the Listing Rules.

On 30 September 2002, an agreement (the "NEC Agreement") was entered into by the Company, DoCoMo, NEC Corporation ("NEC"), HTCL, Hutchison 3G HK Holdings Limited ("H3GHKH"), an indirect non wholly owned subsidiary of the Company, and Pilot Gateway Limited ("PGL"), a then wholly owned subsidiary of the Company, pursuant to which (i) PGL subscribed for 6,291 new shares of HK$10 each in the share capital of each of HTCL and H3GHKH, representing about 5% of each of their enlarged issued share capital (the "Subscription") and (ii) the Company procured the sale of the entired issued share capital of PGL ("PGL's Shares") to NEC. The amount of total consideration payable for the Subscription by PGL was the same as that payable by NEC for the acquisition of PGL's Shares which was US$73.1 million. As PGL was a then wholly owned subsidiary of the Company prior to completion of the NEC Agreement which took place on 8 November 2002, the Subscription, as a transaction between a wholly owned subsidiary and a non wholly owned subsidiary of the Company, constituted a connected transaction for the Company under the Listing Rules.

On 11 October 2002, Hutchison Port Holdings Limited ("HPH"), an indirect wholly owned subsidiary of the Company, provided a guarantee (the "Guarantee I") in respect of the obligations of Thai Laemchabang Terminal Co., Ltd. ("TLT"), an indirect non wholly owned subsidiary of the Company, for the issue of a tender guarantee for an amount of up to THB10 million by an independent financial institution in favour of Port Authority of Thailand in relation to the bidding of C3 Terminal in Thailand by TLT. On 13 November 2002, HPH provided another guarantee (the "Guarantee II") in respect of the obligations of TLT under a revolving loan facility of an aggregate principal amount not exceeding THB1.3 billion made available by an independent financial institution to TLT. The Guarantee I and the Guarantee II constituted connected transactions for the Company under the Listing Rules.

On 24 October 2002, HWPL provided a guarantee (the "HWPZ Guarantee") in respect of 50% of all the obligations of Hutchison Whampoa Properties (Zhuhai) Co., Ltd. ("HWPZ") under a bank loan of RMB 200 million made available to HWPZ by an independent financial institution. In addition, on 6 November 2002, HWPL provided another guarantee (the "HWPGL Guarantee") in respect of 50% of all the obligations of Hutchison Whampoa Properties (Guangzhou Liwan) Limited ("HWPGL") under a bank loan of RMB400 million made available to HWPGL by another independent financial institution. Both HWPZ and HWPGL are owned as to 50% by the Company and 50% by Cheung Kong. The HWPZ Guarantee and the HWPGL Guarantee constituted connected transactions for the Company under the Listing Rules.

On 6 November 2002, the Company issued a letter of support (the "Letter of Support") to the Broadcasting Authority with respect to the provision of 50% financial support to Metro Broadcast Corporation Limited ("Metro"), which is owned as to 50% by the Company and 50% by Cheung Kong. The Letter of Support constituted a connected transaction for the Company under the Listing Rules.

On 15 November 2002, (i) Clifton Properties Limited ("CPL"), an indirect wholly owned subsidiary of the Company, and a connected person of the Company ("CP1") together as owners of Kwun Tong Inland Lot No. 444 (the "Lot") and (ii) Hutchison Whampoa Properties (Management & Agency) Limited ("HWPMA"), an indirect wholly owned subsidiary of the Company, entered into a project management agreement with respect to the appointment of HWPMA as the project manager for the redevelopment of the Lot (the "Appointment") at a fee of HK$2 million against milestones to be achieved. Obligations of CPL and CP1 to pay such fee and other related costs and expenses are in the proportion of 63.88% and 36.12% (the "Ratio") respectively. On 20 November 2002, CPL and CP1 entered into a joint development agreement (the "JD Agreement") relating to the redevelopment of the Lot where the profits, income, development costs, loss and deficit would be shared by CPL and CP1 in the Ratio. The Appointment and the JD Agreement constituted connected transactions for the Company under the Listing Rules.

On 26 November 2002, the Company provided a top-up guarantee in respect of the obligations of HTCL and Pacific Leasing Limited under six Letters of Credit renewed on 20 June 2001 (the "Renewed L/Cs"), which were originally issued in connection with the US Leases and the aggregate amount covered by them was US$40,945,840.74. Pursuant to the agreement dated 22 February 2001 with Motorola Inc. for its sale of 25.1% of the issued share capital of HTCL (the "Motorola Sale") to Whampoa Holdings Limited which is an indirect wholly owned subsidiary of the Company, the Company agreed to issue replacement guarantees in substitution for Motorola's 30% guarantee provided in respect of the US Leases, which transaction was disclosed in last year's annual report. The Company's liability under this top-up guarantee is limited to that attributable to acts or omissions arising and accruing on or after 30 June 2001 and to 30% of the payment obligations.

On 20 December 2002, Hutchison 3G Sweden Investments S.à r.l. ("H3G Sweden"), an indirect wholly owned subsidiary of the Company, provided a loan facility of up to DKK142,308,665.89 (the "Hi3G Loan") to Hi3G, an indirect non wholly owned subsidiary owned as to 60% by H3G Sweden and 40% by Investor AB, in proportion to its shareholding in Hi3G for Hi3G's general corporate purposes. The Hi3G Loan constituted a connected transaction for the Company under the Listing Rules.

On 23 December 2002, the Company provided a guarantee (the "ECT Guarantee") in respect of the obligations of Europe Container Terminals B.V. ("ECT"), an indirect non wholly owned subsidiary of the Company, under a term loan facility of €125 million made available to ECT by an independent financial institution. The ECT Guarantee constituted a connected transaction for the Company under the Listing Rules.

On 31 December 2002, HWPL provided a guarantee (the "SHPD Guarantee") in respect of 50% of all the obligations of Shanghai Helian Property Development Co., Ltd. ("SHPD"), a subsidiary of Bayswater Developments Limited which in turn is owned equally by the Company and Cheung Kong, under a bank loan of RMB370 million made available to SHPD by an independent financial institution. The SHPD Guarantee constituted a connected transaction for the Company under the Listing Rules.

During the year 2002, HIT Holdings Limited ("HITH"), an indirect non wholly owned subsidiary of the Company, approved and/or made available four loans in an aggregate amount of HK$159 million (the "CHT Loans") to COSCO-HIT Terminals (Hong Kong) Limited, a company owned as to 50% by HITH and 50% by a connected person of the Company. The CHT Loans constituted connected transactions for the Company under the Listing Rules.

On 25 February 2003, the Company agreed to make available a loan facility in the amount of up to US$77 million (the "HXH Loan") to Hui Xian Holdings Limited ("Hui Xian") and/or its subsidiaries on a several basis pro rata to the respective interests of the Company and Cheung Kong in Hui Xian for general corporate purposes of Hui Xian group companies. The HXH Loan constituted a connected transaction for the Company under the Listing Rules.

On 1 March 2003, H3G Sweden provided a loan facility of up to SEK4.5 billion (the "Hi3GH Loan") to Hi3G Holdings AB ("Hi3GH"), a non wholly owned subsidiary directly owned as to 60% by H3G Sweden and 40% by Investor AB, in proportion to its shareholding in Hi3GH for general corporate purposes of Hi3GH. The Hi3GH Loan constituted a connected transaction for the Company under the Listing Rules.

On 18 March 2003, the Company provided a guarantee in favour of an independent financial institution (the "H3G Australia Guarantee") in respect of the cash advance facility of up to A$200 million granted by such financial institution to H3G Australia, a non wholly owed subsidiary of HTAL, to finance rollout of the 3G network and for general corporate funding requirements. The H3G Australia Guarantee constituted a connected transaction for the Company under 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 2002, 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 (the "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	–	–	1,026,000	2,140,672,773(1)	2,141,698,773
Li Tzar Kuoi, Victor	–	–	1,086,770	2,140,672,773(1)	2,141,759,543
Fok Kin-ning, Canning	–	–	2,010,875	–	2,010,875
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	990,100	9,900	–	–	1,000,000
Kam Hing Lam	60,000	–	–	–	60,000
Michael David Kadoorie	–	–	–	15,984,095(2)	15,984,095
Simon Murray	25,000	–	–	17,000(3)	42,000
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;

(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; and

(c) Effective 1 April 2003, each of Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Li Ka-Shing Unity Holdings Limited and of Li Ka-Shing Castle Holdings Limited; and the discretionary beneficiaries of each of those discretionary trusts referred to in paragraphs (a) and (b) above are, inter alia, Mr Li Tzar Kuoi, Victor and his wife and two daughters and Mr Li Tzar Kai, Richard.

(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) 17,000 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 2002, 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 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) 137,474,244 common shares and 205,774 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;

(v) a nominal amount of US$31,080,000 in the 13% Unsecured Senior Subordinated Notes due 2010 issued by Partner Communications which Notes were held by a subsidiary of Cheung Kong; and

(vi) all the securities 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 2002, corporate interests in 4,600 class C common shares in Husky Oil Holdings Limited and a total of 152,417,097 common shares and 228,141 transferable warrants in Husky Energy of which 137,474,244 common shares and 205,774 transferable warrants are duplicated in his deemed interests as described in (iv) above.

Mr Li Tzar Kuoi, Victor had, as at 31 December 2002, (i) a family interest in 151,000 shares in Hongkong Electric and (ii) corporate interests in a nominal amount of US$7,000,000 in the 7% Notes due 2011 issued by Hutchison Whampoa International (01/11) Limited ("HWI(01/11)") and a nominal amount of US$7,000,000 in the 13% Unsecured Senior Subordinated Notes due 2010 issued by Partner Communications.

Mr Fok Kin-ning, Canning had, as at 31 December 2002, (i) personal interests in 100,000 ordinary shares in and 134,000 5.5% Unsecured Convertible Notes due 2007 issued by HTAL and (ii) corporate interests in a nominal amount of US$30,000,000 in the 7% Notes due 2011 issued by HWI (01/11), 1,000,000 ordinary shares in and 1,340,001 5.5% Unsecured Convertible Notes due 2007 issued by HTAL,5,000,000 ordinary shares of Hutchison Harbour Ring Limited, 225,000 American Depositary Shares (each representingone ordinary share) in and a nominal amount of US$3,000,000 in the 13% Unsecured Senior Subordinated Notes due 2010 issued by Partner Communications and 300,000 common shares in Husky Energy.

Mr George Colin Magnus had, as at 31 December 2002, 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 2002, a personal interest in 100,000 shares in Cheung Kong Infrastructure.

Mr Peter Alan Lee Vine had, as at 31 December 2002, a personal interest in 80,000 shares in Hongkong Electric.

Save as outlined above, none of the directors had, as at 31 December 2002, 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 2002, 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 2002 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 • Finance and investment
	Husky Energy	• Integrated oil and gas business

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 2002 and up to the date of this report.

Purchase, Sales 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.

Corporate Governance

The Group is committed to high standards of corporate governance and has throughout the year complied with statutory and non-statutory requirements, including those stipulated in the Companies Ordinance, the Listing Rules, the SDI Ordinance as well as overseas statutes and rules.

Code of Best Practice

With respect to the Code of Best Practice as set out in Appendix 14 of the Listing Rules, physical board meetings of the Company are held at least four times a year. Executive directors of the Company meet on a regular basis to oversee the Company's day-to-day management, including the formulation of Group wide strategies and policies, the approval of annual budgets and business plans and the review of operational issues and financial and business performance. In addition, executive directors of the Company are actively involved in the management of the Group's subsidiary and associated companies through regular participation at the board and operational levels of such subsidiary and associated companies. 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 with Appendix 14 of the Listing Rules throughout the year ended 31 December 2002.

Audit Committee

The Audit Committee of the Company currently has a membership comprising three independent non executive directors of the Company. The terms of reference of the Audit Committee, which is based on "A Guide for the Formation of an Audit Committee" as issued by the Hong Kong Society of Accountants in 1997, sets out the powers and duties of the committee and is reviewed by the board of directors of the Company from time to time. The Audit Committee meets regularly with management and the external auditors of the Company and reviews matters relating to audit, accounting and financial statements as well as internal control, risk evaluation and general compliance of the Group and reports directly to the board of directors of the Company.

Major Customers and Supplies

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, 20 March 2003

Auditors' Report

To the Shareholders of Hutchison Whampoa Limited

(incorporated in Hong Kong with limited liability)

We have audited the accounts on pages 93 to 143 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 2002 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, 20 March 2003

Consolidated Profit and Loss Account

for the year ended 31 December 2002

2002 US$ millions		Note	2002 HK$ millions	As Restated 2001 HK$ millions
	Turnover			
9,646	Company and subsidiary companies	2	**75,235**	61,460
4,601	Share of associated companies and jointly controlled entities		**35,894**	27,578
14,247		3	**111,129**	89,038
	Company and subsidiary companies			
9,646	Turnover		**75,235**	61,460
3,529	Cost of inventories sold		**27,521**	23,274
1,508	Staff costs		**11,761**	8,875
702	Depreciation and amortisation		**5,478**	3,827
1,826	Other operating expenses		**14,244**	10,902
2,081			**16,231**	14,582
813	Share of profits less losses of associated companies		**6,344**	5,650
240	Share of profits less losses of jointly controlled entities		**1,872**	1,477
3,134	**Earnings before interest and other finance costs and taxation**	3 & 4	**24,447**	21,709
909	Interest and other finance costs, including share of associated companies and jointly controlled entities	5	**7,093**	8,767
2,225	**Profit before profit on disposal of investments less provisions**		**17,354**	12,942
195	Profit on disposal of investments less provisions	6	**1,524**	3,124
2,420	**Profit before taxation**		**18,878**	16,066
349	Taxation	8	**2,724**	2,276
2,071	**Profit after taxation**		**16,154**	13,790
239	Minority interests		**1,866**	1,810
1,832	**Profit attributable to shareholders**	9	**14,288**	11,980
946	**Dividends**	10	**7,375**	7,375
US 43.0 cents	**Earnings per share**	11	**HK$ 3.35**	HK$ 2.81

Consolidated Balance Sheet

at 31 December 2002

2002 US$ millions		Note	2002 HK$ millions	As Restated 2001 HK$ millions
	ASSETS			
	Non-current assets			
18,491	Fixed assets	12	**144,230**	102,756
12,224	Other non-current assets	13	**95,349**	86,003
1,014	Goodwill	14	**7,907**	405
5,991	Associated companies	16	**46,731**	38,332
4,515	Interests in joint ventures	17	**35,215**	38,297
9,692	Liquid funds and other listed investments	18	**75,597**	71,204
51,927	**Total non-current assets**		**405,029**	336,997
5,494	Cash and cash equivalents	19	**42,852**	47,374
5,866	Other current assets	19	**45,755**	46,838
10,696	Current liabilities	20	**83,429**	46,883
664	**Net current assets**	21	**5,178**	47,329
52,591	**Total assets less current liabilities**		**410,207**	384,326
	Non-current liabilities			
18,150	Long term liabilities	22	**141,569**	129,018
30	Deferred tax liabilities	24	**231**	200
89	Pension obligations	25	**695**	131
18,269	**Total non-current liabilities**		**142,495**	129,349
5,325	**Minority interests**	26	**41,536**	36,900
28,997	**Net assets**		**226,176**	218,077
	CAPITAL AND RESERVES			
137	Share capital	27	**1,066**	1,066
28,860	Reserves		**225,110**	217,011
28,997	**Shareholders' funds**		**226,176**	218,077

FOK Kin-ning, Canning
Director

Frank John SIXT
Director

Balance Sheet of the Company, Unconsolidated

at 31 December 2002

2002 US$ millions		Note	2002 HK$ millions	2001 HK$ millions
	ASSETS			
	Non-current assets			
6,626	Subsidiary companies	15	**51,684**	48,760
705	Current assets	19	**5,501**	8,000
9	Current liabilities	20	**71**	64
696	**Net current assets**		**5,430**	7,936
7,322	**Net assets**		**57,114**	56,696
	CAPITAL AND RESERVES			
137	Share capital	27	**1,066**	1,066
7,185	Reserves	28	**56,048**	55,630
7,322	**Shareholders' funds**		**57,114**	56,696

FOK Kin-ning, Canning
Director

Frank John SIXT
Director

Consolidated Cash Flow Statement

for the year ended 31 December 2002

2002 US$ millions		Note	2002 HK$ millions	As Restated 2001 HK$ millions
	Operating activities			
	Earnings before interest, taxation,			
4,266	depreciation and amortisation ("EBITDA")	29(a)	**33,273**	33,027
	Share of EBITDA of associated companies and			
(1,578)	jointly controlled entities		**(12,306)**	(11,173)
	Dividends received from associated companies and			
425	jointly controlled entities		**3,317**	2,539
468	Distribution from property jointly controlled entities		**3,653**	825
	Profit on disposal of subsidiary and associated companies and			
(95)	jointly controlled entities		**(742)**	(597)
3	Loss (profit) on disposal of unlisted investments		**25**	(7)
(675)	Interest and other finance costs		**(5,262)**	(6,952)
(72)	Hong Kong profits tax paid		**(567)**	(794)
(84)	Overseas profits tax paid		**(660)**	(417)
13	Loss on disposal of fixed assets		**105**	120
2,671	**Funds from operations**		**20,836**	16,571
509	Changes in working capital	29(b)	**3,967**	(1,741)
3,180	**Cash flows from operating activities**		**24,803**	14,830
	Investing activities			
(1,399)	Purchase of fixed assets		**(10,916)**	(6,761)
(3,626)	Purchase of 3G related fixed assets		**(28,282)**	(7,532)
(23)	Purchase of 3G licences		**(180)**	(1,684)
(1,139)	Purchase of subsidiary companies	29(c)	**(8,888)**	(3,827)
(825)	Purchase of and advances to associated companies		**(6,436)**	(2,874)
(458)	Purchase of and advances to jointly controlled entities		**(3,572)**	(4,974)
(69)	Additions to unlisted investments		**(538)**	(1,909)
	Repayment from associated companies and non-property			
200	jointly controlled entities and other joint ventures		**1,567**	4,917
23	Proceeds on disposal of fixed assets		**176**	99
130	Proceeds on disposal of subsidiary companies	29(d)	**1,014**	1,387
21	Proceeds on disposal of associated companies		**167**	–
5	Proceeds on disposal of jointly controlled entities		**36**	–
–	Proceeds on disposal of other joint ventures		**–**	973
161	Proceeds on disposal of other unlisted investments		**1,258**	1,773
(6,999)	Subtotal		**(54,594)**	(20,412)

2002 US$ millions		Note	2002 HK$ millions	As Restated 2001 HK$ millions
	Liquid funds and other listed investments			
3,546	Disposal of liquid funds and other listed investments		**27,662**	18,055
(2,884)	Additions to liquid funds and other listed investments		**(22,495)**	(22,795)
662	Net transfer from (to) liquid funds and other listed investments		**5,167**	(4,740)
(6,337)	**Cash flows from investing activities**		**(49,427)**	(25,152)
	Financing activities			
3,720	Net cash flows from financing activities	29(e)	**29,016**	19,743
(197)	Dividends paid to minority shareholders		**(1,539)**	(2,047)
(946)	Dividends paid to shareholders		**(7,375)**	(7,375)
2,577	**Cash flows from financing activities**		**20,102**	10,321
(580)	**Decrease in cash and cash equivalents**		**(4,522)**	(1)
6,074	Cash and cash equivalents at 1 January		**47,374**	47,375
5,494	**Cash and cash equivalents at 31 December**		**42,852**	47,374
	Analysis of cash, liquid funds and other listed investments			
5,494	Cash and cash equivalents, as above	29(f)	**42,852**	47,374
4,375	Managed funds, overseas		**34,128**	23,794
2,209	Listed held-to-maturity debt securities		**17,232**	7,346
439	Listed equity securities, Hong Kong		**3,427**	3,473
4,142	Listed equity securities, overseas		**32,307**	63,176
41	Long term deposits		**321**	173
11,206	Liquid funds and other listed investments	18	**87,415**	97,962
16,700	**Total cash, liquid funds and other listed investments**		**130,267**	145,336
23,141	Bank and other interest bearing borrowings		**180,496**	146,992
6,441	**Net debt**		**50,229**	1,656

Consolidated Statement of Changes in Equity

for the year ended 31 December 2002

	Share Capital HK$ millions	Share Premium HK$ millions	Revaluation Reserves HK$ millions	Exchange Reserve HK$ millions	Retained Profit HK$ millions	Total HK$ millions
At 1 January 2002, as previously reported	**1,066**	**28,359**	**11,847**	**(6,889)**	**183,890**	**218,273**
Prior year adjustment (note 1A)	–	–	–	–	**(196)**	**(196)**
At 1 January 2002, as restated	**1,066**	**28,359**	**11,847**	**(6,889)**	**183,694**	**218,077**
Company and subsidiary companies' profit for the year	–	–	–	–	**12,468**	**12,468**
Share of reserves of associated companies	–	–	**(315)**	**271**	**2,043**	**1,999**
Share of reserves of jointly controlled entities	–	–	**278**	**(1)**	**(223)**	**54**
Net goodwill realised upon disposal of subsidiary and associated companies and jointly controlled entities	–	–	–	–	**88**	**88**
Revaluation deficit on Vodafone and Deutsche Telekom shares	–	–	**(3,105)**	–	–	**(3,105)**
Revaluation deficit on other investments	–	–	**(1,767)**	–	–	**(1,767)**
Valuation released upon disposal of other investments	–	–	**(8)**	–	–	**(8)**
Revaluation deficit on investment properties	–	–	**(1,856)**	–	–	**(1,856)**
Exchange translation differences	–	–	–	**7,601**	–	**7,601**
2001 final dividend paid	–	–	–	–	**(5,201)**	**(5,201)**
2002 interim dividend paid	–	–	–	–	**(2,174)**	**(2,174)**
At 31 December 2002	**1,066**	**28,359**	**5,074**	**982**	**190,695**	**226,176**

	Share Capital HK$ millions	Share Premium HK$ millions	Revaluation Reserves HK$ millions	Exchange Reserve HK$ millions	Retained Profit HK$ millions	Total HK$ millions
At 1 January 2001, as previously reported	1,066	28,359	48,703	(3,296)	178,516	253,348
Prior year adjustment (note 1A)	–	–	–	–	(88)	(88)
At 1 January 2001, as restated	1,066	28,359	48,703	(3,296)	178,428	253,260
Company and subsidiary companies' profit for the year	–	–	–	–	12,009	12,009
Share of reserves of associated companies	–	–	–	(336)	1,570	1,234
Share of reserves of jointly controlled entities	–	–	292	50	(1,599)	(1,257)
Net goodwill realised upon disposal of subsidiary and associated companies and jointly controlled entities	–	–	–	–	661	661
Revaluation deficit on other investments	–	–	(874)	–	–	(874)
Valuation released upon disposal of VoiceStream shares and other investments	–	–	(33,814)	–	–	(33,814)
Revaluation deficit on investment properties	–	–	(2,460)	–	–	(2,460)
Exchange translation differences	–	–	–	(3,307)	–	(3,307)
2000 final dividend paid	–	–	–	–	(5,201)	(5,201)
2001 interim dividend paid	–	–	–	–	(2,174)	(2,174)
At 31 December 2001	1,066	28,359	11,847	(6,889)	183,694	218,077

As at 31 December 2002, included in revaluation reserves are investment properties revaluation surplus of HK$12,234 million (31 December 2001 and 1 January 2001 – HK$14,134 million and HK$16,302 million respectively) and investment revaluation deficit of HK$7,160 million (31 December 2001 and 1 January 2001 – deficit of HK$2,287 million and surplus of HK$32,401 million respectively). Included in share premium is a capital redemption reserve of HK$404 million in all reporting years.

The retained profits of the Group include HK$12,872 million (2001 – HK$10,820 million) retained by associated companies of the Group and accumulated losses of HK$2,625 million (2001 – accumulated losses of HK$2,183 million) retained by jointly controlled entities.

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 except that, as set out in Notes 1F and 1H below, listed equity securities and investment properties are stated at fair value and open market value respectively. In the current year, the Group has adopted the new or revised SSAPs effective for accounting periods commencing on 1 January 2002. The adoption of these new or revised SSAPs had no material effects on the Group's results.

The profit attributable to shareholders for the year ended 31 December 2001 has been reduced by HK$108 million and retained profit at 1 January 2001 and 2002 have been reduced by HK$88 million and HK$196 million respectively for the Group's share of a prior year adjustment of an associated company, Husky Energy Inc. This adjustment is in relation to the adoption of the recommendations of the Canadian Institute of Chartered Accountants on Foreign Currency Translation whereby foreign exchange gains and losses on long-term monetary items are no longer deferred and amortised but are reflected in the profit and loss account in the period they are incurred.

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 2002 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 2002 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 2002. 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.

1 Principal Accounting Policies (cont'd)

E Joint Ventures

A joint venture is classified as a jointly controlled entity if it is held as a long term investment and a contractual arrangement between the shareholders establishes joint control over the economic activities of the joint venture. Results of the jointly controlled entities are incorporated in the accounts to the extent of the Group's share of the post acquisition results calculated from their accounts made up to 31 December 2002. 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.

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 Liquid Funds and Other Investments

Liquid funds and other listed investments are investments in cash and cash equivalents, listed held-to-maturity debt securities and listed equity securities. Listed held-to-maturity debt securities are carried at cost less provision for impairment in value. Listed equity securities ("equity securities") represent listed investments in companies which are not subsidiary companies nor associated companies nor joint ventures and are carried at fair value. Changes in the fair value of equity securities are dealt with as movements in the investment revaluation reserve. In circumstances where the fair value of equity 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 equity securities, the relevant revaluation surplus or deficit is dealt with in the profit and loss account. Interest income and dividends 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	$3\frac{1}{3}$ – $33\frac{1}{3}$%
Container terminal equipment	5 – 20%
Telecommunication equipment	5 – 10%
Leasehold improvements	Over the unexpired period of the lease or 15%, whichever is the greater

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

Notes to the Accounts

1 Principal Accounting Policies (cont'd)

H Investment Properties

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

I 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.

Other unlisted investments are investments in unlisted held-to-maturity debt securities and unlisted equity securities and advances. Unlisted equity securities represent unlisted investments in companies which are not subsidiary companies nor associated companies nor joint ventures. Other unlisted investments are carried at cost less provision for impairment in value.

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.

Goodwill on acquisitions occurring on or after 1 January 2001 is 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. Goodwill on acquisitions which occurred before 1 January 2001 was taken directly to reserves.

1 Principal Accounting Policies (cont'd)

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.

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 Pension Plans

Pension plans are classified into defined benefit and defined contribution plans.

Commencing from 1 January 2002, pension accounting costs for defined benefit plans are assessed using the projected unit credit method in accordance with SSAP 34 "Employee Benefits". Under this method, the cost of providing pensions is charged to the profit and loss account so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans each year. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the balance sheet date based on high quality corporate bonds with currency and term similar to the estimated term of benefit obligations. Cumulative unrecognised net actuarial gains and losses at the previous financial year end to the extent of the amount in excess of 10% of the greater of

Notes to the Accounts

1 Principal Accounting Policies (cont'd)

Q Pension Plans (cont'd)

the present value of plan obligations and the fair value of plan assets at that date are recognised over the average remaining service lives of employees.

In prior years, pension costs were assessed according to the Group's annual contributions which were designed to fully fund the plans as advised by independent actuaries. In accordance with transitional provisions under SSAP 34, transitional liabilities at 1 January 2002 are recognised as an expense on a straight line basis over a period of five years from 1 January 2002.

The Group's contributions to the defined contribution plans are charged to the profit and loss account in the year incurred.

Pension costs are charged against the profit and loss account within staff costs.

The pension plans are funded by the relevant Group companies taking into account the recommendations of independent qualified actuaries and by payments from employees for contributory plans.

R 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.

S Dividends

Dividend is recorded as a liability on the date of declaration.

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 2002 HK$ millions	Group 2001 HK$ millions
Sales of goods	**38,071**	29,132
Rendering of services	**31,333**	26,096
Interest	**4,331**	5,221
Dividends	**1,500**	1,011
	75,235	61,460

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$48 million (2001 – HK$126 million), Property and hotels is HK$467 million (2001 – HK$468 million), Retail and manufacturing is HK$79 million (2001 – HK$96 million) and Finance and investments is HK$240 million (2001 – HK$209 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**	**2002 Total HK$ millions**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2001 Total HK$ millions
Ports and related services	**18,156**	**2,416**	**20,572**	12,641	2,864	15,505
Telecommunications – 3G	**–**	**–**	**–**	–	–	–
Telecommunications – others	**10,021**	**3,346**	**13,367**	8,743	2,725	11,468
Property and hotels	**3,802**	**7,907**	**11,709**	3,941	1,575	5,516
Retail and manufacturing	**36,600**	**2,871**	**39,471**	27,208	2,335	29,543
Cheung Kong Infrastructure	**2,707**	**7,919**	**10,626**	4,050	6,029	10,079
Husky Energy	**–**	**11,198**	**11,198**	–	11,801	11,801
Finance and investments	**3,949**	**237**	**4,186**	4,877	249	5,126
	75,235	**35,894**	**111,129**	61,460	27,578	89,038

Notes to the Accounts

3 Segment Information (cont'd)

Business Segment (cont'd)

	Earnings before Interest and Other Finance Costs and Taxation					
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**2002 Total HK$ millions**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2001 Total HK$ millions
Ports and related services	**6,001**	**794**	**6,795**	5,006	785	5,791
Telecommunications – 3G	**–**	**–**	**–**	–	–	–
Telecommunications – others	**563**	**255**	**818**	804	(85)	719
Property and hotels	**2,017**	**553**	**2,570**	1,595	122	1,717
Retail and manufacturing	**758**	**273**	**1,031**	473	64	537
Cheung Kong Infrastructure	**813**	**4,177**	**4,990**	355	4,234	4,589
Husky Energy	**–**	**2,084**	**2,084**	85	1,814	1,899
Finance and investments	**6,079**	**80**	**6,159**	6,264	193	6,457
	16,231	**8,216**	**24,447**	14,582	7,127	21,709

Earnings before interest and other finance costs and taxation for 3G Telecommunications operations is stated net of the release of provisions amounting to HK$1,871 million (2001 – HK$462 million) which compensated the pre-operating expenses of these businesses.

	Depreciation and Amortisation					
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**2002 Total HK$ millions**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2001 Total HK$ millions
Ports and related services	**2,196**	**304**	**2,500**	1,401	372	1,773
Telecommunications – 3G	**–**	**–**	**–**	–	–	–
Telecommunications – others	**1,733**	**399**	**2,132**	994	506	1,500
Property and hotels	**195**	**54**	**249**	454	117	571
Retail and manufacturing	**1,031**	**124**	**1,155**	657	109	766
Cheung Kong Infrastructure	**257**	**1,317**	**1,574**	257	1,256	1,513
Husky Energy	**–**	**1,891**	**1,891**	–	1,685	1,685
Finance and investments	**66**	**1**	**67**	64	1	65
	5,478	**4,090**	**9,568**	3,827	4,046	7,873

3 Segment Information (cont'd)

Business Segment (cont'd)

Total Assets

	Company and Subsidiaries		Investments in Associated		Company and Subsidiaries		Investments in Associated	
	Segment Assets HK$ millions	**Deferred Tax Assets HK$ millions**	**Companies and Interests in Joint Ventures HK$ millions**	**2002 Total Assets HK$ millions**	Segment Assets HK$ millions	Deferred Tax Assets HK$ millions	Companies and Interests in Joint Ventures HK$ millions	2001 Total Assets HK$ millions
Ports and related services	**49,403**	**4**	**5,708**	**55,115**	45,874	–	4,707	50,581
Telecommunications – 3G[a]	**129,579**	**5**	**–**	**129,584**	85,097	–	169	85,266
Telecommunications – others	**58,873**	**–**	**1,330**	**60,203**	79,108	–	1,658	80,766
Property and hotels	**37,844**	**–**	**19,986**	**57,830**	39,161	–	20,148	59,309
Retail and manufacturing	**26,557**	**306**	**1,026**	**27,889**	10,983	–	745	11,728
Cheung Kong Infrastructure	**14,880**	**–**	**40,805**	**55,685**	11,478	–	37,806	49,284
Husky Energy	**–**	**–**	**12,090**	**12,090**	–	–	10,834	10,834
Finance and investments	**94,239**	**–**	**1,001**	**95,240**	82,879	–	562	83,441
	411,375	**315**	**81,946**	**493,636**	354,580	–	76,629	431,209

(a) Included in this amount is an unrealised foreign currency exchange gain arising in 2002 of HK$11,209 million (2001 – loss of HK$3,560 million) from the translation of overseas subsidiaries accounts to Hong Kong dollars with an offsetting amount recorded in exchange reserve.

Segment assets comprise fixed assets, cost of licences, other unlisted investments, goodwill, liquid funds and other listed investments, cash and cash equivalents and other current assets.

Total Liabilities

	Segment Liabilities HK$ millions	**Current and Deferred Tax Liabilities HK$ millions**	**2002 Total Liabilities HK$ millions**	Segment Liabilities HK$ millions	Current and Deferred Tax Liabilities HK$ millions	2001 Total Liabilities HK$ millions
Ports and related services	**24,048**	**302**	**24,350**	22,886	265	23,151
Telecommunications – 3G	**38,637**	**–**	**38,637**	9,776	10	9,786
Telecommunications – others	**63,809**	**10**	**63,819**	53,675	2	53,677
Property and hotels	**2,119**	**148**	**2,267**	4,276	141	4,417
Retail and manufacturing	**22,486**	**254**	**22,740**	15,160	213	15,373
Cheung Kong Infrastructure	**14,515**	**99**	**14,614**	9,951	100	10,051
Husky Energy	**–**	**–**	**–**	–	–	–
Finance and investments	**59,488**	**9**	**59,497**	59,764	13	59,777
	225,102	**822**	**225,924**	175,488	744	176,232

Segment liabilities comprise bank and other loans, notes and bonds, trade payables, other payables, accruals and pension obligations.

3 Segment Information (cont'd)

Business Segment (cont'd)

	Capital Expenditures	
	Company and Subsidiaries	
	2002 HK$ millions	2001 HK$ millions
Ports and related services	**4,005**	1,169
Telecommunications – 3G	**28,282**	7,532
Telecommunications – others	**4,359**	3,311
Property and hotels	**1,190**	735
Retail and manufacturing	**1,237**	1,292
Cheung Kong Infrastructure	**111**	108
Husky Energy	**–**	–
Finance and investments	**14**	146
	39,198	14,293

Geographical Segment

	Turnover from External Customers					
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**2002 Total HK$ millions**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2001 Total HK$ millions
Hong Kong	**33,618**	**14,419**	**48,037**	34,020	7,495	41,515
Mainland China	**7,098**	**5,518**	**12,616**	5,656	4,703	10,359
Asia and Australia	**12,228**	**4,290**	**16,518**	10,137	2,305	12,442
Europe	**15,253**	**354**	**15,607**	5,620	1,051	6,671
Americas and others	**7,038**	**11,313**	**18,351**	6,027	12,024	18,051
	75,235	**35,894**	**111,129**	61,460	27,578	89,038

	Earnings before Interest and Other Finance Costs and Taxation					
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**2002 Total HK$ millions**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2001 Total HK$ millions
Hong Kong	**5,024**	**3,939**	**8,963**	6,376	3,505	9,881
Mainland China	**1,947**	**1,431**	**3,378**	958	1,037	1,995
Asia and Australia	**670**	**766**	**1,436**	914	709	1,623
Europe	**2,654**	**(15)**	**2,639**	990	48	1,038
Americas and others	**5,936**	**2,095**	**8,031**	5,344	1,828	7,172
	16,231	**8,216**	**24,447**	14,582	7,127	21,709

3 Segment Information (cont'd)

Geographical Segment (cont'd)

Total Assets

	Company and Subsidiaries Segment Assets 2002 HK$ millions	Company and Subsidiaries Deferred Tax Assets 2002 HK$ millions	Investments in Associated Companies and Interests in Joint Ventures 2002 HK$ millions	2002 Total Assets HK$ millions	Company and Subsidiaries Segment Assets 2001 HK$ millions	Company and Subsidiaries Deferred Tax Assets 2001 HK$ millions	Investments in Associated Companies and Interests in Joint Ventures 2001 HK$ millions	2001 Total Assets HK$ millions
Hong Kong	**87,250**	**–**	**31,859**	**119,109**	77,955	–	33,524	111,479
Mainland China	**13,273**	**–**	**23,539**	**36,812**	14,196	–	23,064	37,260
Asia and Australia	**26,610**	**4**	**12,634**	**39,248**	16,673	–	7,684	24,357
Europe	**192,018**	**311**	**754**	**193,083**	162,499	–	929	163,428
Americas and others	**92,224**	**–**	**13,160**	**105,384**	83,257	–	11,428	94,685
	411,375	**315**	**81,946**	**493,636**	354,580	–	76,629	431,209

Capital Expenditures

	Company and Subsidiaries 2002 HK$ millions	Company and Subsidiaries 2001 HK$ millions
Hong Kong	**4,336**	2,804
Mainland China	**1,028**	460
Asia and Australia	**5,490**	386
Europe	**27,970**	9,893
Americas and others	**374**	750
	39,198	14,293

Notes to the Accounts

4 Earnings before Interest and Other Finance Costs and Taxation ("EBIT")

	Group 2002 HK$ millions	Group 2001 HK$ millions
EBIT is shown after crediting and charging the following items:		
Credits:		
Share of profits less losses of associated companies		
Listed	**5,594**	4,829
Unlisted	**750**	821
	6,344	5,650
Share of gross rental income from associated companies and jointly controlled entities	**378**	195
Gross rental income from investment properties of subsidiary companies	**2,060**	2,044
Less: intra group rental income	**(286)**	(286)
	1,774	1,758
Less: related outgoings	**(31)**	(43)
Net rental income of subsidiary companies	**1,743**	1,715
Dividend and interest income from managed funds and other investments		
Listed	**3,496**	2,386
Unlisted	**372**	533
Interest rate swap income (Note 22)	**1,910**	–
Charges:		
Depreciation of fixed assets	**5,328**	3,792
Amortisation of goodwill	**150**	35
Share of depreciation and amortisation of associated companies and jointly controlled entities	**4,090**	4,046
Operating leases		
Properties	**3,650**	2,421
Hire of plant and machinery	**489**	456
Hire of vessels	**–**	1,007
Auditors' remuneration	**60**	46

5 Interest and Other Finance Costs

	Group 2002 HK$ millions	Group 2001 HK$ millions
Company and subsidiary companies		
Bank loans and overdrafts	**2,776**	3,011
Other loans repayable within 5 years	**251**	116
Other loans not wholly repayable within 5 years	**2**	45
Notes and bonds repayable within 5 years	**1,728**	2,438
Notes and bonds not wholly repayable within 5 years	**1,703**	2,111
	6,460	7,721
Less: interest capitalised	**(1,198)**	(769)
	5,262	6,952
Share of associated companies	**1,233**	1,250
Share of jointly controlled entities	**598**	565
	7,093	8,767

6 Profit on Disposal of Investments Less Provisions

	Group 2002 HK$ millions	Group 2001 HK$ millions
Profit on sale of equity interests, ranging from 1% to 3%, to strategic partners in certain ports	**1,129**	–
Write back of a provision previously made for Hutchison Harbour Ring Limited	**395**	–
Profit on disposal of investments	**–**	30,000
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)
Provision for loss on property development projects	**–**	(1,500)
	1,524	3,124

The 2001 profit on disposal of investments comprises of 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 GBP 1.75 per share and approximately 89 million shares of Deutsche Telekom at an average price of EUR 21.26 per share.

7 Directors' Emoluments

	Group 2002 HK$ millions	Group 2001 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	**214**	169
	259	214

The emoluments of the six independent non-executive directors of the Company are HK$0.45 million (2001 – six directors, HK$0.45 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.

The Company does not have an option scheme for the purchase of ordinary shares in the Company.

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

HK$	**Group 2002 Number of Directors**	Group 2001 Number of Directors
Nil – 1,000,000	**8**	8
7,500,001 – 8,000,000	**1**	2
11,000,001 – 11,500,000	**1**	–
11,500,001 – 12,000,000	**1**	1
25,500,001 – 26,000,000	**–**	1
27,000,001 – 27,500,000	**–**	1
28,000,001 – 28,500,000	**–**	1
32,500,001 – 33,000,000	**1**	–
34,000,001 – 34,500,000	**1**	–
35,000,001 – 35,500,000	**1**	–
105,000,001 – 105,500,000	**–**	1
125,000,001 – 125,500,000	**1**	–

The five individuals whose emoluments were the highest for the year were four (2001 – four) directors of the Company and one (2001 – one) director of a subsidiary of the Company. The remuneration of the director of the subsidiary company consisted of basic salary and allowance – HK$6.6 million (2001 – HK$6 million); provident fund contribution – HK$1 million (2001 – HK$0.9 million); and bonus – HK$25 million (2001 – HK$12 million).

8 Taxation

	Current Taxation HK$ millions	Deferred Taxation HK$ millions	Group 2002 Total HK$ millions	Current Taxation HK$ millions	Deferred Taxation HK$ millions	Group 2001 Total HK$ millions
Hong Kong						
Subsidiary companies	**492**	**17**	**509**	537	(6)	531
Associated companies	**393**	**2**	**395**	314	–	314
Jointly controlled entities	**113**	**5**	**118**	56	(2)	54
Overseas						
Subsidiary companies	**752**	**58**	**810**	543	(14)	529
Associated companies	**168**	**629**	**797**	63	710	773
Jointly controlled entities	**97**	**(2)**	**95**	64	11	75
	2,015	**709**	**2,724**	1,577	699	2,276

Hong Kong profits tax has been provided for at the rate of 16% (2001 – 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.

	Group 2002 HK$ millions	Group 2001 HK$ millions
The potential tax liabilities (assets) which have not been provided for in respect of the current year are as follows:		
Arising from accelerated depreciation allowances	**1,794**	(121)
Arising from tax losses	**(1,652)**	(39)

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.

9 Profit Attributable to Shareholders

The net profit of the Company is HK$7,793 million (2001 – HK$7,999 million) and is included in determining the profit attributable to shareholders in the consolidated profit and loss account.

10 Dividends

	Group 2002 HK$ millions	Group 2001 HK$ millions
Interim, paid of HK$0.51 per share (2001 – HK$0.51)	**2,174**	2,174
Final, proposed of HK$1.22 per share (2001 – HK$1.22)	**5,201**	5,201
	7,375	7,375

Notes to the Accounts

11 Earnings Per share

The calculation of earnings per share is based on profit attributable to shareholders of HK$14,288 million (2001 – HK$11,980 million, as restated) and on 4,263,370,780 shares in issue during 2002 (2001 – 4,263,370,780 shares).

12 Fixed Assets – Group

	Investment Properties HK$ millions	Other Properties HK$ millions	Other Assets HK$ millions	2002 Total HK$ millions	2001 Total HK$ millions
Cost or valuation					
At 1 January	28,458	48,290	50,579	127,327	103,300
Exchange translation differences	–	284	2,379	2,663	(591)
Additions	59	3,300	35,839	39,198	14,293
Disposals	(20)	(228)	(2,091)	(2,339)	(706)
Relating to subsidiaries acquired	–	1,085	13,304	14,389	13,736
Relating to subsidiaries disposed of	–	(856)	(549)	(1,405)	(183)
Revaluation	(1,866)	–	–	(1,866)	(2,503)
Transfer to current assets	–	(152)	(166)	(318)	(19)
Transfer between categories	1,894	(607)	(2,500)	(1,213)	–
At 31 December	28,525	51,116	96,795	176,436	127,327
Accumulated depreciation					
At 1 January	–	5,792	18,779	24,571	17,862
Exchange translation differences	–	257	773	1,030	(156)
Charge for the year	–	1,191	4,137	5,328	3,792
Impairment recognised	–	30	82	112	–
Disposals	–	(107)	(1,946)	(2,053)	(487)
Relating to subsidiaries acquired	–	–	4,819	4,819	3,643
Relating to subsidiaries disposed of	–	(205)	(151)	(356)	(93)
Transfer from (to) current assets	–	9	(41)	(32)	10
Transfer between categories	–	129	(1,342)	(1,213)	–
At 31 December	–	7,096	25,110	32,206	24,571
Net book value at 31 December	28,525	44,020	71,685	144,230	102,756
Cost or valuation at 31 December					
At cost	–	51,116	96,795	147,911	98,869
At valuation	28,525	–	–	28,525	28,458
	28,525	51,116	96,795	176,436	127,327

12 Fixed Assets – Group (cont'd)

	2002 HK$ millions	2001 HK$ millions
Net book value of investment properties and other properties comprises:		
Hong Kong		
Long leasehold (not less than 50 years)	**14,565**	15,081
Medium leasehold (less than 50 years but not less than 10 years)	**33,789**	33,564
Short leasehold (less than 10 years)	**26**	30
Overseas		
Freehold	**7,629**	5,067
Long leasehold	**1,781**	3,162
Medium leasehold	**14,139**	13,705
Short leasehold	**616**	347
	72,545	70,956

Investment properties have been revalued as at 31 December 2002 by DTZ Debenham Tie Leung Limited, professional valuers, on an open market value basis based on existing use.

Other properties include projects under development in the amount of HK$3,503 million at 31 December 2002 (2001 – HK$3,073 million).

Other assets include telecommunications equipment held under finance leases at a cost of HK$3,222 million (2001 – HK$3,222 million) and accumulated depreciation of HK$1,278 million (2001 – HK$1,060 million) at 31 December 2002. Depreciation for the year amounted to HK$218 million (2001 – HK$212 million).

Cost and net book value of fixed assets include HK$38,163 million (2001 – HK$7,747 million) and HK$37,598 million (2001 – HK$7,636 million) respectively relating to 3G telecommunications operations.

	2002 HK$ millions	2001 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	**1,282**	1,584
After 1 year, but within 5 years	**2,211**	3,212
After 5 years	**722**	913

Notes to the Accounts

13 Other Non-current Assets

	Group 2002 HK$ millions	Group 2001 HK$ millions
Cost of licences for 3G telecommunications spectrum		
At 1 January	**78,152**	80,039
Exchange translation differences	**10,187**	(3,571)
Additions	**180**	1,684
At 31 December	**88,519**	78,152
Other unlisted investments		
Held-to-maturity convertible debt securities	**3,842**	4,538
Equity securities and advances	**2,673**	3,313
	6,515	7,851
Deferred tax assets (Note 24)	**315**	–
	95,349	86,003

14 Goodwill

	Group 2002 HK$ millions	Group 2001 HK$ millions
Cost		
At 1 January	**440**	–
Additional goodwill recognised	**7,534**	440
Exchange translation differences	**405**	–
Relating to subsidiaries disposed of	**(75)**	–
At 31 December	**8,304**	440
Accumulated amortisation		
At 1 January	**35**	–
Charge for the year	**150**	35
Exchange translation differences	**12**	–
Relating to subsidiaries acquired	**230**	–
Relating to subsidiaries disposed of	**(30)**	–
At 31 December	**397**	35
Net book value at 31 December	**7,907**	405

15 Subsidiary Companies

	Company 2002 HK$ millions	Company 2001 HK$ millions
Unlisted shares	**728**	728
Amounts due from subsidiary companies	**50,956**	48,032
	51,684	48,760

Particulars regarding the principal subsidiary companies are set forth on pages 135 to 143.

16 Associated Companies

	Group 2002 HK$ millions	Group 2001 HK$ millions
Unlisted shares	**1,524**	1,651
Listed shares, Hong Kong	**9,512**	9,512
Listed shares, overseas	**10,864**	10,342
Share of undistributed post acquisition reserves	**13,693**	10,979
Investments in associated companies	**35,593**	32,484
Amounts due from associated companies	**12,722**	7,476
Amounts due to associated companies	**(1,584)**	(1,628)
	46,731	38,332

The market value of the listed investments at 31 December 2002 was HK$40,315 million (2001 – HK$42,851 million).

Particulars regarding the principal associated companies are set forth on pages 135 to 143.

Notes to the Accounts

17 Interests in Joint Ventures

	Group 2002 HK$ millions	Group 2001 HK$ millions
Jointly controlled entities		
Unlisted shares	**17,137**	19,196
Share of undistributed post acquisition reserves	**(5,764)**	(6,004)
Investments in jointly controlled entities	**11,373**	13,192
Amounts due from jointly controlled entities	**19,146**	18,565
Amounts due to jointly controlled entities	**(600)**	(738)
	29,919	31,019
Other joint ventures		
Cost of investments	**4,645**	6,504
Amounts due from other joint ventures	**651**	774
	5,296	7,278
	35,215	38,297

Particulars regarding the principal jointly controlled entities are set forth on pages 135 to 143.

18 Liquid Funds and Other Listed Investments

	Group 2002 HK$ millions	Group 2001 HK$ millions
Managed funds, overseas		
Listed held-to-maturity debt securities	**33,471**	22,675
Cash and cash equivalents	**657**	1,119
	34,128	23,794
Listed held-to-maturity debt securities	**17,232**	7,346
Listed equity securities, Hong Kong	**3,427**	3,473
Listed equity securities, overseas	**32,307**	63,176
Long term deposits	**321**	173
	87,415	97,962
Less: current portion	**(11,818)**	(26,758)
	75,597	71,204

The market value of listed securities at 31 December 2002 was HK$88,603 million (2001 – HK$108,736 million).

18 Liquid Funds and Other Listed Investments (cont'd)

Included in the listed held–to–maturity debt securities is investment in notes totalling HK$5,218 million (2001 – 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 became floating interest rate bearing notes. The financial institution has a call option to purchase the notes any time before maturity in 2004.

19 Current Assets

	Company 2002 HK$ millions	Company 2001 HK$ millions	**Group 2002 HK$ millions**	Group 2001 HK$ millions
Stocks	**–**	–	**8,742**	4,821
Trade receivables	**–**	–	**4,726**	3,837
Other receivables and prepayments	**1**	–	**20,469**	11,422
Dividends and other receivables from subsidiary companies	**5,500**	8,000	**–**	–
Current portion of liquid funds and other listed investments	**–**	–	**11,818**	26,758
Other current assets	**5,501**	8,000	**45,755**	46,838
Cash and cash equivalents	**–**	–	**42,852**	47,374
	5,501	8,000	**88,607**	94,212

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 2002 HK$ millions	Group 2001 HK$ millions
At 31 December, the ageing analysis of the trade receivables is as follows:		
Current	**3,277**	2,410
31–60 days	**844**	871
61–90 days	**253**	271
Over 90 days	**352**	285
	4,726	3,837

Notes to the Accounts

20 Current Liabilities

	Company 2002 HK$ millions	Company 2001 HK$ millions	Group 2002 HK$ millions	Group 2001 HK$ millions
Bank loans (note a)	**2**	–	**13,334**	15,238
Other loans	**–**	–	**94**	161
Exchangeable notes (note b)				
US$3,000 million exchangeable notes, 2.875% due 2003	**–**	–	**23,400**	–
Other notes and bonds				
HK$ notes, 7.88% due 2002	**–**	–	**–**	1,500
HK$ notes, 7.82% due 2002	**–**	–	**–**	500
HK$ notes, 7% due 2003	**–**	–	**1,000**	–
Trade payables	**–**	–	**8,610**	6,180
Other payables and accruals	**69**	64	**36,400**	22,760
Taxation	**–**	–	**591**	544
	71	64	**83,429**	46,883

(a) The bank loans include project financing for 3G operations totalling HK$1,003 million (2001 – nil) which is guaranteed by the Group. In March 2003, the Group issued AUD800 million principal amount of floating interest rate notes due in 2008, the proceeds of these notes will be used to refinance bank loans due within 2003.

(b) The US$3,000 million exchangeable notes ("Exchangeable Notes") are exchangeable into ordinary shares of Vodafone any time 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. In February 2003, the Group issued US$1,500 million principal amount of 6.5% fixed interest rate notes due in 2013, the proceeds of which will be used to repay a portion of the Exchangeable Notes.

(c) The bank and other loans are secured to the extent of HK$3,159 million (2001 – HK$1,749 million).

	Group 2002 HK$ millions	Group 2001 HK$ millions
At 31 December, the ageing analysis of the trade payables is as follows:		
Current	**5,354**	3,642
31–60 days	**1,280**	1,183
61–90 days	**516**	644
Over 90 days	**1,460**	711
	8,610	6,180

21 Net Current Assets

The Group arranged two long term borrowings to refinance debts that are shown as current liabilities at 31 December 2002. After adjusting for these two refinancings, the net current assets amount would be increased by HK$15,236 million.

22 Long Term Liabilities

	Group 2002 HK$ millions	Group 2001 HK$ millions
Bank loans		
Repayable within 5 years	**75,048**	41,324
Not wholly repayable within 5 years	**12,159**	17,769
Less: current portion	**(13,334)**	(15,238)
	73,873	43,855
Other loans		
Repayable within 5 years	**5,521**	2,617
Not wholly repayable within 5 years	**856**	80
Less: current portion	**(94)**	(161)
	6,283	2,536
Exchangeable notes		
US$3,000 million exchangeable notes, 2.875% due 2003	**–**	23,400
US$2,657 million exchangeable notes, 2% due 2004	**20,723**	20,723
	20,723	44,123
Other notes and bonds		
HK$ notes, 7% due 2003	**–**	1,000
HK$ notes, HIBOR+0.8% due 2004	**1,500**	1,500
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**	11,700
EUR500 million bonds, 5.5% due 2006	**4,085**	3,450
GBP325 million bonds, 6.75% due 2015	**4,069**	3,679
AUD425 million notes, 6.5% due 2006	**1,878**	1,691
JPY30,000 million notes, 3.5% due 2032	**1,974**	–
	40,690	38,504
	141,569	129,018

22 Long Term Liabilities (cont'd)

The long term liabilities include financing for 3G operations totalling HK$25,002 million (2001 – HK$4,904 million) of which HK$4,385 million (2001 – nil) were guaranteed by the Group.

The bank and other loans are secured to the extent of HK$30,987 million (2001 – HK$11,937 million) of which HK$20,617 million (2001 – HK$4,904 million) and HK$4,074 million (2001 – nil) are non guaranteed and guaranteed loans respectively for 3G operations included in the financing amounts above.

The US$2,657 million exchangeable notes are exchangeable into ordinary shares of Vodafone any time before maturity at the option of the holders on the basis of US$1,000 principal amount for 214.51 shares at US$4.6618 per share.

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

	Group 2002 HK$ millions	Group 2001 HK$ millions
The loans are repayable as follows:		
Bank loans		
After 1 year, but within 2 years	**7,511**	2,134
After 2 years, but within 5 years	**54,210**	37,114
After 5 years	**12,152**	4,607
Other loans		
After 1 year, but within 2 years	**89**	65
After 2 years, but within 5 years	**5,348**	2,398
After 5 years	**846**	73
Exchangeable notes		
After 1 year, but within 2 years	**20,723**	23,400
After 2 years, but within 5 years	**–**	20,723
Other notes and bonds		
After 1 year, but within 2 years	**1,500**	1,000
After 2 years, but within 5 years	**11,770**	6,641
After 5 years	**27,420**	30,863
	141,569	129,018

The Group has entered into interest rate swap agreements with banks and other financial institutions mainly to swap fixed interest rate borrowings to floating interest rate borrowings. Certain of such agreements were terminated during the year which resulted in a profit of HK$1,910 million (2001 – nil). At 31 December 2002, outstanding interest rate swap agreements with financial institutions amounted to HK$30,363 million (2001 – HK$31,550 million). In addition, HK$6,539 million (2001 – HK$4,320 million) principal amount of an infrastructure related floating interest rate borrowing was swapped to a fixed interest rate borrowing.

23 Pledge of Assets

At 31 December 2002, the Group's shares of Hutchison 3G UK Limited and H3G S.p.A. and their respective assets were pledged as security for 3G project financing facilities. The assets of these two companies totalled HK$119,812 million (2001 – HK$56,792 million) at 31 December 2002. In addition, HK$22,238 million (2001 – HK$14,988 million) of assets were pledged as security for bank and other loans of the Group.

24 Deferred Taxation

	Group 2002 HK$ millions	Group 2001 HK$ millions
The movements in deferred taxation are as follows:		
At 1 January	**200**	100
Exchange translation differences	**(69)**	–
Relating to subsidiaries acquired	**(345)**	120
Relating to subsidiaries disposed of	**55**	–
Net charge (credit) for the year	**75**	(20)
At 31 December	**(84)**	200
Analysis of net deferred tax liabilities (assets):		
Deferred tax assets (Note 13)	**(315)**	–
Deferred tax liabilities	**231**	200
	(84)	200
The potential tax liabilities (assets) which have not been provided for in the accounts are as follows:		
Arising from accelerated depreciation allowances	**2,105**	311
Arising from tax losses	**(2,679)**	(1,027)

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 timing differences related to the revaluation surpluses.

Notes to the Accounts

25 Pension Obligations

	Group 2002 HK$ millions	Group 2001 HK$ millions
Defined benefit plan obligations	**695**	131

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held independently of the Group's assets in trustee administered funds.

(a) Defined Benefit Plans

The Group's major defined benefit plans are in Hong Kong, the United Kingdom and the Netherlands. The plans are either contributory final salary pension plans or non contributory guaranteed return defined contribution plans.

The Group's major plans were valued by Watson Wyatt, qualified actuaries as at 31 December 2001 and 31 December 2002 using the projected unit credit method to account for the Group's pension accounting costs in accordance with SSAP 34 "Employee Benefits".

	Group 2002
The principal actuarial assumptions used for accounting purposes are as follows:	
Discount rate applied to defined benefit plan obligations	**4.75% – 6.00%**
Expected return on plan assets	**4.00% – 8.00%**
Future salary increases	**3.00% – 5.00%**
Interest credited on plan accounts	**5.00% – 6.00%**

	Group 2002 HK$ millions
The amount recognised in the consolidated profit and loss account is as follows:	
Current service cost	**360**
Amortisation of unrecognised liabilities on initial adoption of SSAP 34	**92**
Interest cost	**311**
Expected return on plan assets	**(333)**
Net actuarial loss recognised	**10**
Total expense	**440**
Less: expense capitalised	**(11)**
Total, included in staff costs	**429**

Total expense included in staff costs in 2001 amounted to HK$259 million.

25 Pension Obligations (cont'd)

(a) Defined Benefit Plans (cont'd)

	Group 2002 HK$ millions
Defined benefit plan obligations are determined as follows:	
Present value of defined benefit obligations	6,878
Fair value of plan assets	4,814
Deficit	2,064
Unrecognised actuarial loss	(806)
Unrecognised liabilities on initial adoption of SSAP 34	(563)
Net defined benefit plan obligations	695
The movements in net defined benefit plan obligations are as follows:	
At 1 January	131
Exchange translation differences	49
Relating to subsidiaries acquired	396
Total expense	440
Contributions paid	(321)
At 31 December	695
Analysis of net defined benefit plan (assets) obligations:	
Plan assets	(35)
Plan obligations	730
	695

Fair value of plan assets of HK$4,814 million includes investments in the Company's shares with a fair value of HK$37 million. The actual loss on plan assets in 2002 was HK$477 million.

There is no immediate requirement for the Group to fund the deficit between the fair value of defined benefit plan assets and the present value of the defined benefit plan obligations disclosed as at 31 December 2002. Contributions to fund the obligations are based upon the recommendations of independent qualified actuaries for each of the Group's pension plans to fully fund the relevant schemes on an ongoing basis. The realisation of the deficit is contingent upon the realisation of the actuarial assumptions made which is dependent upon a number of factors including the market performance of plan assets. Funding requirements of the Group's major defined benefit plans are detailed below.

Notes to the Accounts

25 Pension Obligations (cont'd)

(a) Defined Benefit Plans (cont'd)

The Group operates two principal plans in Hong Kong. One plan, which has been closed to new entrants since 1994, 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. A formal independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), at 30 June 2001 reported a funding level of 99% of the accrued actuarial liabilities on an ongoing basis. The employers' annual contributions were adjusted to fully fund the plan as advised by the independent actuaries. The valuation used the aggregate cost method and the main assumptions in the valuation are an investment return of 8.5% per annum and salary increases of 6.5%. The valuation was performed by Tian Keat Aun, a Fellow of The Institute of Actuaries, of Watson Wyatt Hong Kong Limited. The funding of the plan will be reassessed based upon the results of next formal actuarial valuation to be completed by 30 June 2004 in accordance with the requirements of ORSO. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum. As at 31 December 2002 this plan is fully funded for the funding of vested benefits in accordance with the ORSO funding requirements. During the year, forfeited contributions totalling HK$30 million (2001 – HK$31 million) were used to reduce the current year's level of contributions and HK$7 million was available at 31 December 2002 (2001 – HK$3 million) to reduce future years' contributions.

The Group operates three contributory defined benefit plans in the United Kingdom for its ports division, of which the Port of Felixstowe Pension Plan is the principal plan. The plans are all final salary in nature. On the assumptions adopted at the last formal actuarial valuation using the projected unit method at 1 January 2001, the ratio of assets to liabilities for the Felixstowe Scheme was 92%. The sponsoring employer's contributions have been increased from 2001 to fund the deficit over the employees' remaining expected future working lives. 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 of the Institute of Actuaries, of Watson Wyatt Partners. The funding of the plan will be reviewed within three years of the last formal valuation.

The Group's defined benefit pension plan for its retail operations in the United Kingdom for the employees of an acquired subsidiary company was assumed on acquisition of that subsidiary company and is not open to new entrants. The first formal valuation for funding purposes is not due until 31 March 2003.

The Group's defined benefit pension plans for its ports and retail operations in the Netherlands are guaranteed contracts undertaken by insurance companies to provide defined benefit pensions in return for actuarially agreed contributions. The risk of providing past pension benefits is underwritten by the insurance companies. The Group does not carry funding risk relating to past service. The funding rate to provide current year benefits varies in accordance with annual actuarial calculations.

(b) Defined Contribution Plans

The Group's costs in respect of defined contribution plans for the year amounted to HK$156 million (2001 – HK$103 million). Forfeited contributions totalling HK$4 million (2001 – HK$2 million) were used to reduce the current year's level of contributions and HK$1 million was available at 31 December 2002 (2001 – HK$1 million) to reduce future years' contributions.

26 Minority Interests

	Group 2002 HK$ millions	Group 2001 HK$ millions
Equity interests	**33,777**	30,901
Loans – interest free	**6,660**	5,424
Loans – interest bearing	**1,099**	575
	41,536	36,900

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

27 Share Capital

	2002 Number of shares	2001 Number of shares	Company 2002 HK$ millions	Company 2001 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	**4,263,370,780**	4,263,370,780	**1,066**	1,066

The Company does not have an option scheme for the purchase of ordinary shares in the Company.

28 Reserves of the Company, Unconsolidated

	Share Premium HK$ millions	Retained Profit HK$ millions	Total HK$ millions
At 1 January 2002	**28,359**	**27,271**	**55,630**
Profit for the year	**–**	**7,793**	**7,793**
2001 final dividend paid	**–**	**(5,201)**	**(5,201)**
2002 interim dividend paid	**–**	**(2,174)**	**(2,174)**
At 31 December 2002	**28,359**	**27,689**	**56,048**
At 1 January 2001	28,359	26,647	55,006
Profit for the year	–	7,999	7,999
2000 final dividend paid	–	(5,201)	(5,201)
2001 interim dividend paid	–	(2,174)	(2,174)
At 31 December 2001	28,359	27,271	55,630

Reserve of the Company available for distribution to shareholders amount to HK$27,689 million (2001 – HK$27,271 million).

29 Notes to Consolidated Cash Flow Statement

	Group 2002 HK$ millions	Group 2001 HK$ millions
(a) Reconciliation of profit before taxation to Earnings before interest, taxation, depreciation and amortisation ("EBITDA")		
Profit before taxation	**18,878**	16,066
Interest and other finance costs, Company and subsidiary companies	**5,262**	6,952
Interest and other finance costs, share of associated companies and jointly controlled entities	**1,831**	1,815
Depreciation and amortisation, Company and subsidiary companies	**5,478**	3,827
Depreciation and amortisation, share of associated companies and jointly controlled entities	**4,090**	4,046
Other non–cash items included in profit on disposal of investments less provisions	**(395)**	1,500
Release of provisions	**(1,871)**	(1,179)
EBITDA	**33,273**	33,027
(b) Changes in working capital		
Increase in stocks	**(678)**	(544)
Increase in debtors and prepayments	**(6,419)**	(2,469)
Increase in creditors	**11,186**	1,365
Other non-cash items	**(122)**	(93)
	3,967	(1,741)

29 Notes to Consolidated Cash Flow Statement (cont'd)

	Group 2002 HK$ millions	Group 2001 HK$ millions
(c) Purchase of subsidiary companies		
Net assets acquired (excluding cash and cash equivalents):		
Fixed assets	**9,570**	10,093
Associated companies	**–**	178
Interests in joint ventures	**142**	226
Other unlisted investments	**–**	74
Stocks	**3,832**	503
Debtors	**2,246**	1,588
Bank and other loans	**(3,395)**	(3,715)
Creditors and taxation	**(5,386)**	(2,466)
Deferred taxation	**345**	(120)
Goodwill	**6,262**	440
Minority interests	**241**	(1,371)
Loans from minority interests	**(22)**	(294)
	13,835	5,136
Less: investments amount just held prior to purchase	**(3,419)**	(1,309)
	10,416	3,827
Discharged by:		
Cash payment	**7,624**	5,684
Less: cash and cash equivalents purchased	**1,264**	(1,857)
Total net cash consideration	**8,888**	3,827
Deferred consideration	**1,528**	–
Total consideration	**10,416**	3,827

Notes to the Accounts

29 Notes to Consolidated Cash Flow Statement (cont'd)

	Group 2002 HK$ millions	Group 2001 HK$ millions
(d) Disposal of subsidiary companies		
Net assets disposed of (excluding cash and cash equivalents):		
Fixed assets	**1,049**	90
Associated companies	**13**	–
Interests in joint ventures	**1,596**	195
Stocks	**13**	–
Debtors	**(378)**	122
Bank and other loans	**(47)**	–
Creditors and taxation	**(1,348)**	(164)
Goodwill	**127**	617
Minority interests	**(457)**	1,000
	568	1,860
Profit on disposal	**726**	593
	1,294	2,453
Less: investments amount retained subsequent to disposal	**(280)**	(1,066)
	1,014	1,387
Satisfied by:		
Cash consideration	**1,130**	1,458
Less: cash and cash equivalents sold	**(116)**	(71)
Total net cash consideration	**1,014**	1,387

29 Notes to Consolidated Cash Flow Statement (cont'd)

	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 2002	**146,417**	**36,900**	**183,317**
New loans	**51,641**	**1,489**	**53,130**
Repayment of loans	**(25,220)**	**(307)**	**(25,527)**
Issue of shares by subsidiary companies to minorities	**–**	**1,413**	**1,413**
Net cash flows from financing activities	**26,421**	**2,595**	**29,016**
Minority interests in profit	**–**	**1,866**	**1,866**
Dividends payable to minority shareholders	**–**	**(1,398)**	**(1,398)**
Minority interests in exchange reserve	**–**	**1,477**	**1,477**
Minority interests in properties revaluation reserve	**–**	**2**	**2**
Exchange translation differences	**3,211**	**770**	**3,981**
Relating to subsidiary companies acquired	**3,395**	**(219)**	**3,176**
Relating to subsidiary companies disposed of	**(47)**	**(457)**	**(504)**
At 31 December 2002	**179,397**	**41,536**	**220,933**
At 1 January 2001	124,188	35,989	160,177
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 flows from financing activities	19,665	78	19,743
Minority interests in profit	–	1,810	1,810
Dividends payable 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)
Relating to subsidiary companies acquired	3,715	1,665	5,380
Relating to subsidiary companies disposed of	–	1,000	1,000
At 31 December 2001	146,417	36,900	183,317

29 Notes to Consolidated Cash Flow Statement (cont'd)

	Group 2002 HK$ millions	Group 2001 HK$ millions
(f) Analysis of the balances of cash and cash equivalents		
Bank balances and cash equivalents	**43,002**	47,530
Bank overdrafts	**(150)**	(156)
	42,852	47,374

(g) Major non-cash transactions

During 2001, 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. In addition, a provision of HK$29,769 million was made in 2001 for share price and exchange rate fluctuations of overseas investments (Note 6).

30 Contingent Liabilities

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:

	2002 Company HK$ millions	2002 Subsidiaries HK$ millions	2002 Total HK$ millions	2001 Company HK$ millions	2001 Subsidiaries HK$ millions	2001 Total HK$ millions
To associated companies						
Property businesses	**–**	**–**	**–**	2,212	–	2,212
Other businesses	**–**	**335**	**335**	–	–	–
	–	**335**	**335**	2,212	–	2,212
To jointly controlled entities						
Property businesses	**1,671**	**3,311**	**4,982**	867	1,407	2,274
Telecommunication businesses	**4,133**	**946**	**5,079**	1,568	3,786	5,354
Other businesses	**500**	**800**	**1,300**	500	886	1,386
	6,304	**5,057**	**11,361**	2,935	6,079	9,014

At 31 December 2002 the Group had contingent liabilities in respect of guarantees related to contracts for the procurement of 3G handsets of HK$14,116 million (2001 – HK$8,722 million), procurement of 3G infrastructure of HK$2,036 million (2001 – HK$2,539 million), and other guarantees of HK$2,103 million (2001 – HK$1,158 million) mainly for performance on payments pursuant to contractual obligations.

30 Contingent Liabilities (cont'd)

Pursuant to the disclosure requirements of the Companies Ordinance of Hong Kong, the Company is required to disclose that it has guaranteed the borrowings of its finance and other subsidiary companies which have already been consolidated and included in the consolidated balance sheet of the Group. Of the consolidated debt included in Notes 20 and 22 totalling HK$179,397 million (2001 – HK$146,417 million), the Company has guaranteed a total of HK$131,843 million (2001 – HK$115,502 million) which has been borrowed in the name of subsidiary companies.

31 Commitments

Outstanding Group commitments not provided for in the accounts at 31 December 2002 are as follows:

Capital commitments

1. Contracted for:
   - i. Container terminals, Hong Kong – HK$474 million (2001 – HK$342 million).
   - ii. Container terminals, Mainland China – HK$4,030 million (2001 – HK$19 million).
   - iii. Container terminals, others – HK$953 million (2001 – HK$1,102 million).
   - iv. Telecommunications, 3G – HK$20,851 million (2001 – HK$4,343 million).
   - v. Telecommunications, others – HK$1,659 million (2001 – HK$317 million).
   - vi. Investment properties in Hong Kong – HK$212 million (2001 – HK$82 million).
   - vii. Investments in properties joint venture projects in Mainland China – nil (2001 – HK$111 million)
   - viii. Other fixed assets, HK$1,960 million (2001 – HK$3,643 million).
   - ix. Other investments, HK$2,905 million (2001 – HK$88 million).

2. Authorised but not contracted for:
   The Group, as part of its annual budget process, estimates future capital expenditures and these budgeted amounts are shown below. These estimates are subject to a rigorous authorisation process before the expenditure is committed.
   - i. Container terminals, Hong Kong – HK$1,181 million (2001 – HK$560 million).
   - ii. Container terminals, Mainland China – HK$3,099 million (2001 – HK$261 million).
   - iii. Container terminals, others – HK$2,971 million (2001 – HK$2,875 million).
   - iv. Telecommunications, 3G – HK$23,761 million (2001 – HK$41,071 million).
   - v. Telecommunications, others – HK$3,056 million (2001 – HK$753 million).
   - vi. Investment properties in Hong Kong – HK$723 million (2001 – HK$58 million).
   - vii. Investments in investment properties joint venture projects in Hong Kong – nil (2001 – HK$1 million).
   - viii. Investments in overseas investment properties joint venture projects – nil (2001 – HK$119 million).
   - ix. Other fixed assets – HK$4,666 million (2001 – HK$10,632 million).
   - x. Other investments – HK$1,225 million (2001 – HK$1,264 million).

Operating lease commitments – future aggregate minimum lease payments for land and buildings leases
3G Telecommunications operations

1. Expiring in the first year – HK$529 million (2001 – HK$197 million).
2. Expiring in the second to fifth years inclusive – HK$2,000 million (2001 – HK$527 million).
3. Expiring after the fifth year – HK$6,680 million (2001 – HK$2,056 million).

Notes to the Accounts

31 Commitments (cont'd)

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

1. Expiring in the first year – HK$2,407 million (2001 – HK$2,011 million).
2. Expiring in the second to fifth years inclusive – HK$5,715 million (2001 – HK$5,589 million).
3. Expiring after the fifth year – HK$8,017 million (2001 – HK$6,015 million).

Operating lease commitments – future aggregate minimum lease payments for other assets
3G Telecommunications operations

1. Expiring in the first year – HK$66 million (2001 – HK$24 million)
2. Expiring in the second to fifth years inclusive – HK$64 million (2001 – HK$39 million)
3. Expiring after the fifth year – HK$2 million (2001 – nil)

Other operations

1. Expiring in the first year – HK$308 million (2001 – HK$391 million)
2. Expiring in the second to fifth years inclusive – HK$856 million (2001 – HK$865 million)
3. Expiring after the fifth year – HK$1,431 million (2001 – HK$1,657 million)

32 Related Parties Transactions

The Group has entered into joint ventures with Cheung Kong (Holdings) Limited, a substantial shareholder of the Company, to undertake various, mainly property, projects. At 31 December 2002, included in associated companies and interests in joint ventures on the balance sheet is a total amount of HK$21,094 million (2001 – HK$20,748 million) representing equity contributions to and the net amount due from these related entities. The Group had guaranteed bank and other borrowing facilities of HK$3,298 million (2001 – HK$3,037 million) for the benefit of these same entities.

33 Subsequent Events

In January 2003, the Group signed an agreement with Nestlè Waters for the acquisition by Nestlè Waters of the Powwow group, the Group's water manufacturing and distributing business in Europe, for a purchase price of EUR560 million.

In February 2003, the Group issued US$1,500 million principal amount of 6.5% notes due in 2013, the proceeds of which will be used to repay a portion of the Exchangeable Notes due in 2003 (Note 20b).

In March 2003, the Group issued AUD800 million principal amount of floating interest rate notes due in 2008, the proceeds of which will be used to refinance bank loans due in 2003 totalling AUD797 million (Note 20a).

34 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.

35 Approval of Accounts

The accounts set out on page 93 to 143 were approved by the Board of Directors on 20 March 2003.

Principal Subsidiary and Associated Companies and Jointly Controlled Entities

at 31 December 2002

	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	ARS	10,000,000	100	Container terminal operating
☼	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	100	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
☼	The Hongkong Salvage and Towage Company, Limited	Hong Kong	HK$	20,000,000	50	Tug fleet operating
☼	Hongkong United Dockyards Limited	Hong Kong	HK$	76,000,000	50	Ship repairing & general engineering
	Hutchison Delta Ports Limited	Cayman Islands / Hong Kong	US$	2	100	Holding company
	Hutchison Port Holdings Limited	British Virgin Islands / Hong Kong	US$	1	100	Holding company
	Hutchison Korea Terminals Limited	South Korea	Won	4,107,500,000	100	Container terminal operating
	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	100	Container terminal operating
	International Ports Services Co. Ltd.	Saudi Arabia	SR	2,000,000	51	Container terminal operating
☼✻	Jiangmen International Container Terminals Limited	China	US$	14,461,665	50	Container terminal operating
	Karachi International Container Terminal Limited	Pakistan	Rs	1,109,384,220	100	Container terminal operating
	Korea International Terminals Limited	South Korea	Won	6,000,000,000	80	Container terminal operating
	Logistics Information Network Enterprise Limited	Cayman Islands	US$	2	100	e-logistic services

Principal Subsidiary and Associated Companies and Jointly Controlled Entities

at 31 December 2002

	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)					
	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
☼✻	Nanhai International Container Terminals Limited	China	US$	31,200,000	50	Container terminal operating
☼	River Trade Terminal Co. Ltd.	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
☼✻	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	88	Container terminal operating
+	Tanzania International Container Terminal Services Limited	Tanzania	TZS	1,801,666,000	70	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
☼✻	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
✻	Yantian International Container Terminals (Phase III) Limited	China	HK$	450,000,000	43	Container terminal operating
☼✻	Zhuhai International Container Terminals (Gaolan) Limited	China	US$	23,500,000	50	Container terminal operating
☼✻	Zhuhai International Container Terminals (Jiuzhou) Limited	China	US$	52,000,000	50	Container terminal operating

	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	474,303,795	88	3G mobile multimedia services
	Celltel Limited	Ghana	GHC	13,165,886,000	80	Mobile telephone services
✡	Fascel Limited	India	INR	5,000,000,000	49	Mobile telephone services
	Hi3G Access Aktiebolag	Sweden	SEK	10,000,000	60	3G mobile multimedia services
	Hutchison 3G Austria GmbH	Austria	Euro	35,000	100	3G mobile multimedia services
	Hutchison 3G UK Limited	United Kingdom	GBP	1	65	3G mobile multimedia services
	Hutchison Telecommunications Argentina S.A.	Argentina	ARS	407,000	90	Mobile telephone services
✡	Hutchison Essar South Limited	India	INR	5,396,075,000	49	Mobile telephone services
✡	Hutchison Essar Telecom Limited	India	INR	1,997,165,690	49	Mobile telephone services
✡	Hutchison Global Communications Limited	Hong Kong	HK$	20	100	Fixed line communications
✡	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 Telecom East Limited	India	INR	1,286,000,000	49	Mobile telephone services
	Hutchison Telecommunications (Hong Kong) Limited	Hong Kong	HK$	20	100	Telecommunications
	Hanaball Limited	British Virgin Islands	US$	1	100	Holds investment in telecommunications business
	Yockey Limited	British Virgin Islands	US$	1	100	Holds investment in telecommunications business
	Best Praise Investments 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 Paraguay S.A.	Paraguay	PYG	500,000,000	100	Mobile telephone services
	Hutchison Telephone Company Limited	Hong Kong	HK$	1,258,120	71	Mobile telephone services
	Hutchison Whampoa International (00/03) Limited	British Virgin Islands	US$	1	100	Finance & holding company

Principal Subsidiary and Associated Companies and Jointly Controlled Entities

at 31 December 2002

	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)					
+	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	1,815,952	43	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$	332,186,596	29	Cross media

	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					
	Aberdeen Commercial Investments Limited	Hong Kong	HK$	2	100	Property owning
☼	Afford Limited	Hong Kong	HK$	20	50	Property investment
☼	Bayswater Developments Limited	British Virgin Islands	US$	2	50	Property investment
☼ +	Becogate Limited	Hong Kong	HK$	4	50	Property investment
☼	Chesgold Limited	Hong Kong	HK$	4	50	Property investment
☼	Cheung Wo Hing Fung Enterprises Limited	British Virgin Islands	US$	100	50	Property investment
☼	Conestoga Limited	Hong Kong	HK$	10,000	39	Property owning
	Consolidated Hotels Limited	Hong Kong	HK$	78,000,000	39	Investment in hotel
	Elbe Office Investments Limited	Hong Kong	HK$	2	100	Property owning
☼	Forton Investment Limited	Hong Kong	HK$	4	50	Property investment
	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
#	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
☼	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

Principal Subsidiary and Associated Companies and Jointly Controlled Entities

at 31 December 2002

	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)					
✡	Konorus Investment Limited	Hong Kong	HK$	2	43	Property developing
✡	Marketon Investment Limited	Hong Kong	HK$	4	50	Property owning
✡	Marunochi N. V.	Netherlands Antilles	US$	20,120	45	Property owning
✡	Montoya (HK) Limited	Hong Kong	HK$	140	50	Property investment
	Mossburn Investments Limited	Hong Kong	HK$	1,000	100	Property owning
✡	New China Sheen Limited	Hong Kong	HK$	4	50	Property investment
✡	New China Target Limited	Hong Kong	HK$	4	50	Property investment
	Omaha Investments Limited	Hong Kong	HK$	10,000	88	Property owning
	Palliser Investments Limited	Hong Kong	HK$	100,000	100	Property owning
	Provident Commercial Investments Limited	Hong Kong	HK$	2	100	Property owning
# +	Randash Investment Limited	Hong Kong	HK$	110	39	Investment in hotel
	Rhine Office Investments Limited	Hong Kong	HK$	2	100	Property owning
	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
☼✻	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
	Kruidvat Holding B.V.	Netherlands	Euro	450,100	100	Retailing
☼	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
	Superdrug Stores Plc	United Kingdom	GBP	21,510,854	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
	Watsons Personal Care Stores (Philippines), Inc.	Philippines	PHP	135,000,000	60	Retailing
	Watson's The Chemist Limited	Hong Kong	HK$	1,000,000	100	Retailing

Principal Subsidiary and Associated Companies and Jointly Controlled Entities

at 31 December 2002

	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$	3,405,662,976	35	Investment in oil and gas
# +	Powercor Australia Limited	Australia	A$	12	42	Electricity distribution
	Finance and investments					
	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 (01/08) Limited	British Virgin Islands	US$	1	100	Finance
	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 Investments S.à r.l.	Luxembourg	Euro	1,764,026,850	100	Holding company
	Hutchison Whampoa (Europe) Limited	United Kingdom	GBP	1,000	100	Consultancy services
	Hutchison Whampoa Finance (00/03) Limited	Cayman Islands	US$	2	100	Finance
	Hutchison Whampoa Finance (CI) Limited	Cayman Islands	US$	1	100	Finance
	Hutchison Whampoa Hongville Finance Limited	Cayman Islands	US$	1	100	Finance

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 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
Thamesway Investments Limited	British Virgin Islands	US$	1	100	Finance
Willesden Limited	British Virgin Islands	US$	75,000,000	100	Overseas portfolio investment
Zeedane Investments Limited	British Virgin Islands	US$	1	100	Overseas portfolio investment

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

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

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

* *Company listed on the Stock Exchange of Hong Kong except Partner Communications Company Ltd which is listed on 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*

✡ *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 7.7%, 3.6% and 31.3% of the Group's respective items.*

Schedule of Principal Properties

at 31 December 2002

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 MLC Millennia Plaza, King's Road, North Point, Hong Kong	IL 8885	Medium	39% 39%	343,081 217,955	H C	Existing Existing
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, Kwai Chung, New Territories	M/F to 6/F on KCL No 4	Medium	88%	4,705,141	C/W	Existing
	G/F on KCL No 4	Medium	85%	737,394	C/W	Existing
Sheraton Hong Kong Hotel & Towers, Salisbury Road, Tsimshatsui, Kowloon	KIL 9172	Long	39%	729,945	H	Existing
One and Two Harbourfront and The Harbour Plaza Hong Kong, Hung Hom, Kowloon	Sec A, B & RP of HHML 6 and extension thereto	Long	100% 100% 100%	862,988 473,424 270,144	C H C/SA	Existing Existing 2005 (1%)
The Metropolis, Hung Hom Bay, Kowloon	KIL 11077	Medium	50% 25%	1,046,089 377,115	C/H SA	Existing Existing
Tsing Yi office development at Container Terminal No 9, Kwai Chung, New Territories (site area approx. 32,292 sq ft)	TYTL 139	Medium	89%	355,212	C	2005 (1%)

Description	Lot number	Lease term	Group's interest	Approx gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Tsing Yi Resort, Kwai Chung, New Territories (site area approx. 268,000 sq ft)	TYTL 140	Medium	70%	697,722 972,902	H/C SA	2003 (50%) 2003 (10%)
Horizon Suite Hotel at Tolo Harbour, Ma On Shan, New Territories	STTL 461	Medium	49%	602,784	H	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
13A Chong Yip Street, Kwun Tong, Kowloon (site area approx 10,394 sq ft)	KTIL 444	Medium	64%	126,810	C	2004 (5%)
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% 40% 50% 40%	379,799 662,103 1,614,610 474,575	R/C R R R	2004 (42%) 2004 (42%) 2005 (30%) 2005 (30%)
Harbourfront Landmark, Wan Hoi Street, Hung Hom, Kowloon	KIL 11055	Medium	50%	410,995	R/C	Existing
The Victoria Towers, Canton Road, Kowloon	RP of KIL 11086	Medium	43%	288,977	R/C	Existing
Oriental Plaza, Dong Chang An Jie, Beijing, China (site area approx 1,018,557 sq ft)	Dong Chang An Jie, Beijing	Medium	18% 18% 18%	4,219,409 1,334,711 505,899	C H/SA SA	Existing Existing 2003 (80%)
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
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 1,743,370 sq ft)	Yubei, Chongqing Phase 1 Phase 2	Medium	 50% 50%	 372,341 393,008	 R R	 2003 (10%) 2004 (1%)

Schedule of Principal Properties

at 31 December 2002

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	Long				
	Phase 1		50%	1,159,315	R	2004 (3%)
	Phase 2		50%	1,585,454	R	2005 (0%)
	Commercial		50%	699,647	C	2004 (3%)
Laguna Verona, Dongguan, Guangdong, China (site area approx 35,954,838 sq ft)	Hwang Gang Lake, Dongguan	Medium				
	Phase A		50%	43,874	R	Existing
	Phase B stages 1 & 2		47%	151,392	R	Existing
	Phase B stages 3 - 6		47%	682,985	R	2003 (75%)
	Phase C		47%	202,359	R	2004 (1%)
	Phases D - E		47%	2,416,161	R	2007 (0%)
Harbour Plaza Golf Club	Hwang Gang Lake, Dongguan Golf course	Medium	42%	14,257,654	G	Existing
Le Parc (Huangpu Yayuan), Futian , Central District, Shenzhen, China (site area approx 1,679,300 sq ft)	Central District, Shenzhen	Long				
	Phase 2		50%	238,228	R	Existing
	Phase 3		50%	1,032,162	R	2003 (95%)
	Phase 4		50%	1,032,248	R	2003 (70%)
Horizon Cove, Tang Jia Bay, Zhuhai, China (site area approx 4,797,169 sq ft)	Tang Jia Bay, Zhuhai	Medium				
	Phase 1		50%	140,621	R	Existing
	Phase 2		50%	886,222	R	Existing
	Phase 3.1		50%	841,848	R	2004 (1%)
	Phase 3.2		50%	1,075,766	R	2004 (1%)
	Phase 4		50%	975,082	R	2006 (0%)
A residential development at Panyu, Guangzhou, China (site area approx 4,621,147 sq ft)	Dashi, Panyu	Long				
	Phase 1		50%	1,191,445	R	2003 (1%)
	Phase 2		50%	1,170,176	R	2004 (0%)
	Phase 3		50%	1,319,039	R	2005 (0%)
	Phase 4		50%	1,135,818	R	2006 (0%)
	Commercial		50%	43,055	C	2003 (0%)
Pacific Plaza, Qingdao, China	Dong Hai Lu, Qingdao	Medium				
	Phase 1		30%	80,265	C	Existing
	Phase 3.2		15%	20,685	C	Existing
Dynasty Garden (Yu Long Ju) Baoan, Shenzhen, China (site area approx 858,616 sq ft)	Baoan, Shenzhen	Long				
	Phase 1		50%	739,473	R	2003 (5%)
	Phase 2		50%	492,982	R	2004 (5%)
Walton Plaza, Xuhui, Shanghai, China (site area approx 319,788 sq ft)	Changshu Lu/ Changle Lu Xuhui District, Shanghai	Medium				
	The Center		50%	911,532	C	2003 (10%)
	The Summit Phase I		50%	91,592	R	2003 (80%)
	The Summit Phase II		50%	596,968	R	2003 (40%)

Description	Lot number	Lease term	Group's interest	Approx gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Westgate Mall & Tower, Mei Long Zhen, Shanghai, China	Nanjing Xi Lu/ Jiang Ning Lu, Shanghai	Medium	30%	1,099,361	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%	877,200	R	Existing
	Phase 4A		50%	16,146	R	2003 (3%)
	Phase 5		50%	157,296	R	Existing
	Phase 6		50%	227,935	R	2003 (75%)
Regency Park, Pudong Huamu, Shanghai, China (site area approx 4,936,832 sq ft)	Pudong Huamu Road, Shanghai	Medium				
	Phase 1 & 3		31%	743,610	R	2003 (90%)
	Phase 2 & 4		31%	984,346	R	2004 (5%)
A commercial & residential development at Gubei, Shanghai, China (site area approx 546,037 sq ft)	Gubei Road Shanghai	Long	50%	1,684,535	R/C	2005 (1%)
Albion Riverside, United Kingdom (site area approx 139,000 sq ft)	Wandsworth, London	Freehold	45%	313,135*	R	2003 (60%)
				81,707*	C	2003 (60%)
A commercial & residential development at Lots Road, Chelsea, London, United Kingdom (site area approx 279,572 sq ft)	Chelsea/Fulham, London	Freehold	23%	606,363*	R	2009 (1%)
				84,446*	C	2009 (1%)
Chelsea Harbour, Phase II, Chelsea, London, United Kingdom (site area approx 95,832 sq ft)	Chelsea/Fulham, London	Freehold	23%	160,774*	R	2005 (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 (82%)
Cairnhill Crest at Cairnhill Circle, Singapore (site area approx 157,137 sq ft)	Lots 874P & 601W Singapore	Freehold	50%	439,984	R	2004 (15%)
Pacific Century Place Marunouchi, Tokyo, Japan	Marunouchi, Tokyo	Freehold	38%	786,000	C	Existing
Our Lucaya Resort in Freeport, Grand Bahama, Bahamas	Lucaya, Freeport, Grand Bahama Island	Freehold	100%	1,004,391	H	Existing
			100%	320 acres	G	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

Schedule of Principal Properties

at 31 December 2002

Description	Lot number	Lease term	Group's interest	Approx gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
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 (55%)
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 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%	8,983,662	CT	Existing
Container Terminals at Beilun, Ningbo, Zhejiang, China	Beilun, Ningbo, Zhejiang Province	Medium	49%	8,140,591	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
Container Terminal at Laem Chabang, Thailand	A2, Laem Chabang	Medium	88%	43 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)
Container Terminal at Karachi, Pakistan	Berth Nos 27 to 30 West Wharf	Medium	100%	1,559,769	CT	Existing
Container Terminal at 780-2 Doi-dong Kwangyang-si, South Korea	Kwangyang-si, South Korea	Medium	80%			
	Phase II-1			5,737,351	CT	Existing
	Phase II-2			3,476,856	CT	2003 (50%)
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	Home Terminal, Rotterdam	Long	76%	183 acres	CT	Existing
	Delta Terminal, Rotterdam	Long	76%	583 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	100%	4,492,133	CT	Existing
Container Terminal at Ensenada International Terminal S A de C V Ensenada, Baja California, Mexico	Ensenada, Baja California	Medium	100%	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%	2,043,011	P	Existing
Container Terminal at Buenos Aires, Argentina	Puerto Nuevo, Buenos Aires	Medium	100%	53 acres	CT	Existing
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

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

	1993	1994	1995	1996	1997	1998	1999	2000	2001	**2002**
Consolidated Profit and Loss Account (HK$ millions)										
Turnover	24,748	30,168	35,026	36,662	44,590	51,383	55,442	57,022	61,460	**75,235**
Profit attributable to shareholders *(Note 1)*	6,282	7,937	9,677	12,059	12,222	8,643	117,502	34,069	11,980	**14,288**
Dividends	2,461	3,362	4,267	5,703	6,123	4,962	6,318	7,375	7,375	**7,375**
Consolidated Balance Sheet (HK$ millions)										
ASSETS										
Non-current assets										
Fixed assets	42,292	52,192	54,508	63,188	76,439	76,927	83,687	85,438	102,756	**144,230**
Other non-current assets	1,136	1,641	1,088	730	1,547	3,335	3,261	87,684	86,003	**95,349**
Goodwill	–	–	–	–	–	–	–	–	405	**7,907**
Associated companies	11,505	13,313	15,067	17,304	20,063	21,050	26,793	39,203	38,332	**46,731**
Interests in joint ventures	2,775	8,154	7,583	8,976	34,221	40,050	34,966	39,533	38,297	**35,215**
Liquid funds and other listed investments	13,287	11,582	14,877	21,821	25,334	21,956	172,906	127,446	71,204	**75,597**
Total non-current assets	70,995	86,882	93,123	112,019	157,604	163,318	321,613	379,304	336,997	**405,029**
Net current assets (liabilities)	(4,639)	3,935	280	3,365	17,161	6,878	19,656	17,049	47,329	**5,178**
Total assets less current liabilities	66,356	90,817	93,403	115,384	174,765	170,196	341,269	396,353	384,326	**410,207**
Non-current liabilities										
Long term liabilities	13,696	26,189	26,174	34,459	72,720	71,880	80,662	107,004	129,018	**141,569**
Other long term liabilities	185	144	112	119	111	203	139	100	331	**926**
Total non-current liabilities	13,881	26,333	26,286	34,578	72,831	72,083	80,801	107,104	129,349	**142,495**
Minority interests	1,795	5,144	5,333	7,814	12,216	10,534	10,099	35,989	36,900	**41,536**
Net assets *(Note 1)*	50,680	59,340	61,784	72,992	89,718	87,579	250,369	253,260	218,077	**226,176**
CAPITAL AND RESERVES										
Share capital	904	905	904	905	969	969	969	1,066	1,066	**1,066**
Reserves	49,776	58,435	60,880	72,087	88,749	86,610	249,400	252,194	217,011	**225,110**
Shareholders' funds *(Note 1)*	50,680	59,340	61,784	72,992	89,718	87,579	250,369	253,260	218,077	**226,176**
Performance Data										
Earnings per share (HK$) *(Note 1)*	1.58	1.99	2.44	3.03	2.86	2.03	27.56	7.99	2.81	**3.35**
Dividends per share (HK$)	0.62	0.85	1.07	1.36	1.44	1.16	1.48	1.73	1.73	**1.73**
Dividend cover *(Note 1)*	2.5	2.3	2.3	2.2	2.0	1.8	18.6	4.6	1.6	**1.9**
Return on average shareholders' funds (%) *(Note 1)*	14.3	14.4	16.0	17.9	15.0	9.7	69.4	13.5	5.1	**6.4**
Current ratio	0.7	1.3	1.0	1.2	1.7	1.3	1.6	1.4	2.0	**1.1**
Net debt / Net total capital (%) *(Note 2)*	6.3	15.9	15.6	11.7	23.0	30.5	0.3	N/A	0.7	**16.0**
Net assets per ordinary share – book value (HK$) *(Note 1)*	12.7	14.9	15.5	18.3	21.1	20.5	58.7	59.4	51.2	**53.1**

Note 1: Amounts are adjusted to reflect the Group's share of a prior year adjustment of an associated companies. (See Principal Accounting Policies Note 1A)

Note 2: Net debt is defined on the Consolidated Cash Flow Statement. Net total capital is defined as total borrowings plus share capital, reserves and minority interests net of total cash, liquid funds and other listed investments as shown on the Consolidated Cash Flow Statement.

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, 22 May 2003 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 2002.
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 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, 15 May 2003 to Thursday, 22 May 2003 both days inclusive.

By order of the board

Edith SHIH
Company Secretary

Hong Kong, 20 March 2003

Notes:

1. *In order to qualify for the final dividend payable on Friday, 23 May 2003, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited (formerly "Central Registration Hong Kong Limited"), for registration not later than 4:00 pm, Wednesday, 14 May 2003.*

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. *Concerning Ordinary Resolution No (2), an Explanatory Statement containing the information regarding the repurchase by the Company of its own shares will be sent to the shareholders together with the Company's 2002 Annual Report.*