HUTCHISON WHAMPOA LIMITED

Audited final results for the year ended 31 December 2001

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

CHAIRMAN'S STATEMENT

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

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

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

DIVIDEND

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

OPERATIONS

The Group's turnover and earnings before interest expense and tax ("EBIT"), including the Group's share of associated companies' and jointly controlled entities' turnover and EBIT, are shown by business segment in Note 1 to the consolidated profit and loss account.

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

Ports and related services

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

The Group's Hong Kong and Yantian deepwater port operations, which together serve the Shenzhen and Southern China manufacturing basin, reported combined throughput growth of 5% and EBIT 2% ahead of last year. In Hong Kong,

Hongkong International Terminals and COSCO-HIT, an associated company, reported a 7% decline in combined throughput and a 9% decline in EBIT compared to last year. This was more than offset by Yantian Terminal's 28% growth in throughput and 55% EBIT growth. Construction of Container Terminal 9 in Hong Kong is progressing and the first berth, which is assigned to the Group, is currently scheduled to be completed in early 2003.

In Mainland China, the Group's associated company, Shanghai Container Terminals reported a 12% decline in throughput and a 15% decline in EBIT as a result of the diversion of throughput to a nearby terminal in Shanghai. Hutchison Delta Ports' six joint venture river and coastal ports reported combined throughput 17% higher and EBIT significantly higher than 2000. The Group has continued to expand its Mainland operations with the completion of the acquisition of a 49% interest in Ningbo Beilun Container Terminal Phase II in January this year.

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

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

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

Telecommunications

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

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

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

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

Property and hotels

Although the property and hotels division's turnover declined 24% to HK\$5,516 million, mainly due to decreased development activity in Hong Kong, EBIT increased 12% over the previous year to HK\$1,717 million due to increased profits from overseas development activity during the year. The vast majority of this division's profits arises from the steady and recurring gross rental income from the Group's investment properties which grew 3% in 2001. The investment properties which grew 3% in 2001. The portfolio consists of 15.0 million sq ft of commercial, office, industrial and residential properties, of which 12.4 million sq ft are located in Hong Kong. The portfolio continues to be substantially fully let. Development profits related primarily to the completion and sale of 808 residential units of the first phase of the Le Parc development in Shenzhen and the sale of 34 units in Belgravia Place in London, UK. During the year the Group substantially increased its landbank in the Mainland with the signing of joint venture agreements to develop an aggregate of approximately 13.1 million sq ft of mainly residential property. Overseas, various development projects in London and Singapore are progressing satisfactorily. The Group's portfolio of hotels reported results below the previous year's due to the start up losses at Our Lucaya, Grand Bahama Island, and reduced occupancy levels, particularly after the September 11 incident.

Retail and manufacturing

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

Although the retail food market in Hong Kong has experienced price deflation and continues to be very competitive, PARKnSHOP in Hong Kong and the Mainland performed better than the market, reporting an 11% increase in sales and an improvement in EBIT compared to 2000. The personal care, health and beauty products retail operations

reported sales 14% above and EBIT in line with the previous year reflecting reduced contributions from the Watson's retail chains in Hong Kong and Taiwan which continued to be affected by weak consumer sentiment and spending patterns, partially offset by strong growth from the Savers retail chain in the UK. Fortress reported a decline in both sales (6%) and EBIT reflecting reduced spending in the more discretionary consumer electronic goods market. The Group's water and beverages manufacturing division has operations in Hong Kong, the Mainland and expanded its water operations into Italy and France and now has a presence in seven European countries. Sales of this division increased 7%, although EBIT declined mainly due to price competition in all markets and European expansion costs.

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

Cheung Kong Infrastructure

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

Husky Energy

Husky Energy, a listed associated company, announced profit attributable to shareholders of C\$701 million in its first full year of combined operations after the merger with Renaissance Energy in August 2000. The Group's 35.1% share of Husky Energy's turnover of HK\$11,801 million was

3% ahead of 2000 and its share of EBIT of HK\$2,036 million was below the previous year due to the lower Canadian dollar exchange rate. Daily production averaged 272,800 barrels of oil equivalent ("boe") in 2001, a 54% increase compared to the 176,800 boe during 2000.

OUTLOOK

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

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

focused on building and launching its 3G networks and businesses, and will pursue a conservative investment strategy to expand all its other core businesses, while remaining committed to maintaining a strong and stable financial foundation.

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

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

Li Ka-shing Chairman

Hong Kong, 21 March 2002

for the year ended 31 December 2001	Note	2001 HK\$ millions	2000 HK\$ millions
Turnover	Note	The minoris	
Company and subsidiary companies Share of associated companies and		61,460	57,022
jointly controlled entities		27,578	27,803
	1	89,038	84,825
Company and subsidiary companies Turnover Cost of inventories sold Staff costs Depreciation and amortisation Other operating expenses		61,460 23,274 8,875 3,827 10,902	57,022 23,332 7,648 3,222 9,473
Share of profits less losses of associated companies Share of profits less losses of jointly controlled entities		14,582 5,787 1,477	13,347 4,540 1,680
Earnings before interest and other finance costs and taxation ("EBIT") Interest and other finance costs, including share of associated companies and jointly controlled entities	1	21,846 8,767	19,567 7,914
Profit on disposal of investments less provisions	3	3,124	25,742
Profit before taxation Taxation	4	16,203 2,305	37,395 1,978
Profit after taxation Minority interests		13,898 1,810	35,417 1,299
Profit attributable to shareholders	5	12,088	34,118
Dividends Interim dividend Final dividend		2,174 5,201	2,174 5,201
		7,375	7,375
Earnings per share	6	HK\$2.84	HK\$8.00
Dividends per share Interim dividend Final dividend		HK\$0.51 HK\$1.22	HK\$0.51 HK\$1.22
		HK\$1.73	HK\$1.73

1. Segment information

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

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

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

Business segment		_				
		π	rnover from e	xternal custom	ners	
	Company and Subsidiaries HK\$ millions	Associates and JCE HK\$ millions	2001 Total <i>HK\$ millions</i>	Subsidiaries	Associates and JCE HK\$ millions	2000 Total <i>HK\$ millions</i>
Ports and related services	5 12,641	2,864	15,505	11,501	2,725	14,226
Telecommunications	8,743	2,725	11,468	7,653	2,404	10,057
Property and hotels	3,941	1,575	5,516		3,822	7,273
Retail and manufacturing	27,208		29,543		2,234	27,248
Cheung Kong Infrastructu	ire 4,050		10,079	3,721	5,176	8,897
Husky Energy	-	11,801	11,801	-	11,442	11,442
Finance and investments	4,877	249	5,126	5,682	-	5,682
	61,460	27,578	89,038	57,022	27,803	84,825
	E	arnings before	interest and	other finance c	osts and taxat	ion
	Company and	Associates	2001		Associates	2000
	Subsidiaries	and JCE	Total		and JCE	Total
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
Ports and related services	5,006	785	5,791	4,445	896	5,341
Telecommunications	804	(85) 719	705	(229)	476
Property and hotels	1,595	122	1,717		(30)	1,536
Retail and manufacturing	473	64	537	630	35	665
Cheung Kong Infrastructu		4,234	4,589		3,367	3,972
Husky Energy	85	1,951	2,036		1,907	2,116
Finance and investments	6,264	193	6,457	5,187	274	5,461
	14.582	7,264	21.846	13,347	6,220	19,567

	Turnover from external customers					
	Company and Subsidiaries HK\$ millions		Total		Associates and JCE HK\$ millions	2000 Total <i>HK\$ million</i> s
Hong Kong Mainland China Asia and Australia Europe Americas and others	34,020 5,656 10,137 5,620 6,027	4,703 2,305	41,515 10,359 12,442 6,671 18,051	4,364	9,394 3,269 2,465 1,033 11,642	44,263 7,633 10,588 7,093 15,248
	61.460	27.578	89.038	57.022	27.803	84.825

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

Interest and other finance costs 2.

Geographical segment

	HK\$ millions	HK\$ millions
Company and subsidiary companies Less: interest capitalised	7,721 769	7,439 979
Share of associated companies Share of jointly controlled entities	6,952 1,250 565	6,460 1,046 408
	8,767	7,914

Profit on disposal of investments less provisions 3.

Profit on disposal of investments less provisions for the year represents a profit of HK\$30,000 million arising from the merger of VoiceStream Wireless Corporation and Deutsche Telekom AG ("Deutsche Telekom"), profit on disposal of investments pursuant to forward sales contracts of HK\$4,393 million is the aggregate profit arising from the sale of approximately 695 million shares of Vodafone Group PIC ("Vodafone") at an average price of £1.75 per share and approximately 695 million shares of Deutsche Telekom at an average price of £21.26 per share, less a provision of HK\$29,769 million for the potential effect of share price and exchange rate fluctuations on overseas investments and a provision of HK\$1,500 million for loss on property development projects attributable to jointly controlled entities

The 2000 profit on disposal of investments less provisions comprises of a profit of HK\$50,000 million on disposal of Mannesmann AG common shares in exchange for Vodafone ordinary shares, a profit of HK\$1,600 million on the subsequent disposal of 925 million Vodafone shares, a profit of HK\$2,200 million on sales of a 19% interest in Hong Kong mobile telecommunications operation, a profit of HK\$4,222 million on the merger of Husky Oil Limited with Renaissance Energy Ltd, a profit of HK\$1,700 million on the sale of a 50% interest in fixed line telecommunications business and less a provision of HK\$34,000 million for the potential effect of share price and exchange traft fluctuations on the researchemete. exchange rate fluctuations on overseas investments

4. Taxation

		2000		
	Current tax HK\$ millions	Deferred tax HK\$ millions	Total tax HK\$ millions	Total tax HK\$ millions
Hong Kong				
Subsidiary companies	537	(6)	531	541
Associated companies	314	-	314	256
Jointly controlled entities	56	(2)	54	71
Overseas				
Subsidiary companies	543	(14)	529	278
Associated companies	92	710	802	781
Jointly controlled entities	64	11	75	51
	1,606	699	2,305	1,978

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

5. Included in profit attributable to shareholders is an amount of HK\$33.814 million (2000 - HK\$25.236 million) transferred from investment revaluation upon disposal of the relevant investment

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

GROUP CAPITAL RESOURCES AND LIQUIDITY

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

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

During the year, the Group entered into forward sales contracts with major credit worthy financial institutions to dispose of an aggregate of approimately 695 million shares of Vodafone Group at an average price of $\pounds1.75$ per share, which gives rise to a profit of HK\$3,485 million in 2001. In addition, options were granted to the purchasers to acquire an additional approximately 258 million shares of Vodafone Group which are exercisable in 2002. The Group also entered into similar forward sales contracts for an aggregate of approximately 89 million shares of Deutsche Telekom at an average price of \in 21.26 per share, which gives rise to a profit on disposal of HK\$908 million in 2001. In addition, options were granted to the purchasers to acquire an additional approximately 42 million shares of Deutsche Telekom which are exercisable in 2002. In accordance with the Group's treasury policy, the Group has entered into currency forward sales contracts to sell in 2002 a portion of the consideration to be received in Pounds Sterling and Euros for US dollars. Approximately 31% of the consideration for Vodafone Group shares has been sold, and approximately 84% of the consideration for Deutsche Telekom shares has been sold.

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

- In April, arranged a five year, floating interest rate, A\$405 million bank loan to refinance the Group's Australian infrastructure investments;
- In April, repaid early, without penalty, a one year, floating interest rate, A\$792 million bridging loan which was due to mature in September 2001;
- In July, arranged a two tranche, five and seven year, floating interest rate, HK\$12,000 million loan which was drawn down in November and December;
- In July, repaid early, without penalty, a five year, floating interest rate, HK\$12,000 million bank loan which was to mature in June 2002;
- In September, repaid early, without penalty, a three year, floating interest rate, HK\$1,160 million bank loan and a three year, floating interest rate HK\$840 million bank loan which were due to mature in November 2001:

- In October, repaid on maturity, a three year, floating interest rate, HK\$2,500 million bank loan;
- In January 2002, arranged a nine and three quarter year, floating interest rate, bank and equipment vendor financing, totalling €4.2 billion to finance the 3G Italy operations;
- In February 2002, repaid on maturity, five year, fixed interest rate notes, HK\$1,500 million.

Loan notes and bonds issued and redeemed were as follows:

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

Total borrowings include US\$3,000 million principal amount of 2.875% exchangeable notes due in 2003 which are exchangeable on the basis of US\$1,000 principal amount for 196.61 ordinary shares of Vodafone Group at an exchange US\$2,657 million principal amount of 2.00% exchangeable notes due in 2004 which are exchangeable on the basis of US\$1,000 principal amount for 214.51 ordinary shares at an exchange price of US\$4.6618 per share. If all of the notes were to be exchanged, the Group's interest in Vodafone Group would reduce to 0.4%, after subtracting the shareholdings disposed pursuant to the forward sale contracts mentioned previously.

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

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

The non-HK dollar and non-US dollar denominated loans are either directly related to the Group's businesses in the countries of the currencies concerned, or the loans are balanced by assets in the same currencies.

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

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

At 31 December 2001, assets of HK\$56,792 million (2000 - nil) were pledged as security for project financing facilities and HK\$14,988 million (2000 – HK\$7,272 million) were pledged as security for bank and other loans of the Group. The Group's investment in the ordinary shares of Vodafone Group are not pledged or otherwise restricted pursuant to the covenants of the two notes described above which are exchangeable into Vodafone Group shares. Committed borrowing facilities available to Group companies, but not drawn at 31 December 2001, amounted to the equivalent of HK\$28,195 million (2000 -HK\$6.554 million).

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

TREASURY POLICIES

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

CONTINGENT LIABILITIES

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

EMPLOYEES

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

PUBLICATION OF FURTHER INFORMATION

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of shareholders of the Company will be held in the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 23 May 2002 at 12:15 pm for the following purposes:

- To receive and consider the statement of accounts and reports of the directors and auditors for the year ended 31 December 2001. 1.
- 2. To declare a final dividend.
- 3. To elect directors.
- 4. To appoint auditors and authorise the directors to fix their remuneration.
- As special business to consider and, if thought fit, pass the following Ordinary Resolutions: 5.

Ordinary Resolutions

- "THAT a general mandate be and is hereby unconditionally given to the directors to issue and dispose of additional ordinary shares of the Company (in addition to ordinary shares issued under the Senior Executive Share Option Scheme) not exceeding 20% of the existing issued (1) ordinary share capital of the Company.
- "THAT: (2)
 - 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 (A) 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
 - for the purposes of this Resolution, "Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of (C)
 - the conclusion of the next Annual General Meeting of the Company: (i)
 - the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; and (ii)

(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."

"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 (3)nominal amount of the ordinary share capital of the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution No (2) set out in the notice convening this meeting, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued ordinary share capital of the Company at the date of this Resolution

The register of members will be closed from Thursday, 16 May 2002 to Thursday, 23 May 2002 both days inclusive

By order of the board

Edith Shih Company Secretary

Hong Kong, 21 March 2002

Notes

- In order to qualify for the final dividend payable on Friday, 24 May 2002, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Central Registration Hong Kong Limited, for registration not later than 4 pm, Wednesday, 15 May 2002.
- Only members are entitled to attend and vote at the meeting. 2.
- З.
- A member sale entitled to attend and vote at the meeting. A member entitled to attend and vote at the meeting. 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. 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 Fxchance of Hong Kong Limited. 4. the purposes of Section or or or Exchange of Hong Kong Limited.
- An Explanatory Statement containing the information regarding, inter alia, the repurchase by the Company of its own shares and Ordinary Resolution No (1) will be sent to the shareholders together with the Company's 2001 Annual Report. 5.

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE is hereby given that an Extraordinary General Meeting of shareholders of the Company will be held in the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 23 May 2002 at 12:30 pm (or as soon as the Annual General Meeting convened for the same place and date at 12:15 pm shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following Special Resolution:

Special Resolution

"In writing

"THAT the Articles of Association of the Company be altered in the following manner:

- (A) by adding the following definition in Article 2 immediately after the definition "Year":
 - "Electronic A communication sent by electronic transmission in any form through any medium."
- (B) by deleting the definition "In writing" in its entirety and substituting the following therefor:

Written or printed or printed by lithography or printed by photography or typewritten or produced by any other mode of representing words in a visible form or, to the extent permitted by, and in accordance with the Statutes and other applicable laws, rules and regulations, any visible substitute for writing (including an electronic communication), or partly in one visible form and partly in another visible form."

(C) by adding the following as the sixth paragraph in Article 2:

"References to a document being executed include references to its being executed under hand or under seal or, to the extent permitted by, and in accordance with the Statutes and other applicable laws, rules and regulations, by electronic signature or by any other method. References to a document, to the extent permitted by, and in accordance with the Statutes and other applicable laws, rules and regulations, include references to any information in visible form whether having physical substance or not."

(D) by deleting the existing Article 134 in its entirety and substituting the following therefor:

"134. (A) Subject to Article 134(B), the Company will, in accordance with the Statutes and other applicable laws, rules and regulations, deliver or send to every member of, and every holder of debentures of, the Company and to every other person who is entitled to receive notices of General Meetings of the Company under the provisions of the Statutes or of these presents a copy of the relevant financial documents in respect of the Company or a copy of the summary financial report (each as defined in the Ordinance) in place of a copy of the relevant financial documents from which the report is derived not less than twenty-one days before the date of the General Meeting of the Company concerned (or such other time as is permitted under the Statutes and other applicable laws, rules and regulations). Provided that this Article shall not require a copy of these documents to be sent to more than one of the joint holders of any shares or debentures or to any member of, or any holder of debentures of, the Company who is not entitled to receive notices of General Meetings of the Company and of whose address the Company is unaware, but any member or holder of debentures of the Company to whom a copy of these documents has not been sent shall be entitled to receive a copy of these documents free of charge on application at the Office.

(B) Where an entitled person under Article 134(A) has, in accordance with the Statutes and other applicable laws, rules and regulations, agreed to his having access of the relevant financial documents and/or the summary financial report (each as defined in the Ordinance) in respect of the Company on the Company's computer network as mentioned in Article 137(v) or, to the extent permitted by, and in accordance with the Statutes and other applicable laws, rules and regulations in any other manner (including by any other form of electronic communication) instead of being sent the documents or report, as the case may be (an "Assenting Person"), the publication or making available by the Company's computer network referred to above of the relevant financial documents and/or the summary financial report throughout the period beginning not less than twenty-one days before the date of the General Meeting of the Company concerned and ending on such date in accordance with the Statutes and other applicable laws, rules and regulations (or such other period or time as is permitted under the Statutes and other applicable laws, rules and regulations (or such other period or time as is permitted under the Statutes and other applicable laws, rules and regulations) or in such other manner shall be treated as having sent a copy of the relevant financial documents or a copy of the summary financial report to an Assenting Person in satisfaction of the Company's obligations under Article 134(A)."

with the following marginal note:

"Relevant financial documents and summary financial reports to be sent to entitled persons"

(E) by deleting Article 137 in its entirety and substituting the following therefor:

"137. Any notice or document, whether or not to be given or issued under the Statutes, other applicable laws, rules and regulations or these presents from the Company, may be served or delivered by the Company upon any member of, and any holder of debentures of, the Company and to any other person who is entitled to receive notices of General Meetings of the Company under the provisions of the Statutes or of these presents:-

- (i) personally;
- by sending it through the post in a prepaid envelope or wrapper addressed to such person at his registered place of address;
- (iii) by advertisement in English in at least one English language newspaper and in Chinese in at least one Chinese language newspaper being in each case a newspaper published daily and circulating generally in Hong Kong and specified or permitted for this purpose by the Statutes and other applicable laws, rules and regulations, and for such period as the Directors shall think fit to the extent permitted by, and in accordance with the Statutes and other applicable laws, rules and regulations;
- (iv) by sending or transmitting it as an electronic communication to such person at any telex or facsimile transmission number or electronic number or electronic address or computer network or website supplied by him to the Company for the giving of notice or document from the Company to him to the extent permitted by, and in accordance with, the Statutes and other applicable laws, rules and regulations;

- (v) by publishing it on the Company's computer network and giving to such person a notice in accordance with the Statutes, other applicable laws, rules and regulations stating that the notice or other document is available there (a "Notice of Availability") to the extent permitted by, and in accordance with, the Statutes and other applicable laws, rules and regulations. The Notice of Availability may be given to such person by any of the means set out in Article 137(i), (ii), (iv) or (vi); or
- (vi) by sending or otherwise making available to such person through such means to the extent permitted by, and in accordance with, the Statutes and other applicable laws, rules and regulations."

with the following marginal note:

"Service of notices

(F) by deleting Articles 140 to 142 in their entirety and substituting the following therefor as New Articles 140 and 141:

"140. All notices or other documents with respect to shares standing in the names of joint holders shall be served on or delivered to whichever of such persons is named first in the register of members and any notice or document so served or delivered shall be deemed a sufficient service on or delivery to all the holders of such shares."

with the following marginal note:

"Notice to joint holders"

- "141. (A) Any notice or other document:-
 - (i) if served or delivered by post, shall be deemed to have been served or delivered on the day following that on which the envelope or wrapper containing the same is posted, and, in proving such service or delivery, it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly prepaid, addressed and put into the post. A certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board, that the envelope or wrapper containing the notice or other document was so prepaid, addressed and put into the post shall be conclusive evidence thereof;
 - (ii) if sent or transmitted as an electronic communication in accordance with Article 137(iv) or through such means in accordance with Article 137(vi), shall be deemed to have been served or delivered at the time of the relevant despatch or transmission. A notice or document published on the Company's computer network in accordance with Article 137(v) shall be deemed to have been served or delivered at the time of the relevant despatch or transmission. A notice or document published on the Company's computer network in accordance with Article 137(v) shall be deemed to have been served or delivered on the day following that on which a Notice of Availability is sent to the entitled person. In proving such service or delivery, a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board as to the fact and time of such service, delivery, despatch, transmission or publication shall be conclusive evidence thereof;
 - (iii) if served or delivered in person, shall be deemed to have been served or delivered at the time of personal service or delivery, and in proving such service or delivery, a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board that the notice or document was so served or delivered shall be conclusive evidence thereof; and
 - (iv) if served by advertisement in newspapers in accordance with Article 137 (iii), shall be deemed to have been served on the day on which such notice or document is first published."

with the following marginal note:

"Notice deemed to have been served"

"(B) Where a person has in accordance with the Statutes and other applicable laws, rules and regulations consented to receive notices and other documents from the Company in the English language only or the Chinese language only but not both, it shall be sufficient for the Company to serve on or deliver to him any notice or document in such language only in accordance with these presents unless and until there is a notice of revocation or amendment of such consent given or deemed to have been given by such person to the Company in accordance with the Statutes and other applicable laws, rules and regulations which shall have effect in respect of any notice or document to be served on or delivered to such person subsequent to the giving of such notice of revocation or amendment."

with the following marginal note

"Choice of language"

(G) by renumbering the existing Articles 143 to 146 as new Articles 142 to 145."

By order of the board

Edith Shih Company Secretary

Hong Kong, 21 March 2002

Notes:

- 1. Only members are entitled to attend and vote at the meeting.
- 2. 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.
- 3. Amendments to the Articles of Association of the Company are being made to reflect the recent changes to the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. An Explanatory Statement containing the information regarding, inter alia, the amendments to the Articles of Association of the Company will be sent to the shareholders together with the Company's 2001 Annual Report.

Hutchison Whampoa Limited

