

Report of the Directors

The directors have pleasure in submitting to shareholders their report and statement of accounts for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES

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

GROUP PROFIT

The consolidated profit and loss account is set out on page 72 and shows the Group profit for the year ended 31 December 2001.

DIVIDENDS

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

RESERVES

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

CHARITABLE DONATIONS

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

FIXED ASSETS

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

SHARE CAPITAL

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

DIRECTORS

The board of directors as at 31 December 2001 comprises Messrs Li Ka-shing, Li Tzar Kuoi, Victor, Fok Kin-ning, Canning, Chow Woo Mo Fong, Susan, Frank John Sixt, Lai Kai Ming, Dominic, George Colin Magnus, Kam Hing Lam, Michael David Kadoorie, Li Fook-wo, Simon Murray, Or Ching Fai, Raymond, William Shurniak, Peter Alan Lee Vine and Wong Chung Hin.

Messrs Fok Kin-ning, Canning, Kam Hing Lam, Li Fook-wo, Peter Alan Lee Vine and Wong Chung Hin will retire by rotation at the forthcoming annual general meeting under the provisions of Article 85 of the Articles of Association of the Company and, being eligible, will offer themselves for reelection.

The Directors' biographical details are set out on pages 58 and 59.

INTEREST IN CONTRACTS

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

CONNECTED TRANSACTIONS

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

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

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

- (b) Choice Forward Limited, an indirect wholly owned subsidiary of the Company, executed on 24 April 2001 a share charge in favour of the security trustee over 18,896 of the Subject Shares (the "Share Charge") as additional security for HTCL's obligations under a HK\$4 billion senior secured credit facility made available by certain banks (the "Banks") to HTCL ; and
- (c) the Company provided on 24 April 2001 an undertaking to the Banks to provide 74.9% (as extended to 100% with effect from completion of the HTCL Agreement) of the necessary funding in connection with performance bonds required to be issued in connection with HTCL's third generation mobile activities (the "Undertaking").

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

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

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

On 23 May, 8 June and 16 November 2001, Hutchison Whampoa Properties Limited ("HWPL"), an indirect wholly owned subsidiary of the Company, provided three guarantees (together the "SWMC Guarantees") in respect of 50% of the obligations of Shanghai Westgate Mall Co., Ltd. ("SWMC"), on a several basis pro rata to the then respective interests of the Company and Cheung Kong (Holdings) Limited ("Cheung Kong"), under standby letters of credit for an aggregate amount of US\$39,129,861 issued by an independent financial institution for securing four bank loans in an aggregate amount of RMB310 million made available to SWMC by another independent financial institution. The SWMC Guarantees constituted connected transactions for the Company under Rule 14.25(2)(b) of the Listing Rules.

On 15 June 2001, Hutchison International Port Holdings Limited ("HPH"), an indirect wholly owned subsidiary of the Company, provided a guarantee (the "HPH Guarantee I") in respect of the obligations of ICTSI International Holdings Corp. ("IIHC"), an indirect non wholly owned subsidiary of the Company, under a senior term loan of US\$60 million made available to IIHC by independent financial institutions. The HPH Guarantee I constituted a connected transaction for the Company under Rule 14.25(2)(a) of the Listing Rules.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' SERVICE CONTRACT

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

DIRECTORS' INTERESTS

As at 31 December 2001, the interests of the directors in the shares of the Company and its associated corporations as required to be recorded in the register maintained under Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

(a) Interests in the Company

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

Notes:

(1) The two references to 2,140,672,773 shares relate to the same block of shares in the Company comprising:

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

(b) 10,470,000 shares held by a unit trust and company controlled by such unit trust. All issued and outstanding units of such unit trust are held by discretionary trusts. The discretionary beneficiaries of such discretionary trusts are, inter alia, Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and his wife and two daughters and Mr Li Tzar Kai, Richard and accordingly Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as directors of the Company, are taken to be interested in such 10,470,000 shares under the SDI Ordinance. In accordance with the provisions of the SDI Ordinance, Mr Li Ka-shing also is taken to be interested in the same 10,470,000 shares in the Company by virtue of his owning more than one-third of the issued share capital of Li Ka-Shing Castle Holdings Limited which in turn owns more than one-third of the issued share capital of the trustees of the abovementioned unit trust and discretionary trusts.

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

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

(b) Interests in Associated Corporations

As at 31 December 2001, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as directors of the Company, were deemed to be interested in the following:

(i) 1,912,109,945 shares in Cheung Kong Infrastructure Holdings Limited ("Cheung Kong Infrastructure") of which 1,906,681,945 shares were held by a subsidiary of the Company and 5,428,000 shares were held by companies controlled by TUT as trustee of the LKS Unity Trust as described in Note (1) above under the SDI Ordinance;

(ii) 829,599,612 shares in Hongkong Electric Holdings Limited ("Hongkong Electric") which shares were held by certain subsidiaries of Cheung Kong Infrastructure;

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

(iv) 137,296,139 common shares and 351,426 transferable warrants in Husky Energy Inc. ("Husky Energy") which were held by a company in respect of which a trust company as trustee of The Li Ka-Shing Castle Discretionary Trust is indirectly entitled to substantially all the net assets thereof by virtue of their interests as the discretionary beneficiaries of certain discretionary trusts as described in Note (1) above; and

(v) all the shares of the subsidiary and associated companies of the Company held by the Company and its subsidiary companies by virtue of their interests in the shares of the Company as described in Note (1) above.

In addition, Mr Li Ka-shing had, as at 31 December 2001, corporate interests in 4,600 class C common shares in Husky Oil Holdings Limited and a total of 152,219,633 common shares and 389,625 transferable warrants in Husky Energy of which 137,296,139 common shares and 351,426 transferable warrants are duplicated in his deemed interests as described in (iv) above.

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

Mr Fok Kin-ning, Canning had, as at 31 December 2001, (i) a personal interest in 100,000 ordinary shares in HTAL and (ii) corporate interests in 1,000,000 ordinary shares in HTAL, a nominal amount of US\$32,500,000 in the 7.00% Notes due 2011 issued by HWI(01/11), 300,000 common shares in Husky Energy and 225,000 American Depositary Shares (each representing one ordinary share) of Partner Communications Company Ltd. ("Partner Communications").

Mr George Colin Magnus had, as at 31 December 2001, a personal interest in 25,000 American Depositary Shares (each representing one ordinary share) in Partner Communications.

Mr Kam Hing Lam had, as at 31 December 2001, a personal interest in 100,000 shares in Cheung Kong Infrastructure.

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

Save as outlined above, none of the directors had, as at 31 December 2001, any interests in the ordinary shares of the Company and its associated corporations or any right to subscribe for ordinary shares of the Company or its associated corporations which had been granted and exercised as recorded in the register required to be kept under Section 29 of the SDI Ordinance since no right to subscribe for the ordinary shares of the Company or its associated corporations had been granted to any director or his spouse or children under 18 years of age since 1 September 1991, the commencement of the SDI Ordinance.

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

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2001, the register required to be kept under Section 16(1) of the SDI Ordinance showed that the Company had been notified of the following interests in the issued ordinary share capital of the Company. These interests were in addition to those disclosed above in respect of the directors.

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

Notes :

- (1) This interest represents the total number of ordinary shares of the Company held by certain subsidiaries of Cheung Kong where Cheung Kong is taken to be interested in such shares under Sections 8(2) and (3) of the SDI Ordinance.
- (2) This is a subsidiary of Cheung Kong and its interests in the ordinary shares of the Company is duplicated in the interests of Cheung Kong. In addition, Li Ka-Shing Unity Holdings Limited, TUT as trustee of the LKS Unity Trust and Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust have notified the Company that each of them is to be taken as interested in the same 2,130,202,773 shares of the Company as described in Note (1)(a) above.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2001 and up to the date of this report, the directors of the Company have interests in companies of which their businesses compete or are likely to compete, either directly or indirectly, with the businesses of the Company as required to be disclosed pursuant to Rule 8.10 of the Listing Rules, by virtue of either (i) their directorship in a number (in excess of 100) of associated companies or other companies in which the Company has less than 20% shareholding interest, as a result of their nomination by the Company to the board of such companies; or (ii) their deemed interests in the following companies:

Name	Name of company	Nature of competing business
Li Ka-shing Li Tzar Kuoi, Victor	Cheung Kong and its associated companies	<ul style="list-style-type: none">• Property development and investment• Hotels ownership, management, operations and related services• E-commerce and general information portals• Finance and investment
	Husky Energy	<ul style="list-style-type: none">• Integrated oil and gas business
	TOM.COM	<ul style="list-style-type: none">• E-commerce and general information portals

Save as disclosed above, none of the directors is interested in any businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Company during the year ended 31 December 2001 and up to the date of this report.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

CODE OF BEST PRACTICE

With the exception that non executive directors have no set term of office but retire from office on a rotational basis, the Company has complied throughout the year ended 31 December 2001 with Appendix 14 to the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

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

AUDITORS

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

By order of the board

Edith SHIH

Company Secretary

Hong Kong, 21 March 2002