

Report of the Directors

The directors have pleasure in submitting to shareholders their report and statement of accounts for the year ended 31 December 2000.

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 74 and shows the Group profit for the year ended 31 December 2000.

DIVIDENDS

An interim dividend of 51 cents per share was paid to shareholders on 17 October 2000 and the directors recommend the declaration of a final dividend at the rate of HK\$1.22 per share payable on 25 May 2001 to all persons registered as holders of shares on 24 May 2001.

RESERVES

Movements in the reserves of the Company and the Group during the year are set out in note 24 to the accounts.

CHARITABLE DONATIONS

Donations to charitable organisations by the Group during the year amounted to HK\$86,814,000 (1999 – HK\$50,434,000).

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 23 to the accounts.

DIRECTORS

The board of directors as at 31 December 2000 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 Christopher Patrick Langley and Li Tzar Kai, Richard resigned as directors with effect on 31 January 2000 and 16 August 2000 respectively. Messrs Lai Kai Ming, Dominic and Or Ching Fai, Raymond were appointed as directors with effect from 1 February 2000. The directors would like to record their appreciation for the services of Messrs Christopher Patrick Langley and Li Tzar Kai, Richard to the Group and are pleased to welcome the appointment of Messrs Lai Kai Ming, Dominic and Or Ching Fai, Raymond.

Messrs Li Ka-shing, Li Tzar Kuoi, Victor, Frank John Sixt, George Colin Magnus and Michael David Kadoorie 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 60 and 61.

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 5 May 2000, the Company entered into an agreement with Hutchison Telecommunications (Australia) Limited ("HTAL") to underwrite all the shares of HTAL offered in HTAL's rights issue, other than those to which Hutchison Communications (Australia) Pty. Ltd. was entitled as of its right as a shareholder of HTAL. HTAL is a non wholly owned subsidiary of the Company listed on the Australian Stock Exchange, which was then owned as to approximately 54% by the Company, as to approximately 16.5% by Leanrose Pty. Ltd. ("Leanrose") and the balance by the public. The number of HTAL shares underwritten was approximately 93.6 million and the maximum amount underwritten by the Company under the rights issue was approximately A\$323 million. The underwriting of the rights issue was a connected transaction for the Company as Leanrose is a connected person of the Company by virtue of it being a substantial shareholder of a subsidiary of the Company and of it being an associate of a director of HTAL.

CONNECTED TRANSACTIONS (cont'd)

On 9 June 2000, the Company provided a guarantee (the "Ostani Guarantee") in respect of 50% of all the obligations of Ostani Limited, which is owned as to 50% by the Company and 50% by Cheung Kong (Holdings) Limited ("Cheung Kong"), under a short term revolving loan facility of HK\$1,000 million made available to Ostani Limited by an independent financial institution. The Ostani Guarantee constituted a connected transaction for the Company under Rule 14.25(2)(b) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

On 20 June 2000, the Company provided a guarantee (the "Glenfield Guarantee I") in respect of 50% of all the obligations of Glenfield Investments Pte Ltd ("Glenfield") under a bank guarantee facility of S\$185 million made available by an independent financial institution to Glenfield, which is owned as to 50% by the Company and 50% by Cheung Kong. The Glenfield Guarantee I constituted a connected transaction for the Company under Rule 14.25(2)(b) of the Listing Rules.

On 3 July 2000, the Company provided a guarantee (the "Glenfield Guarantee II") in respect of 50% of all the obligations of Glenfield under a revolving credit facility of S\$300 million made available to Glenfield by independent financial institutions. The Glenfield Guarantee II constituted a connected transaction for the Company under Rule 14.25(2)(b) of the Listing Rules.

On 12 July 2000, the Company and New Millennium Corp., an indirect wholly owned subsidiary of the Company, entered into a conditional sale and purchase agreement with NTT DoCoMo, Inc. in relation to the disposal of the entire issued share capital of Brilliant Design Limited, a wholly owned subsidiary of New Millennium Corp., for a cash consideration of £1,200 million (approximately HK\$14,200 million). At completion of the sale and purchase agreement, the principal asset of Brilliant Design Limited was a 20% shareholding in Hutchison 3G UK Holdings Limited, the holding company of Hutchison 3G UK Limited. In addition, the Company procured a banking facility of £25 million to Hutchison 3G UK Limited for working capital purposes and guaranteed such banking facility in full until long term financing is obtained. The sale and purchase agreement and the guarantee constituted connected transactions for the Company as NTT DoCoMo, Inc. is a connected person of the Company by virtue of it being a substantial shareholder of a subsidiary of the Company.

For the period from October 2000 to December 2000, 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 all 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, under four standby letters of credit for an aggregate amount of US\$29,155,752 issued by an independent financial institution for securing four loans in an aggregate amount of RMB230 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 5 October 2000, Hutchison International Limited (“HIL”), a wholly owned subsidiary of the Company provided a guarantee (the “HIL Guarantee”) in respect of 76.5% of the liabilities of Hutchison 3G Italia S.p.A. (then known as Andala S.p.A.) (“H3G Italy”) under a bank guarantee facility for Lire 4,000 billion taken out by H3G Italy from an independent financial institution in support of H3G Italy’s tender for a third generation telecommunications licence in Italy. H3G Italy was then indirectly owned as to 51% by the Company and as to 25.5% by Tiscali S.p.A. The HIL Guarantee constituted a connected transaction for the Company as Tiscali S.p.A. was a connected person by virtue of it being a substantial shareholder of a subsidiary of the Company.

On 12 October 2000, HWPL provided a guarantee (the “GMFPD Guarantee”) in respect of 50% of all the obligations of Guangzhou Metro-Ford Property Development Co., Ltd. (“GMFPD”), which is owned as to 50% by the Company and 50% by Cheung Kong, under a loan of RMB800 million made available to GMFPD by an independent financial institution. The GMFPD Guarantee constituted a connected transaction for the Company under Rule 14.25(2)(b) of the Listing Rules.

On 14 November 2000, HWPL provided a guarantee (the “HWPZ Guarantee”) in respect of 50% of all the obligations of Hutchison Whampoa Properties (Zhuhai) Company Limited (“HWPZ”), which is owned as to 50% by the Company and 50% by Cheung Kong, under a construction loan facility of RMB200 million made available to HWPZ by an independent financial institution. The HWPZ Guarantee constituted a connected transaction for the Company under Rule 14.25(2)(b) of the Listing Rules.

On 21 November 2000, the Company provided a guarantee (the “BOP Guarantee”) in respect of 18.2% of all liabilities of Beijing Oriental Plaza Co., Ltd. (“BOP”) under a loan facility in the amount of RMB4,460 million extended by an independent financial institution. The Company and Cheung Kong then had an effective interest of approximately 18.2% and 33.8% respectively in the issued voting shares of the foreign party of BOP. The BOP Guarantee was provided on a several basis pro rata to the then respective effective interests of the Company and Cheung Kong in BOP and constituted a connected transaction for the Company under Rule 14.25(2)(b) of the Listing Rules.

On 5 December 2000 and 17 January 2001, Ideal Start Limited, an indirect wholly owned subsidiary of the Company, made available loans (the “Loans”) in an aggregate amount of HK\$173 million to Shenzhen Park’N Shop Limited, a non wholly owned subsidiary of the Company. The Loans constituted connected transactions for the Company under Rule 14.25(2)(a) of the Listing Rules.

CONNECTED TRANSACTIONS (cont'd)

On 8 December 2000, HWPL provided a guarantee (the "Bayswater Guarantee") in respect of 50% of all the obligations of Bayswater Developments (Shanghai) Limited ("Bayswater"), which is owned as to 50% by the Company and 50% by Cheung Kong, under standby letters of credit for an aggregate amount of US\$31,820,785 issued by an independent financial institution for securing a loan of RMB250 million made available to Bayswater by another independent financial institution. The Bayswater Guarantee constituted a connected transaction for the Company under Rule 14.25(2)(b) of the Listing Rules.

On 14 February 2001, Hutchison Telecommunications Limited, an indirect wholly owned subsidiary of the Company, provided a guarantee (the "HTL Guarantee") in respect of all the liabilities of HTAL under a bid bond facility for A\$116,250,000 taken out by it from an independent financial institution in support of HTAL's tender in an auction to acquire radio frequency spectrum licence in the 2.1GHz band in Australia. HTAL is indirectly owned as to approximately 57.8% by the Company, directly owned as to approximately 12.5% by Leanrose and approximately 29.7% owned by the public. The HTL Guarantee was a connected transaction for the Company as Leanrose is a connected person by virtue of it being a substantial shareholder of a subsidiary of the Company and of it being an associate of a director of HTAL.

On 22 February 2001, Hutchison Telecommunications International Limited ("HTIL"), an indirect wholly owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Pacific Century CyberWorks Limited ("PCCW") in relation to the disposal of the entire issued share capital of Hutchison Telecommunications Technology Investments Limited, a wholly owned subsidiary of HTIL, and the shareholder's loan of approximately HK\$546 million (the "Disposal") for a total consideration of HK\$803.4 million. The consideration was satisfied by the issue and allotment of 183,634,285 new shares of HK\$0.05 each in PCCW at a value of HK\$4.375 each credited as fully paid. The Disposal constituted a connected transaction of the Company as Mr Li Tzar Kai, Richard, who controls PCCW, was a director of the Company within the last twelve months prior to the Disposal.

On 22 February 2001, an agreement was entered into between (i) Whampoa Holdings Limited ("WHL"), an indirect wholly owned subsidiary of the Company; (ii) Motorola Asia Limited ("MAL"); (iii) Motorola Inc. and (iv) HIL, a wholly owned subsidiary of the Company for the acquisition (the "Acquisition") of 25.1% of the issued share capital of Hutchison Telephone Company Limited ("HTCL") by WHL from MAL for a cash consideration of US\$120 million. HTCL is a non wholly owned subsidiary of the Company and is indirectly owned as to approximately 55.9% by the Company. The Acquisition constituted a connected transaction for the Company as MAL is a connected person by virtue of it being a substantial shareholder of a subsidiary of the Company.

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 2000, 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	–	–	–	2,139,002,773 ⁽¹⁾	2,139,002,773
Li Tzar Kuoi, Victor	–	–	971,000	2,139,002,773 ⁽¹⁾	2,139,973,773
Fok Kin-ning, Canning	962,597	–	48,278	–	1,010,875
George Colin Magnus	880,000	9,900	–	–	889,900
Michael David Kadoorie	–	–	–	15,984,095 ⁽²⁾	15,984,095
Simon Murray	23,000	–	–	–	23,000
William Shurniak	165,000	–	–	–	165,000
Peter Alan Lee Vine	33,000	–	–	–	33,000

(a) Interests in the Company (cont'd)

Notes:

(1) The two references to 2,139,002,773 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) 8,800,000 shares held by a 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 8,800,000 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 8,800,000 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.

(b) Interests in Associated Corporations

As at 31 December 2000, 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) 1,392,000,000 shares in TOM.COM LIMITED ("TOM.COM") of which 928,000,000 shares were held by a subsidiary of the Company and 464,000,000 shares were held by a subsidiary of Cheung Kong;
- (iv) 137,103,086 common shares and 631,037 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 2000, corporate interests in 4,600 class C common shares in Husky Oil Holdings Limited and a total of 152,005,596 common shares and 699,628 transferable warrants in Husky Energy of which 137,103,086 common shares and 631,037 transferable warrants are duplicated in his deemed interests as described in (iv) above.

Mr Fok Kin-ning, Canning had, as at 31 December 2000, (i) a personal interest of 100,000 ordinary shares in HTAL and (ii) corporate interests in a nominal amount of US\$11,000,000 in the 6.95% Notes due 2007 issued by Hutchison Whampoa Finance (CI) Limited, 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").

(b) Interests in Associated Corporations (cont'd)

Mr Frank John Sixt had, as at 31 December 2000, a personal interest in a nominal amount of US\$530,000 in the 7% convertible bonds due 2001 issued by Hutchison Delta Finance Limited.

Mr George Colin Magnus had, as at 31 December 2000, 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 2000, a personal interest in 100,000 shares in Cheung Kong Infrastructure.

Mr Peter Alan Lee Vine had, as at 31 December 2000, a personal interest in 80,000 shares in Hongkong Electric.

Save as outlined above, none of the directors had, as at 31 December 2000, 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 2000, 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 2000 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	Cheung Kong and its associated companies	- Property development and investment
Li Tzar Kuoi, Victor		- Hotels ownership, management, operations and related services - E-commerce and general information portals - Finance and investment
	Husky Energy	- Integrated oil and gas business
	TOM.COM	- E-commerce and general information portals

Save as disclosed above, none of the directors is interested in any businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Company during the year ended 31 December 2000 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 2000 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, 22 March 2001