

Co-Chairmen's Statement

FINANCIAL RESULTS

Hutchison Harbour Ring Limited ("the Company") and its group companies ("the Group") recorded an audited consolidated profit attributable to shareholders of HK\$680.6 million for the year ended 31 December 2001. This compared to a loss of HK\$1,037.2 million for 2000. The 2001 profit included a one-time write back of a provision of HK\$967.6 million relating to the Group's toys and property subsidiaries. In 2000, a provision of HK\$1,018.1 million had been made in the financial statements against the disposal value of the Group's toys and property subsidiaries, which was primarily based on the exercise price of a put option deed existing at that time. Earnings per share were HK12.16 cents in 2001 compared to a loss per share of HK24.42 cents in 2000. The Group ended the year with a healthy cash balance and no debt.

DIVIDEND

The Directors have decided to recommend the payment of a final dividend of HK1.5 cents per share in respect of 2001 (2000 - Nil), to shareholders whose names appear on the Register of Members of the Company on 24 May 2002. The proposed dividend will be paid on 25 May 2002 following approval at the Annual General Meeting.

SUMMARY

During 2001, the Group underwent a significant change in its ownership structure, which resulted in a fundamental restructuring and refocusing of its business strategy. The Group became a member company of Hutchison Whampoa Limited, one of Asia's largest diversified business groups. On 12 July 2001, one of Hutchison Whampoa Limited's wholly-owned subsidiaries, together with Reading Investments Limited, acquired a controlling stake in ICG Asia Limited, as the Group was then called. The two parties made a voluntary conditional cash offer pursuant to which Internet Capital Group Inc., the then-controlling shareholder, and its associates tendered all their former shareholdings in the Company. Following the completion of the offer, Hutchison Whampoa Limited now controls approximately 50.5 per cent of the issued share capital of the Company, Reading Investments Limited together with another company, both controlled by Dr. Luk Chung Lam hold approximately 19.6 per cent, with the remainder held by members of the public.

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To reflect this new ownership structure, the Company formally changed its name to Hutchison Harbour Ring Limited on 25 September 2001.

In the second half of the year, the Group re-assessed the financial performance and business prospects of its Internet business-to-business ("B2B") activities. It decided to exit from active involvement in the sector, making prudent financial provisions.

On 19 December 2001, the Group entered into agreements to cancel a put option and a management services agreement, both with effect from 31 December 2001. As a result of these cancellations, the right to manage and operate the Group's toys and property subsidiaries reverted to the Company. The Group's principal business is now centred on its toys and property activities.



Dongguan Crown-Ace Toys Co., Ltd.



Assembly lines

SUMMARY OF BUSINESS OPERATIONS

2001 was a challenging year for the Group's toys operations. Competition remained strong and margins tight due to excess capacity among toys manufacturers. The US, the world's major toys market, slowed in 2001 and retailers were generally even more cautious than usual in their approach to placing orders. The events of September 11 in the US led to a further, and noticeable, drop in customer demand in the Christmas holiday season. In spite of a difficult operating environment, the Group's toys operations improved thanks to a diversification into new products, an expanded customer base, and the employment of tighter cost controls.

The change of ownership led to a review of the Group's activities and market conditions, and the decision to focus on the toys and property businesses. The Group began to exit from its Internet B2B business interests through a programme of rationalising its various investment positions. This programme of rationalisation has now been completed and the Group retains only small strategic holdings in a number of Internet B2B business.

Co-Chairmen's Statement

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Harbour Ring Plaza, Shanghai

The Group's property investment portfolio in China continued to generate steady rental income in 2001. The Group's office, retail, residential and hotel properties in Shanghai and Shaoxing enjoyed satisfactory occupancy levels.

OUTLOOK

There are some indications that the US economy may recover in the second half of 2002. As the US is one of the Group's major toy markets, any improvement will have a positive effect on the Group's prospects. The accession of China into the World Trade Organisation is expected to open up significant opportunities on the mainland that will provide long-term benefits for China, Hong Kong and the Group. In addition, the Group is now working with its parent company, Hutchison Whampoa Limited, to further its business by capitalizing on the latter's relationships with numerous multinational corporations throughout the world. This would potentially enable the Group to access more manufacturing opportunities as well as to establish business and strategic relationships with many of these multinational corporations. These ongoing efforts coupled with improvement in the global environment will represent excellent business prospects for the Group.



IC Bonding

We would like to thank all past and present members of the Board of Directors and our staff for their hard work and dedication over the past year, and also our shareholders and business partners for their continued support.

FOK Kin-ning, Canning

Co-Chairman

LUK Chung Lam

Co-Chairman

Hong Kong, 19 March 2002