



International connections

At 10:15 hr, on a beautiful clear day in Mumbai, India, Rahul Shah, Assistant Manager – RF Maintenance with Hutchison Max Telecom (“HMTL”) inspects vital infrastructure for HMTL’s Orange network. Hutchison affiliated networks in India support more than 1,200,000 subscribers in the premier circles of Mumbai, New Delhi, Gujarat, and Kolkata.



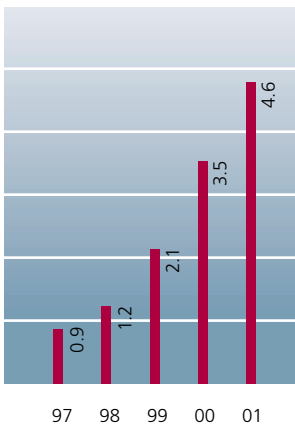
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The Group has continued to build on its telecommunications expertise and has formed strategic alliances with other telecommunications companies to offer innovative and high quality services. The Group has successfully obtained 3G spectrum licences in eight countries, including five in Europe, and is committed to building its 3G networks and launching commercial services in 2002. The Group is also focused on expanding its existing 2G operations in the rapidly growing underdeveloped telecommunications markets, particularly in India.

Mobile Telephone Subscribers
Millions



Turnover for the telecommunications division for 2001 totalled HK\$11,468 million, an increase of 14% compared to 2000, reflecting an increase in the Group’s global mobile subscriber base, which grew 31% from 3.5 million subscribers at the end of 2000 to 4.6 million subscribers at the end of 2001. EBIT from the Group’s telecommunications division totalled HK\$719 million, a 51% increase compared to the HK\$476 million reported in 2000. The increase is 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.

Hutchison Telecom’s spacious 12,000 sq ft one stop Customer Services Centre in Causeway Bay, Hong Kong, is staffed by professional ambassadors who provide high quality, personalised services.





At Hutchison Telecom's flagship store in Macau, customers can access the Internet at the specially designed "Information Corner" and obtain the latest updates on mobile products and services.

HONG KONG

In Hong Kong, the Group provides mobile telephony services through Hutchison Telephone (74.63% interest). In this competitive market it has maintained its leading market position with a market share of approximately 30% and a current subscriber base of approximately 1.7 million. The Group expanded its services to Macau during the second half of the year and is successfully building a new operation. These operations reported combined EBIT marginally below the previous year due to continued intense competition in the market place and start up losses in Macau. Hutchison 3G Hong Kong (74.63% interest) bid for and secured one of four 3G licences in Hong Kong in September at the minimum bid price. The licence requires a Minimum Annual Fee of HK\$50 million for each of the first five years, and a royalty percentage of 5% of the network turnover or the applicable Minimum Annual Fee (whichever is the higher) for each of the 6th to 15th years. In 2002, the Group will focus on

building its 3G network and targets to be the first mobile operator to launch 3G services in Hong Kong around the end of this year.

Hutchison Global Crossing ("HGC") (50% interest), owns and operates a terrestrial fibre-optic network in Hong Kong stretching through over 2,000 kilometres of duct routes. HGC offers quality voice and data line services and dedicated high speed broadband Internet services with access speed of 10 Mbps. HGC's fibre-optic network is connected to undersea cable networks to provide international bandwidth and also has links to China Telecom's network. HGC is further developing its international private leased circuit services between the two regions. HGC recorded strong customer growth for its broadband, data and voice services and in September recorded its milestone first month of positive earnings before interest expense, tax, depreciation and amortisation ("EBITDA").

EUROPE

The European division is currently in a reinvestment phase to develop 3G networks and businesses, utilising a portion of the cash and marketable securities of over HK\$140,000 million received as consideration over the last three years from the disposal of certain 2G telecommunications businesses, including Orange plc in 1999 and VoiceStream in 2001.

The Group currently has a 65% interest in Hutchison 3G UK, an 88.2% interest in Hutchison 3G Italia, a 60% interest in Hi3G Access which holds 3G licences in Sweden and Denmark, and a 100% interest in Hutchison 3G Austria. From a standing start, the Group now has over 3,000 full time employees focusing on building state-of-the-art 3G networks in each country. The Group is on schedule to be one of the first operators in each country to launch 3G high speed multimedia services and benefit from first to market advantage. All of these operations are coordinating their efforts through a Group forum ("3G forum") to design and build their networks and supporting software infrastructure,

to take advantage of procurement economies of scale and also, through cooperation and task sharing to more efficiently utilise the resources and skills of each country's management team to help ensure an earlier launch of services in all countries. The Group's 3G operations in Hong Kong and Australia are also active participants in this 3G forum. The development of a global brand is well advanced and a coordinated sales and marketing strategy is being planned. Joint strategies are in place for the acquisition and development of information technology and content. The exclusive rights to provide content and official data of the F.A. Premier League Football, the Swedish national soccer team, eleven top soccer teams in Italy and also numerous interactive games have already been secured. The 3G forum is actively pursuing other distinctive 3G content rights including other sports rights, news, traffic, weather and travel information services, location based services, wireless e-mail services, glamour and music.

In the UK and Italy, cell site acquisition and network construction is proceeding on schedule to launch services in the last quarter of 2002. Hutchison 3G UK has a three year (with a one year extension), standalone, £3,252 million project financing facility, which was arranged in late 2000. Early this year, Hutchison 3G Italia 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. The remaining €2.2 billion is guaranteed by the Group until certain performance targets are met. In Sweden, Hi3G Access has partnered with two other Swedish 3G licence holders, Europolitan Vodafone and Orange, to provide shared 3G infrastructure that will address up to 70% of the Swedish population. This arrangement will reduce costs and facilitate operating independence for all three operators. In September, Hi3G Access was granted one of four 3G licences in Denmark for Danish Kroner 950 million with 25% payable upfront and the remainder payable in equal instalments over the next ten years. Synergies between the Sweden and Denmark operations are expected to enhance the profitability of this extended joint venture. Sweden is targeting to launch its full network in the fourth quarter of this year and Denmark shortly thereafter. In Austria, the management team is coordinating the design and construction of its networks with the UK and Italian operations and is targeting to launch its network in 2003.

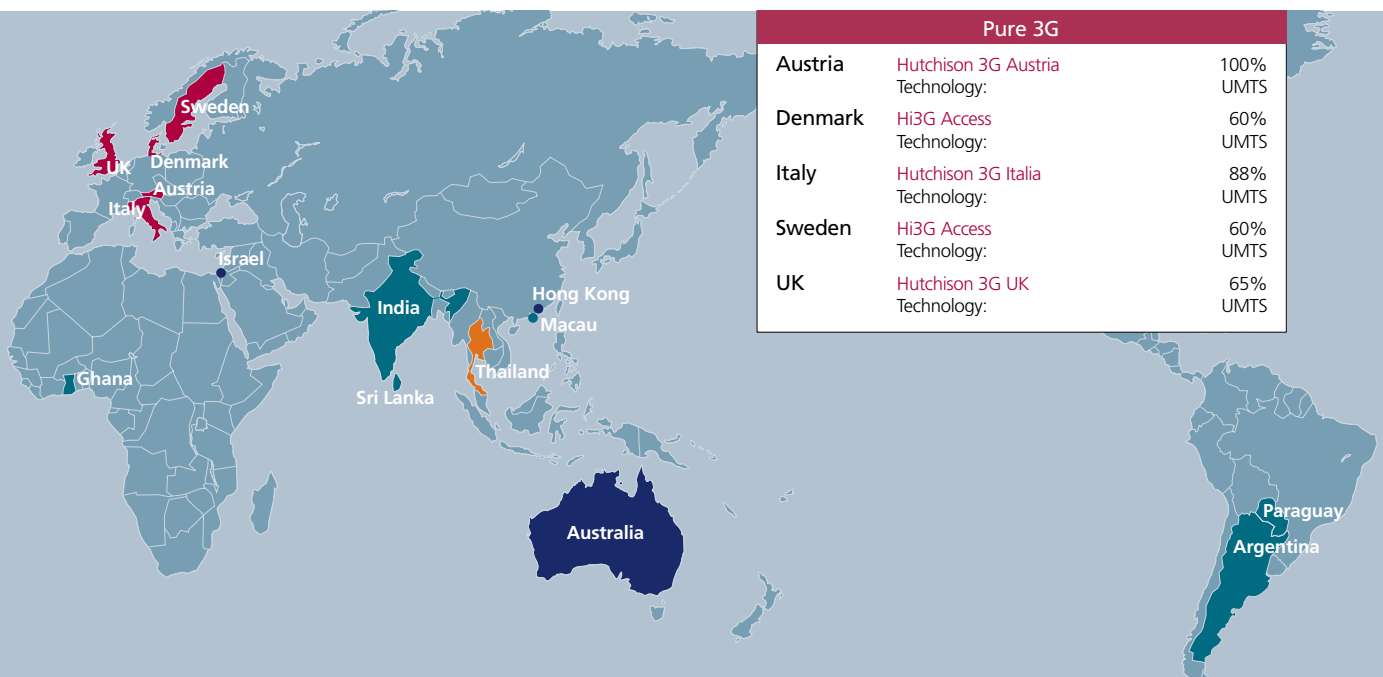
HWL Global Wireless Operations

2G		
India	5 Companies Technology:	49% GSM
Macau	Hutchison Telephone (Macau) Technology:	75% GSM
Others	Argentina – Hutchison Telecom. Argentina Ghana – Celltel Paraguay – Hutchison Telecom. Paraguay Sri Lanka – Lanka Cellular Services	90% 80% 60% 100%

CDMA2000		
Thailand	Hutchison Telecom. (Thailand) Technology:	58.5% CDMA2000

2G + 3G		
Australia	Hutchison Telecom. (Australia) Technology:	58% UMTS, CDMA
Hong Kong	Hutchison Telecom. (HK) Technology:	75% UMTS, GSM, CDMA
Israel	Partner Communications Technology:	35% UMTS, GSM

Pure 3G		
Austria	Hutchison 3G Austria Technology:	100% UMTS
Denmark	Hi3G Access Technology:	60% UMTS
Italy	Hutchison 3G Italia Technology:	88% UMTS
Sweden	Hi3G Access Technology:	60% UMTS
UK	Hutchison 3G UK Technology:	65% UMTS



ASIA PACIFIC

The Group's 57.82% owned listed subsidiary in Australia, Hutchison Telecommunications Australia ("HTA"), announced a 3% increase in revenue to A\$419 million for the year primarily due to the growth of its Orange Mobile CDMA network subscriber base. HTA announced a net loss after tax of A\$137 million compared to A\$92 million last year which reflects the start up losses incurred as HTA builds its new CDMA network. Following the official launch of its Orange CDMA network in Sydney and Melbourne in 2000, HTA has continued to steadily build its subscriber base which increased 158% in the year and currently totals 208,000 subscribers. In March 2001, HTA successfully bid for 3G licences at an upfront cost of A\$196 million covering the five major cities of Sydney, Melbourne, Brisbane, Adelaide and Perth. In May 2001, HTA formed a strategic alliance with Telecom Corporation of New Zealand ("TCNZ") (19.9% interest) to jointly fund and develop its 3G operation in Australia and, in addition, the Group has an option to acquire a 19.9% interest in TCNZ's 3G business in New Zealand within 24 months of its commercial launch. In October 2001, HTA disposed of its GSM resale subscriber base of approximately 260,000 to SingTel Optus for A\$41 million. HTA has restructured its business and management team and is now focusing on building its existing CDMA

business and rapidly developing its 3G networks, in coordination with the Group's European operations, for a launch in early 2003.

In India, the Group's 2G telecommunications operations consist of 49% interests in four operations: Hutchison Max Telecom in Mumbai, Sterling Cellular in Delhi, Usha Martin Telekom in Kolkata and Fascel in the province of Gujarat. In the second half of 2001, the Group's joint venture with the Essar Group successfully acquired three additional mobile licences, for a total of US\$99 million, in the provinces of Karnataka (includes Bangalore city), Andhra Pradesh (includes Hyderabad city) and in the city of Chennai, which are scheduled to commence operations in mid 2002. In this rapidly growing mobile telecommunication market, the four existing operations recorded an impressive 81% growth in their combined subscriber base in the year, which currently totals over 1.2 million and the reported EBIT was almost double that of last year.



Mobile phones are becoming increasingly popular in India. There are over 6 million subscribers in the country with a growth rate of over 5% a month.

REST OF THE WORLD

The Group's 35% owned associated company in Israel, Partner Communications ("Partner") is listed on the NASDAQ National, the London and the Tel Aviv stock exchanges and operates a GSM network using the Orange brand name. Partner had another outstanding year of growth, with a 54% increase in revenue to US\$736 million, reflecting a 75% increase in subscribers which totalled over 1.4 million subscribers at the end of the year. In addition, Partner recorded its first full year of positive EBIT. Partner announced a net loss attributable to shareholders of US\$69 million, a 61% improvement over the loss reported in 2000. In December 2001, Partner successfully bid for additional 1800 MHz spectrum and a 2100 MHz spectrum at a cost of US\$95 million. The 1800 MHz spectrum will be used to enhance the capacity of its GSM business and the 2100 MHz spectrum will be used to develop a 3G business which is currently planned for launch in 2003.

In the USA, the shareholders of VoiceStream, in a meeting held on 13 March 2000, voted in favour of a merger between VoiceStream and Deutsche Telekom and the transaction was completed in May 2001. The Group exchanged its approximate 18.4% effective interest in VoiceStream for US\$885 million in cash and an approximate 4.9% equity interest in Deutsche Telekom, realising a profit of HK\$30,000 million at the time of completion.



The Group's operation in Israel achieves another year of impressive growth with subscriber numbers increasing 75% to over 1.4 million.

E-COMMERCE

During the year, the Group continued to develop its existing e-commerce businesses. bigboXX.com is a market leader in the corporate office supplies sector in Hong Kong. ESDlife (42.5% interest), which enables users to conduct a wide variety of online transactions with various Hong Kong government departments, continued to rollout kiosks and services during the year. Hutchison-Priceline (65% interest) is in the process of launching an air-ticket and hotel room e-commerce platform targeting the Hong Kong, Taiwan and Singapore markets.

TOM.COM (29% interest), an associated company listed on the Hong Kong Growth Enterprise Market, made a number of strategic acquisitions in 2001 in key media sectors including print media and outdoor media. The company made progress towards its objective of becoming a leading media and telecommunications group serving the Greater China market. TOM.COM announced revenue of HK\$627 million (2000 – HK\$89 million) and a loss attributable to shareholders of HK\$636 million (2000 as restated – HK\$1,265 million).