
The directors have pleasure in submitting to shareholders their report and statement of accounts for the year ended 31 December 2002.

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 135 to 143.

Group Profit

The consolidated profit and loss account is set out on page 93 and shows the Group profit for the year ended 31 December 2002.

Dividends

An interim dividend of 51 cents per share was paid to shareholders on 11 October 2002 and the directors recommend the declaration of a final dividend at the rate of HK\$1.22 per share payable on 23 May 2003 to all persons registered as holders of shares on 22 May 2003.

Reserves

Movements in the reserves of the Company and the Group during the year are set out in note 28 to the accounts and in the consolidated statement of changes in equity on pages 98 and 99, respectively.

Charitable Donations

Donations to charitable organisations by the Group during the year amounted to HK\$64 million (2001 - HK\$57 million).

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 27 to the accounts.

Directors

The board of directors as at 31 December 2002 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.

Mr Fok Kin-ning, Canning was appointed as alternate director to Mr Simon Murray on 10 March 2003.

Messrs Chow Woo Mo Fong, Susan, Lai Kai Ming, Dominic, Simon Murray, Or Ching Fai, Raymond and William Shurniak 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 76 and 77.

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 15 April 2002, DS Eastin Limited, a then indirect wholly owned subsidiary of the Company, made available a loan (the "DSE Loan") of US\$26.5 million to Beijing Harbour Plaza Co., Ltd., a then indirect non wholly owned subsidiary of the Company. The DSE Loan constituted a connected transaction for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

On 16 April 2002, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Hutchison Telecommunications (Australia) Limited ("HTAL"), 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, to underwrite the subscription of certain convertible notes (the "Convertible Notes") offered in the rights issue made by HTAL (the "Underwriting"). As a 57.8% shareholder of HTAL, Hutchison Communications (Australia) Pty Ltd. ("HCAPL") which is an indirect wholly owned subsidiary of the Company was entitled as of right to subscribe for up to A\$347 million in the Convertible Notes which upon full conversion would result in allotment of up to approximately 693.8 million ordinary shares of HTAL to HCAPL (the "HCAPL Note Subscription" and "HCAPL Note Conversion" respectively). On 12 July 2002, HCAPL was allotted Convertible Notes to subscribe for 906,206,358 ordinary shares of HTAL pursuant to the exercise of its own subscription right and the Underwriting Agreement. 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. The Underwriting and the HCAPL Note Subscription constituted, and the HCAPL Note Conversion, if effected, would constitute a connected transaction for the Company under the Listing Rules.

On 19 April 2002, HTAL accepted facilities of up to an aggregate amount of A\$220 million from Australia and New Zealand Banking Group Limited ("ANZ") for general corporate funding and working capital requirements. As a condition precedent to the draw down of any part of the facilities, the Company had to and did provide a guarantee (the "HTAL Guarantee") to ANZ on 22 April 2002 in respect of, inter alia, the prompt performance by HTAL of all of its obligations under the facility agreement dated 19 April 2002 made between ANZ and HTAL. 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. The HTAL Guarantee constituted a connected transaction for the Company under the Listing Rules.

On 24 April 2002 and 12 November 2002 respectively, Hutchison Whampoa Properties Limited ("HWPL"), an indirect wholly owned subsidiary of the Company, provided two guarantees (the "HWPSG Guarantees") in respect of 50% of all the obligations of Hutchison Whampoa Properties (Shanghai) Gubei Limited ("HWPSG") under two bank loans in an aggregate amount of RMB500 million made available to HWPSG by an independent financial institution. HWPSG is owned as to 50% by the Company and 50% by Cheung Kong (Holdings) Limited ("Cheung Kong"), the controlling shareholder of the Company. The HWPSG Guarantees constituted connected transactions for the Company under the Listing Rules.

On 20 May 2002 and 3 July 2002 respectively, Shenyang Hotel Holdings Limited ("SHHL"), a then indirect non wholly owned subsidiary of the Company, made available two loans (the "SHHL Loans") in an aggregate amount of US\$10,292,000 to Time Plaza Shenyang Ltd., a non wholly owned subsidiary of SHHL. The SHHL Loans constituted connected transactions for the Company under the Listing Rules.

On 10 June 2002, Hutchison Whampoa (China) Limited, an indirect wholly owned subsidiary of the Company, provided a guarantee (the "HOTT Guarantee") in respect of the obligations of Hutchison Optel Telecom Technology Co., Limited ("HOTT"), an indirect non wholly owned subsidiary of the Company, under a bank facility of RMB80 million made available by an independent financial institution to HOTT. The HOTT Guarantee constituted a connected transaction for the Company under the Listing Rules.

On 19 June 2002, H3G S.p.A. ("H3G") was a wholly owned subsidiary of Hutchison 3G Italia S.p.A. ("H3GI") which in turn was a non wholly owned subsidiary indirectly owned as to approximately 88.23% by the Company and approximately 11.77% by a number of minority shareholders, none of whom are connected persons of the Company. In the relation to a project financing effected on such date by H3G, the following connected transactions were entered into:

- a) the Company and its indirect wholly owned subsidiary, Hutchison Whampoa Europe Investments S.à r.l. ("HWEI"), jointly and severally provided a guarantee in favour of a syndicate of independent banks and financial institutions for their provision to H3G of recourse bank facilities in the amount of €2.2 billion;
- b) the Company entered into an equity contribution agreement under which the Company agreed to make cash contributions to H3G at such time and subject to such limits as provided under the equity contribution agreement;
- c) the Company entered into an intercreditor agreement under which the Company agreed to subordinate debts owing by H3G to the Company and guaranteed the obligations of H3GI under the sponsor facility agreement;
- d) HWEI provided a guarantee in respect of the obligations of H3GI under a loan facility of €1.4 billion granted to H3GI by an independent financial institution;
- e) H3GI pledged all of its shares in H3G for securing the obligations of H3G under the €4.2 billion financing package from independent banks, financial institutions and vendors; and
- f) H3GI provided to H3G a sponsor loan facility of €1 billion and a loan facility of €400 million to roll up into the principal amount of such facility all and any fees, costs (including interest costs), expenses and taxes incurred by H3G in connection with the sponsor loan facility.

On 20 June 2002, Hutchison Telephone Company Limited ("HTCL"), an indirect non wholly owned subsidiary of the Company, entered into a service agreement with Hutchison 3G HK Limited ("H3GHK"), another indirect non wholly owned subsidiary of the Company. The service agreement set out the basis upon certain 3G network construction and related systems development project support was, and would continue to be, provided by HTCL to H3GHK for the roll out of its 3G mobile telephony network in Hong Kong. In addition to being a substantial shareholder of HTCL and H3GHK, NTT DoCoMo, Inc. ("DoCoMo") is a connected person of the Company also by virtue of it being a substantial shareholder of Hutchison 3G UK Holdings Limited which is an indirect non wholly owned subsidiary of the Company. Having regard to the specific facts and circumstances of the case, The Stock Exchange of Hong Kong Limited (the "Stock Exchange") ruled that the entering into of the service agreement constituted a connected transaction for the Company under the Listing Rules not falling within any exemption under the provisions of Rule 14.24 of the Listing Rules.

On 20 June 2002 and 12 November 2002 respectively, HWPL provided three guarantees (the "SWMC Guarantees") in respect of 50% of the obligations of Shanghai Westgate Mall Co., Ltd. ("SWMC"), which is a subsidiary of Cheung Wo Hing Fung Enterprises Limited which in turn is owned equally by the Company and Cheung Kong, under three bank loans in an aggregate amount of RMB200 million made available to SWMC by independent financial institutions. The SWMC Guarantees constituted connected transactions for the Company under the Listing Rules.

On 10 July 2002, Kingdom Development S.A. ("Kingdom"), an indirect wholly owned subsidiary of the Company, entered into a shareholders' agreement with, among others, Magic Melody Limited ("Magic Melody"), Proficient Investment Limited ("Proficient Investment") and New Civic Company, Ltd. ("New Civic") for the establishment of a joint venture holding company (the "JVCo") incorporated in the Cayman Islands to be principally engaged in hotel services and tourism services in the People's Republic of China ("PRC") and the United States. As contemplated by the shareholders' agreement, Magic Melody, Kingdom, Proficient Investment and New Civic injected their respective assets into the JVCo in return for JVCo's new shares. The asset injection by Kingdom and Proficient Investment was effected by Cavendish Hotels (Holdings) Limited ("Cavendish"), an indirect non wholly owned subsidiary of the Company, transferring to the JVCo the entire issued share capital of Doncaster International Limited ("Doncaster", the principal asset of which was its 82% equity interest in a sino-foreign equity joint venture, the Great Wall Hotel Joint Venture of Beijing, principally engaged in the ownership and operation of the Beijing Great Wall Sheraton Hotel in Beijing) in consideration for the issue and allotment by the JVCo of its new shares to Kingdom and Proficient Investment in the ratio of 51% and 49% respectively (the "Kingdom Asset Injection"). Kingdom and Proficient Investment accepted such new JVCo shares as interest free and unsecured loans from Cavendish repayable on demand in the principal amount of 51% and 49% respectively of the agreed value of the Doncaster shares transferred to the JVCo. The resultant shareholdings in the JVCo following such asset injection would be 40% (Magic Melody), 27.50% (Kingdom), 26.42% (Proficient Investment) and 6.08% (New Civic). Magic Melody is a wholly owned subsidiary of Beijing Enterprises Holdings Limited, an independent third party not connected with the Company, its directors, chief executive or substantial shareholders

or of any of its subsidiaries or of any of their respective associates. Proficient Investment is a wholly owned subsidiary of Beijing Tourism Group Corporation Limited, both being connected persons of the Company by virtue of Proficient Investment being a substantial shareholder of Cavendish. New Civic is also a connected person of the Company by virtue of it being a wholly owned subsidiary and therefore an associate of Beijing Tourism Group Corporation Limited. The entering into of the shareholders' agreement and the Kingdom Asset Injection constituted connected transactions of the Company under the Listing Rules.

On 17 July 2002, HWPL provided two guarantees (the "HWPL Guarantees") in respect of 50% of all the obligations of Shanghai Xin Hui Property Development Co., Ltd. ("SXHP") under a bank loan of RMB195.2 million and 50% of all the obligations of Shanghai Hehui Property Development Co., Ltd. ("SHHP") under a bank loan of RMB1,024.8 million made available by an independent financial institution. In addition, on 31 July 2002, HWPL provided another guarantee (the "HECQ Guarantee") in respect of 50% of all the obligations of Hutchison Enterprises (Chongqing) Co., Ltd. ("HECQ") under a bank loan of RMB370 million made available by such independent financial institution. SXHP, SHHP and HECQ are owned as to 50% by the Company and 50% by Cheung Kong. The HWPL Guarantees and the HECQ Guarantee constituted connected transactions for the Company under the Listing Rules.

On 13 August 2002, HWPL provided a guarantee (the "HWPS Guarantee") in respect of 50% of all the obligations of Hutchison Whampoa Properties (Shenzhen) Co., Ltd., which is owned as to 50% by the Company and 50% by Cheung Kong, and any other foreign investment enterprises established in the PRC the controlling interests in which are owned directly or indirectly by HWPL and CKH equally, under a credit facility of RMB1.5 billion made available by an independent financial institution. The HWPS Guarantee constituted a connected transaction for the Company under the Listing Rules.

On 15 August 2002, various wholly owned subsidiaries of the Company established from time to time for the principal purpose of undertaking joint procurement and development activities in connection with the launch of the 3G business (the "Hutchison Group Companies"), Hutchison Telecommunications Limited ("HTL"), an indirect wholly owned subsidiary of the Company, and the relevant Hutchison Operating Companies (as defined below) entered into cost sharing agreements, the principal purpose of which was to regulate the sharing of costs associated with various joint procurement and development activities relating to the roll out and ongoing operation of 3G business. These activities related primarily to the joint acquisition and development of information technology platforms and software solutions, hardware, content and other services, or joint marketing, promotion and communications activities on a worldwide basis for the purpose of 3G business of the various Hutchison Operating Companies in their respective licensed territories.

Each cost sharing agreement has identical principal terms and sets out the bases upon which external and internal costs, expenses and liabilities paid or discharged by the Hutchison Group Companies in connection with each underlying contract or joint procurement or development activities would be allocated among the Hutchison Operating Companies electing to participate in such underlying contract or activities. The bases for cost allocation among the Hutchison Operating Companies were arrived at after arm's length negotiations.

In connection with the performance of obligations of the Hutchison Operating Companies under some of the underlying contracts, HTL has provided guarantees in favour of the counter-parties (the "3G CS Guarantees") thereunder who are all independent of the chief executive, directors and substantial shareholders of the Company, its subsidiaries and their respective associates. HTL has also undertaken in each cost sharing agreement to procure the performance of each of the Hutchison Operating Companies under each underlying contract in which such Hutchison Operating Company elected to participate.

"Hutchison Operating Companies" means Hutchison 3G Austria GmbH, Hutchison 3G Ireland Limited, Hutchison CAT Wireless MultiMedia Limited, Partner Communications Company Ltd. ("Partner Communications"), and Hutchison 3G Subsidiaries (i.e. H3G, Hi3G Access AB ("Hi3G"), Hi3G Denmark ApS ("Hi3G Denmark") and Hutchison Connected 3G Subsidiaries which include Hutchison 3G UK Limited ("H3GUK"), HTAL, Hutchison 3G Australia Pty Limited ("H3G Australia"), HTCL, H3GHK and Hutchison 3G Services (HK) Limited ("H3G Services")).

Each of the Hutchison 3G Subsidiaries is a connected person for the Company by virtue of it being a non wholly owned subsidiary of the Company. In addition, DoCoMo is a connected person for the Company by virtue of its then holding of approximately 25.37% indirect shareholding interest in each of HTCL, H3GHK, H3G Services and its 20% indirect shareholding interest in H3GUK, all of which are indirect non wholly owned subsidiaries of the Company. Leanrose is another connected person for the Company by virtue of it being holder of approximately 12.5% shareholding interest in HTAL, and an associate of a director of HTAL and H3G Australia, a non wholly owned subsidiary of HTAL. Each of the 3G CS Guarantees in relation to the relevant Hutchison 3G Subsidiary constituted a connected transaction for the Company under the Listing Rules.

On 19 September 2002, the Company provided a guarantee (the "Hi3G Denmark Guarantee") in favour of an independent financial institution in respect of 60% of the liabilities of Hi3G Denmark under the guarantee of up to DKK213,747,300.21 issued by such financial institution at the request of Hi3G Denmark in favour of Danish Government, in replacement of a similar guarantee granted in October 2001 which was disclosed in last year's annual report. Hi3G Denmark is an indirect non wholly owned subsidiary owned as to 60% by the Company and 40% by Investor AB. The Hi3G Denmark Guarantee constituted a connected transaction for the Company under the Listing Rules.

On 30 September 2002, an agreement (the "NEC Agreement") was entered into by the Company, DoCoMo, NEC Corporation ("NEC"), HTCL, Hutchison 3G HK Holdings Limited ("H3GHKH"), an indirect non wholly owned subsidiary of the Company, and Pilot Gateway Limited ("PGL"), a then wholly owned subsidiary of the Company, pursuant to which (i) PGL subscribed for 6,291 new shares of HK\$10 each in the share capital of each of HTCL and H3GHKH, representing about 5% of each of their enlarged issued share capital (the "Subscription") and (ii) the Company procured the sale of the entire issued share capital of PGL ("PGL's Shares") to NEC. The amount of total consideration payable for the Subscription by PGL was the same as that payable by NEC for the acquisition of PGL's Shares which was US\$73.1 million. As PGL was a then wholly owned subsidiary of the Company prior to completion of the NEC Agreement which took place on 8 November 2002, the Subscription, as a transaction between a wholly owned subsidiary and a non wholly owned subsidiary of the Company, constituted a connected transaction for the Company under the Listing Rules.

On 11 October 2002, Hutchison Port Holdings Limited ("HPH"), an indirect wholly owned subsidiary of the Company, provided a guarantee (the "Guarantee I") in respect of the obligations of Thai Laemchabang Terminal Co., Ltd. ("TLT"), an indirect non wholly owned subsidiary of the Company, for the issue of a tender guarantee for an amount of up to THB10 million by an independent financial institution in favour of Port Authority of Thailand in relation to the bidding of C3 Terminal in Thailand by TLT. On 13 November 2002, HPH provided another guarantee (the "Guarantee II") in respect of the obligations of TLT under a revolving loan facility of an aggregate principal amount not exceeding THB1.3 billion made available by an independent financial institution to TLT. The Guarantees I and II constituted connected transactions for the Company under the Listing Rules.

On 24 October 2002, HWPL provided a guarantee (the "HWPZ Guarantee") in respect of 50% of all the obligations of Hutchison Whampoa Properties (Zhuhai) Co., Ltd. ("HWPZ") under a bank loan of RMB 200 million made available to HWPZ by an independent financial institution. In addition, on 6 November 2002, HWPL provided another guarantee (the "HWPGL Guarantee") in respect of 50% of all the obligations of Hutchison Whampoa Properties (Guangzhou Liwan) Limited ("HWPGL") under a bank loan of RMB400 million made available to HWPGL by another independent financial institution. Both HWPZ and HWPGL are owned as to 50% by the Company and 50% by Cheung Kong. The HWPZ Guarantee and the HWPGL Guarantee constituted connected transactions for the Company under the Listing Rules.

On 6 November 2002, the Company issued a letter of support (the "Letter of Support") to the Broadcasting Authority with respect to the provision of 50% financial support to Metro Broadcast Corporation Limited ("Metro"), which is owned as to 50% by the Company and 50% by Cheung Kong. The Letter of Support constituted a connected transaction for the Company under the Listing Rules.

On 15 November 2002, (i) Clifton Properties Limited ("CPL"), an indirect wholly owned subsidiary of the Company, and a connected person of the Company ("CP1") together as owners of Kwun Tong Inland Lot No. 444 (the "Lot") and (ii) Hutchison Whampoa Properties (Management & Agency) Limited ("HWPMA"), an indirect wholly owned subsidiary of the Company, entered into a project management agreement with respect to the appointment of HWPMA as the project manager for the redevelopment of the Lot (the "Appointment") at a fee of HK\$2 million against milestones to be achieved. Obligations of CPL and CP1 to pay such fee and other related costs and expenses are in the proportion of 63.88% and 36.12% (the "Ratio") respectively. On 20 November 2002, CPL and CP1 entered into a joint development agreement (the "JD Agreement") relating to the redevelopment of the Lot where the profits, income, development costs, loss and deficit would be shared by CPL and CP1 in the Ratio. The Appointment and the JD Agreement constituted connected transactions for the Company under the Listing Rules.

On 26 November 2002, the Company provided a top-up guarantee in respect of the obligations of HTCL and Pacific Leasing Limited under six Letters of Credit renewed on 20 June 2001 (the "Renewed L/Cs"), which were originally issued in connection with the US Leases and the aggregate amount covered by them was US\$40,945,840.74. Pursuant to the agreement dated 22 February 2001 with Motorola Inc. for its sale of 25.1% of the issued share capital of HTCL (the "Motorola Sale") to Whampoa Holdings Limited which is an indirect wholly owned subsidiary of the Company, the Company agreed to issue replacement guarantees in substitution for Motorola's 30% guarantee provided in respect of the US Leases, which transaction

was disclosed in last year's annual report. The Company's liability under this top-up guarantee is limited to that attributable to acts or omissions arising and accruing on or after 30 June 2001 and to 30% of the payment obligations.

On 20 December 2002, Hutchison 3G Sweden Investments S.à r.l. ("H3G Sweden"), an indirect wholly owned subsidiary of the Company, provided a loan facility of up to DKK142,308,665.89 (the "Hi3G Loan") to Hi3G, an indirect non wholly owned subsidiary owned as to 60% by H3G Sweden and 40% by Investor AB, in proportion to its shareholding in Hi3G for Hi3G's general corporate purposes. The Hi3G Loan constituted a connected transaction for the Company under the Listing Rules.

On 23 December 2002, the Company provided a guarantee (the "ECT Guarantee") in respect of the obligations of Europe Container Terminals B.V. ("ECT"), an indirect non wholly owned subsidiary of the Company, under a term loan facility of €125 million made available to ECT by an independent financial institution. The ECT Guarantee constituted a connected transaction for the Company under the Listing Rules.

On 31 December 2002, HWPL provided a guarantee (the "SHPD Guarantee") in respect of 50% of all the obligations of Shanghai Helian Property Development Co., Ltd. ("SHPD"), a subsidiary of Bayswater Developments Limited which in turn is owned equally by the Company and Cheung Kong, under a bank loan of RMB370 million made available to SHPD by an independent financial institution. The SHPD Guarantee constituted a connected transaction for the Company under the Listing Rules.

During the year 2002, HIT Holdings Limited ("HITH"), an indirect non wholly owned subsidiary of the Company, approved and/or made available four loans in an aggregate amount of HK\$159 million (the "CHT Loans") to COSCO-HIT Terminals (Hong Kong) Limited, a company owned as to 50% by HITH and 50% by a connected person of the Company. The CHT Loans constituted connected transactions for the Company under the Listing Rules.

On 25 February 2003, the Company agreed to make available a loan facility in the amount of up to US\$77 million (the "HXH Loan") to Hui Xian Holdings Limited ("Hui Xian") and/or its subsidiaries on a several basis pro rata to the respective interests of the Company and Cheung Kong in Hui Xian for general corporate purposes of Hui Xian group companies. The HXH Loan constituted a connected transaction for the Company under the Listing Rules.

On 1 March 2003, H3G Sweden provided a loan facility of up to SEK4.5 billion (the "Hi3GH Loan") to Hi3G Holdings AB ("Hi3GH"), a non wholly owned subsidiary directly owned as to 60% by H3G Sweden and 40% by Investor AB, in proportion to its shareholding in Hi3GH for general corporate purposes of Hi3GH. The Hi3GH Loan constituted a connected transaction for the Company under the Listing Rules.

On 18 March 2003, the Company provided a guarantee in favour of an independent financial institution (the "H3G Australia Guarantee") in respect of the cash advance facility of up to A\$200 million granted by such financial institution to H3G Australia, a non wholly owned subsidiary of HTAL, to finance rollout of the 3G network and for general corporate funding requirements. The H3G Australia Guarantee constituted a connected transaction for the Company under 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 2002, 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 (the "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	–	–	1,026,000	2,140,672,773 ⁽¹⁾	2,141,698,773
Li Tzar Kuoi, Victor	–	–	1,086,770	2,140,672,773 ⁽¹⁾	2,141,759,543
Fok Kin-ning, Canning	–	–	2,010,875	–	2,010,875
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	990,100	9,900	–	–	1,000,000
Kam Hing Lam	60,000	–	–	–	60,000
Michael David Kadoorie	–	–	–	15,984,095 ⁽²⁾	15,984,095
Simon Murray	25,000	–	–	17,000 ⁽³⁾	42,000
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;
- (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; and
- (c) Effective 1 April 2003, each of Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Li Ka-Shing Unity Holdings Limited and of Li Ka-Shing Castle Holdings Limited; and the discretionary beneficiaries of each of those discretionary trusts referred to in paragraphs (a) and (b) above are, inter alia, Mr Li Tzar Kuoi, Victor and his wife and two daughters and Mr Li Tzar Kai, Richard.
- (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) 17,000 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 2002, 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;

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- (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 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) 137,474,244 common shares and 205,774 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;
 - (v) a nominal amount of US\$31,080,000 in the 13% Unsecured Senior Subordinated Notes due 2010 issued by Partner Communications which Notes were held by a subsidiary of Cheung Kong; and
 - (vi) all the securities 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 2002, corporate interests in 4,600 class C common shares in Husky Oil Holdings Limited and a total of 152,417,097 common shares and 228,141 transferable warrants in Husky Energy of which 137,474,244 common shares and 205,774 transferable warrants are duplicated in his deemed interests as described in (iv) above.

Mr Li Tzar Kuoi, Victor had, as at 31 December 2002, (i) a family interest in 151,000 shares in Hongkong Electric and (ii) corporate interests in a nominal amount of US\$7,000,000 in the 7% Notes due 2011 issued by Hutchison Whampoa International (01/11) Limited (“HWI(01/11)”) and a nominal amount of US\$7,000,000 in the 13% Unsecured Senior Subordinated Notes due 2010 issued by Partner Communications.

Mr Fok Kin-ning, Canning had, as at 31 December 2002, (i) personal interests in 100,000 ordinary shares in and 134,000 5.5% Unsecured Convertible Notes due 2007 issued by HTAL and (ii) corporate interests in a nominal amount of US\$30,000,000 in the 7% Notes due 2011 issued by HWI (01/11), 1,000,000 ordinary shares in and 1,340,001 5.5% Unsecured Convertible Notes due 2007 issued by HTAL, 5,000,000 ordinary shares of Hutchison Harbour Ring Limited, 225,000 American Depositary Shares (each representing one ordinary share) in and a nominal amount of US\$3,000,000 in the 13% Unsecured Senior Subordinated Notes due 2010 issued by Partner Communications and 300,000 common shares in Husky Energy.

Mr George Colin Magnus had, as at 31 December 2002, 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 2002, a personal interest in 100,000 shares in Cheung Kong Infrastructure.

Mr Peter Alan Lee Vine had, as at 31 December 2002, a personal interest in 80,000 shares in Hongkong Electric.

Save as outlined above, none of the directors had, as at 31 December 2002, 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 2002, 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 2002 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	<ul style="list-style-type: none"> • Property development and investment
Li Tzar Kuoi, Victor		<ul style="list-style-type: none"> • Hotels ownership, management, operations and related services • Finance and investment
	Husky Energy	<ul style="list-style-type: none"> • Integrated oil and gas business

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 2002 and up to the date of this report.

Purchase, Sales 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.

Corporate Governance

The Group is committed to high standards of corporate governance and has throughout the year complied with statutory and non-statutory requirements, including those stipulated in the Companies Ordinance, the Listing Rules, the SDI Ordinance as well as overseas statutes and rules.

Code of Best Practice

With respect to the Code of Best Practice as set out in Appendix 14 of the Listing Rules, physical board meetings of the Company are held at least four times a year. Executive directors of the Company meet on a regular basis to oversee the Company's day-to-day management, including the formulation of Group wide strategies and policies, the approval of annual budgets and business plans and the review of operational issues and financial and business performance. In addition, executive directors of the Company are actively involved in the management of the Group's subsidiary and associated companies through regular participation at the board and operational levels of such subsidiary and associated companies. 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 with Appendix 14 of the Listing Rules throughout the year ended 31 December 2002.

Audit Committee

The Audit Committee of the Company currently has a membership comprising three independent non executive directors of the Company. The terms of reference of the Audit Committee, which is based on "A Guide for the Formation of an Audit Committee" as issued by the Hong Kong Society of Accountants in 1997, sets out the powers and duties of the committee and is reviewed by the board of directors of the Company from time to time. The Audit Committee meets regularly with management and the external auditors of the Company and reviews matters relating to audit, accounting and financial statements as well as internal control, risk evaluation and general compliance of the Group and reports directly to the board of directors of the Company.

Major Customers and Supplies

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, 20 March 2003